



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

A82-9

March 28, 1983

MEMORANDUM

TO: FRED EILAND
PRESS OFFICER

FROM: BOB COSTA *RC*

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -
NORTH CAROLINA REPUBLICAN EXECUTIVE COMMITTEE

Attached please find a copy of the final audit report of the North Carolina Republican Executive Committee which was approved by the Commission on March 15, 1983.

Informational copies of the report have been received by all parties involved and the report may be released to the public.

Attachment as stated

cc: FEC Library
RAD
✓ Public Record



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

A82-9

REPORT OF THE AUDIT DIVISION
ON THE
NORTH CAROLINA REPUBLICAN EXECUTIVE COMMITTEE

I. Background

A. Overview

This report is based on an audit of the North Carolina Republican Executive Committee ("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 Federal Election Commission on March 16, 1976 and maintains its headquarters in Raleigh, North Carolina.

The audit covered the period January 1, 1981, through October 13, 1982. The Committee reported a beginning cash balance at January 1, 1981 of \$387.15; total receipts for the period of \$605,020.69; total expenditures for the period of \$539,586.95; and an ending cash balance at October 13, 1982 of \$65,820.89.

This 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.

B. Key Personnel

The Treasurers of the Committee during the period of the audit were Mr. Thomas L. Lucas, Jr. from January 1, 1981 through July 25, 1981; and Mr. James F. McIntyre, III from July 25, 1981 until the present.

C. Scope

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

II. Audit Finding and Recommendation

Based on examination of the reports and statements filed and the records presented by the Committee, no material problems in complying with the Federal Election Campaign Act were discovered during the course of the audit.

DOCUMENT
SEPARATOR




FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

A82-2

April 13, 1983

MEMORANDUM

TO: FRED EILAND
PRESS OFFICE

FROM: BOB COSTA 

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -
BELL FOR SENATE COMMITTEE, INC. - '82

Attached please find a copy of the final audit report of the Bell For Senate Committee, Inc. - '82 which was approved by the Commission on March 31, 1983.

Informational copies of the report have been received by all parties involved and the report may be released to the public.

Attachment as stated

cc: FEC Library
RAD
✓ Public Record



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

A82-2

REPORT OF THE AUDIT DIVISION
ON THE
BELL FOR SENATE COMMITTEE, INC. - '82

I. Background

A. Overview

This report is based on an audit of the Bell For Senate Committee, Inc. - '82 ("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 re-registered with the Federal Election Commission on March 3, 1981. ^{1/} The Committee maintains its headquarters in Hamilton Township, New Jersey.

The audit covered the period January 1, 1981 through September 30, 1982, the latest report filed at the time of the audit. The Committee reported a cash balance on January 1, 1981 of \$11,348.91; total receipts of \$2,276,022.67; total expenditures of \$2,281,315.55; and a cash balance on September 30, 1982 of \$2,467.18. ^{2/}

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- ^{1/} The Committee did not terminate after the 1978 Senate race due to its outstanding debts.
- ^{2/} The reported totals do not calculate correctly due to math errors. (See Finding II.B.).

This audit report is based on documents and work papers 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 Treasurers of the Committee during the period covered by the audit were Kathryn Christiansen from inception of the audit period through March 3, 1981; Seward H. Jacobi from March 3, 1981 through May 4, 1981; and Deborah K. Smarth from May 4, 1981 through the present.

C. Scope

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

II. Audit Findings and Recommendations

A. Apparent Excessive Contributions From Individuals

Section 441a(a)(1)(A) of Title 2 of the United States Code states that no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000.

A review of the Committee's contribution records indicated that the Committee received contributions from 30 contributors which in the aggregate, exceeded \$1,000. The amount in excess of the \$1,000 limitation totaled \$15,744.00. The Committee Treasurer was aware of 16 excessive contributions at the time of the audit and was in the process of contacting the contributors with respect to resolving the excessive portion of those contributions.

The Committee Treasurer explained that the primary cause of this problem was the fact that the Committee employed two separate systems for the retention of requisite contribution information. For those contributions raised by "direct mail" solicitation, the Committee utilized an automated system; for all other contributions the Committee used an index card system which was maintained manually. When the Committee received

contributions from individuals as a result of a combination of "direct mail" solicitation and other fundraising efforts, the Committee had difficulty in aggregating these contributions.

Prior to the commencement of the audit fieldwork, the Treasurer had issued refund checks totaling \$4,217.00 to 11 contributors, however, at the end of the fieldwork, refund checks had been negotiated by only four payees totaling \$1,125.00.

The Audit Division recommended that the Committee, within 30 days of receipt of the interim report, provide documentation to demonstrate that the remaining contributions were not in excess of the limitations, or issue refund checks and provide copies (both front and back) of the negotiated refund checks and the refund checks issued but not reviewed during the fieldwork, along with copies of the relevant bank statements.

The Committee provided 16 additional negotiated refund checks totaling \$6,709.00, along with relevant bank statements. In addition, the Committee provided documentation (i.e., the attribution of the contribution to a spouse, and the application of the contribution to the 1978 primary debt) which demonstrated that contributions totaling \$7,910 were no longer in excess of the limits.

Recommendation

The Audit Division recommends no further action.

B. Misstatements of Financial Activity

Sections 434(b)(2) and (4) of Title 2 of the United States Code state, in part, that each report filed shall disclose for the calendar year the total amount of all receipts, and the total amount of all disbursements.

During the course of the audit, it was discovered that the Committee understated its financial activity in 1982. The Committee understated receipts by \$64,425.29, and understated disbursements by \$67,115.83. These discrepancies were, for the most part, due to errors made by the Committee during the report preparation stage. The Committee did not have an explanation for these errors.

The Audit Division recommended that the Committee, within 30 days of receipt of the interim report, file a comprehensive amendment for 1982 to accurately depict its financial activity noted above.

A comprehensive amendment was received from the Committee on March 22, 1983, in which the Committee complied with the recommendation in the interim audit report.

Recommendation

The Audit staff recommends no further action.

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