



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

A81-67

July 14, 1982

MEMORANDUM

TO: FRED EILAND  
PRESS OFFICE

FROM: BOB COSTA *[Signature]*

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -  
IDAHO DEMOCRATIC PARTY-FEDERAL ACCOUNT

Attached please find a copy of the final audit report of the Idaho Democratic Party-Federal Account which was approved by the Commission on July 1, 1982.

Informational copies of the report have been received by all parties concerned and the report may be released publicly as of July 14, 1982.

Attachment as stated

cc: FEC Library  
RAD  
✓ Public Record



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REPORT OF THE AUDIT DIVISION  
ON THE  
IDAHO DEMOCRATIC PARTY-FEDERAL ACCOUNT

I. Background

A. Overview

This report is based upon an audit of the Idaho Democratic Party-Federal Account ("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(b) of Title 2 of the United States Code which states, in part, that the Commission may conduct audits and field investigations of any political committee required to file a report under Section 434 of this title. Prior to conducting any audit under this section, the Commission shall perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act.

The Committee registered with the Comptroller General of the United States on September 11, 1972. The Committee maintains its headquarters in Boise, Idaho. The audit covered the period from January 1, 1980 through December 31, 1980. The Committee reported a beginning cash balance of \$2,135.00, total receipts of \$70,226.09, total expenditures of \$67,887.46, and an ending cash balance of \$4,473.63.

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

B. Key Personnel

The Treasurer of the Committee during the period of the audit was Ms. Lynda Clark from January 1, 1980 to March 24, 1980, and Mr. John Caylor from March 24, 1980 to December 31, 1980.

C. Scope

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

II. Audit Findings and Recommendations

A. Allocation of Administrative Expenses

Section 102.5(a)(1) of Title 11, Code of Federal Regulations states, in part, that a political party committee which finances political activity in connection with both federal and non-federal elections shall either: (i) Establish a separate federal account in a depository and such account shall be treated as a separate federal political committee which shall comply with the requirements of the Act; or (ii) Establish a political committee which shall receive only contributions subject to the prohibitions and limitations of the Act, regardless of whether such contributions are for use in connection with federal or non-federal elections.

Section 106.1(e) of Title 11, Code of Federal Regulations, states that Party committees and other political committees which have established Federal campaign committees pursuant to 11 C.F.R. 102.5(a) shall allocate administrative expenses on a reasonable basis between their federal and non-federal accounts in proportion to the amount of funds expended on federal and non-federal elections or on another reasonable basis.

The Committee established a separate account and treated it as a separate federal political committee. However, the Committee has not allocated administrative expenses between its federal and non-federal accounts as required by 11 C.F.R. 106.1(e); rather, funds from the non-federal account were expended to pay the administrative expenses for both federal and non-federal accounts.

During the audit fieldwork, a determination of the allocable amount for administrative expenses was calculated based on the total amount of funds expended in connection with federal elections by the Committee in proportion to the amount of funds expended on federal and non-federal elections. Using this formula, the Audit staff determined that a reimbursement of \$1,237.28 from the Committee (federal account) to the operating account (non-federal) of the Idaho Democratic Party was necessary to comply with the requirements of 11 C.F.R. 106.1(e).

It should be noted that the Committee made a transfer of \$1,000 to the aforementioned operating account on December 23, 1980 for no apparent reason. According to the individual who was Treasurer of the Committee at the time this transfer was made, the transfer occurred at a time when the Committee had no further use for the funds due to the fact that it had made contributions up to its limitations to all of the federal candidates in the State of Idaho. On May 7, 1982 the Commission made a determination that the amount of the transfer may be applied to the calculated value (\$1,237.28) of administrative expenses owed to the non-federal account by the federal account.

On June 21, 1982, the Committee submitted a photocopy of a cancelled check drawn on the Committee's federal account which reimbursed the full calculated amount (\$3,062.65) of administrative expenses owed to the non-federal account for calendar years 1980 (\$1,237.28) and 1981 (\$1,825.37). Further, the treasurer provided a copy of the worksheet which calculated the reimbursement amounts as evidence that the Committee has instituted one of the Commission approved methods of allocating administrative expenses.

Recommendation

No further action is necessary on this matter.

B. Receipt of Funds From State Account

Section 441b of Title 2, United States Code prohibits any corporation or labor organization from making a contribution in connection with any federal election. In addition, Section 102.5(a)(1)(i) of Title 11 of the Code of Federal Regulations provides if a committee which finances political activity in connection with activity in both federal and non-federal elections establishes a separate federal account, all disbursements in connection with federal activity shall be made from this account and no transfers may be made to such federal account from an account maintained for the purpose of financing activity in connection with non-federal elections.

On August 27, 1980 the federal account of the Committee transferred \$3,000 to a non-federal savings account maintained by the Idaho Democratic Party for use in non-federal elections. On September 24, 1980, the \$3,000 was transferred back to the federal account. The non-federal savings account contained funds from corporate and labor union sources which, under Idaho state law, are permissible for use in state election campaigns.

A review of the bank records for both accounts indicated that no other activity occurred while these funds were on deposit in the non-federal savings account. The balance of the non-federal savings account prior to and after the transfer was \$5,120 and \$8,120 while the funds were on deposit. The interest earned on the \$3,000 while on deposit remained in the account for use in non-federal elections.

Recommendation

Based on the fact that no benefit was realized by the federal account as a result of this transaction, the Commission made a determination on May 7, 1982 that no further action be taken on this matter.

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SEPARATOR