



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

FINAL REPORT OF THE AUDIT DIVISION
ON
COMMITTEE FOR GOOD GOVERNMENT

I. Background

A. Overview

This report is based on an audit of the Committee For Good Government (CFGG) ("the Committee") undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2, United States Code which, at the time of the audit, directed the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee is a separate segregated fund of the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) and registered with the House of Representatives on April 17, 1972. The Committee maintains its headquarters in Detroit, Michigan. The Committee is affiliated with UAW-V-CAP which solicits UAW members who work in factories, while the Committee solicits office and administrative personnel of the union. The administrative and solicitation costs are paid by UAW.

The Audit covered the period January 1, 1977 through March 31, 1979, the final coverage date of the latest report filed by the Committee at the time of the audit. The Committee reported a beginning cash balance of \$215,365.44, receipts of \$197,495.92, disbursements of \$358,579.21 and a closing cash balance at 3-31-79 of \$54,282.15.

This audit report is based on documents and working papers supporting each of its factual statements. They form part of the record upon which the Commission based its decisions on the matters in this report and were available to Commissioners and appropriate staff for review.

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B. Key Personnel

The key personnel of the Committee during the period covered by the audit were Mr. Douglas Fraser, Chairman; Mr. Emil Mazey, Secretary-Treasurer; and Mr. Donald Moll, Assistant Treasurer.

C. Scope

The audit included such tests as verification of reported receipts and expenditures and individual transactions; review of required supporting documentation and analysis of Committee debts and obligations; and such other audit procedures deemed necessary under the circumstances.

II. Audit Findings and Recommendations

A. Timely Deposit of Contributions into Campaign Depository

Section 103.3(a) of Title 11, Code of Federal Regulations requires, in part, that all contributions received by a political committee shall be deposited in a checking account in the appropriate campaign depository by the treasurer of the committee or his/her agent, within 10 days of the treasurer's receipt. Subsequent to the audit fieldwork, Section 432(b)(2) of Title 2, United States Code was amended to require, in part, that contributions be forwarded to the Committee treasurer within 30 days of receipt, or in the case of contributions in excess of \$50.00, within 10 days of receipt.

Conversations with Committee officials and a review of records revealed that political contribution deductions are made every other Thursday when employees are paid. Committee deductions, along with dues, pension contributions, and other payroll deductions for UAW employees, are kept in the Union's general account from which paychecks are drawn. Once a month, Committee deductions are reconciled and the political contributions are forwarded from the UAW account to the Committee's designated checking account. An analysis of this process revealed, however, that political contributions during the audit period remained in the Union general account for as long as eight (8) weeks.

The Audit staff recommended that the Committee devise and implement written procedures to bring itself into compliance with the Act concerning the requirement that contributions be forwarded to the Committee treasurer within 30 days of receipt, or in the case of contributions in excess of \$50.00, within 10 days of receipt, in accordance with present requirements of 2 U.S.C. 432(b)(2). The directive explaining the procedures was to be submitted to the Audit staff for review within 30 days of receipt of the interim report.

On April 15, 1981, the Committee submitted a proposed memorandum advising Committee officials to deposit contributions into committee accounts in a timely manner. 1/

Recommendation

Provided the committee distributes the memorandum to appropriate officials and brings itself into compliance, no further action is recommended on this matter.

B. Matters Referred to the Office of General Counsel

Certain other matters noted during the audit were referred to the Commission's Office of General Counsel on March 4, 1981.

1/ In addition to submitting this proposed memorandum in response to the recommendation contained in the interim report, the Committee submitted a draft memorandum on "Solicitation of Contributions to CFGG." This issue was not addressed in the interim report, and is, therefore beyond the scope of the final audit report. It should be noted, however, that the Commission does not approve or endorse the following paragraph contained in the memorandum:

"However, CFGG may accept unsolicited contributions from individuals who are not members of the UAW. For example, clerical and professional employees who are not members of the Union may execute cards authorizing the assignment and checkoff of contributions to CFGG, provided they initiated this action without having first been solicited or otherwise appraised (sic) of the existence of CFGG by the Union."

The type of activity described above raises a number of legal and factual questions. In this regard, the Committee is reminded that it may seek an Advisory Opinion of any proposed course of action pursuant to 2 U.S.C. Section 437f.