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FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

A87-28

June 15, 1988

MEMORANDUM

TO: FRED EILAND
CHIEF, PRESS OFFICE

FROM: ROBERT J. COSTA *RJC*
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT
ON ST. LOUISIANS FOR BETTER GOVERNMENT

Attached please find a copy of the Final Audit Report on St. Louisians for Better Government which was approved by the Commission on June 7, 1988.

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: Office of General Counsel
Office of Public Disclosure
Reports Analysis Division
FEC Library

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REPORT OF THE AUDIT DIVISION
ON
ST. LOUISIANS FOR BETTER GOVERNMENT

I. Background

A. Overview

This report is based on an audit of St. Louisians for Better Government ("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 in accordance with Section 438(b) of Title 2 of the United States Code which permits the Commission to conduct audits 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 December 23, 1981, and maintains its headquarters in St. Louis, Missouri.

The audit covered the period January 1, 1985 through December 31, 1986. The Committee reported a cash balance on January 1, 1985 of \$4,755.49; total receipts for the period of \$143,943.41; total disbursements for the period of \$149,846.04 and a closing cash balance of \$(1,147.14) on December 31, 1986.

This report is based on documents and workpapers 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 Treasurer of the Committee during the period covered by the audit was Mr. Eugene Weissman. The current Treasurer is Mrs. Bunny Goldwasser.

C. Scope

The audit included such tests as verification of total reported receipts and disbursements and individual transactions, review of required supporting documentation and such other audit procedures as deemed necessary under the circumstances. Since the Committee's contribution records consisted for the most part of internally generated documents, the auditors were precluded from performing any substantive testing relative to contributions received from individuals.

II. Audit Findings and Recommendations

A. Misstatement of Financial Activity

The Act, at 2 U.S.C. §§ 434(b)(1), and (4), requires that each report shall disclose the amount of cash on hand at the beginning of the reporting period, and the total amount of all disbursements for the reporting period and the calendar year.

On the 1986 Year-end report and the 1986 30 day Post-general report, negative ending cash-on-hand balances were reported by the Committee of \$(1,159.86) and \$(1,147.14), respectively. The Audit staff performed a reconciliation of activity per Committee bank accounts to reports filed for the period January 1, 1986 through December 31, 1986, and found that the reported disbursements were overstated by \$3,500 and ending cash-on-hand was understated by a like amount. It was noted that checks representing two reported contributions to candidate committees, totaling \$3,500 disbursed on October 9, 1986 had not been cashed. The Treasurer determined at some point that these checks would not be cashed and issued replacement checks. The replacement checks were reported, as required, however, negative entries were not included in the Committee's report to account for the original checks. Therefore, the negative cash-on-hand balances discussed above were the result of reporting errors and not an indication of undisclosed liabilities.

It should be noted that the Committee's 1987 Mid-Year Report disclosed the voiding of the original checks, thereby correcting the reported cash-on-hand balance. At the exit conference, the Committee Treasurer agreed that the way the matter had been handled was inappropriate and indicated it would be handled correctly in the future for similar situations.

Recommendation #1

Since the discrepancies noted above have been corrected, no further action is recommended.

B. Omission of Disclosure Information (Occupation)
for Contributions From Individuals

The Act, at 2 U.S.C. § 434(b)(3) requires disclosure of the identification of each person who makes a contribution during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year.

Identification is defined at 2 U.S.C. § 431(13)(A) to include, in the case of any individual, the occupation of such individual, as well as the name of his or her employer.

The Regulations, at 11 C.F.R. § 104.7, state, in relevant part, that when the treasurer of a political committee shows that best efforts have been used to obtain, maintain and submit the information required by the Act for the political committee, any report of such committee shall be considered in compliance with the Act. With regard to reporting the identification of each person, the treasurer will not be deemed to have exercised best efforts to obtain the required information unless he or she has made at least one effort per solicitation either by a written request or by an oral request documented in writing to obtain such information from the contributor.

The Audit staff's review of the 1985 Mid-year and Year-end reports revealed that the occupation was omitted for 60 of 67 contributors. Reports filed relative to 1986 activity contained the identification of all contributors as required.

During the entrance conference, the Audit staff discussed this matter with the Treasurer. It was ascertained that requests for this information from the contributor were made verbally and no evidence exists to document whether or not best efforts had been made to obtain the missing information. During this conference, and subsequent discussions, the Audit staff explained what was required of the Treasurer to resolve this matter.

At the exit conference, the Committee supplied the Audit staff with copies of amended schedules, properly disclosing the deficient items, that were subsequently filed with the Commission on September 14, 1987.

Recommendation #2

As amendments were filed by the Committee, the Audit staff recommends no further action on this matter.

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C. Failure to Itemize Other Receipts (Interest)

Section 434(b)(3)(G) of Title 2 of the United States Code states that each report under this section shall disclose the identification of each person who provides any dividend, interest, or other receipt to the reporting committee in an aggregate value or amount in excess of \$200 within the calendar year, together with the date and amount of any such receipt. In addition, 2 U.S.C. § 431(13) defines identification to include the full name and address of such person.

The Audit staff's review of interest received by the Committee indicated that of the 22 receipts, totaling \$5,275.34, required to be itemized, none were.

The Treasurer was provided with a schedule of these items. Amendments were filed on October 16, 1987 disclosing these receipts.

Recommendation #3

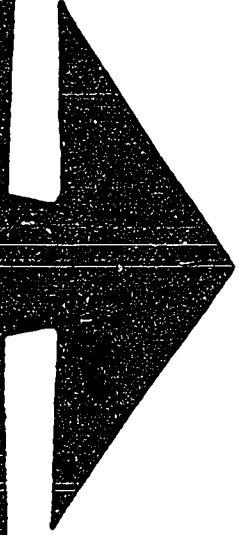
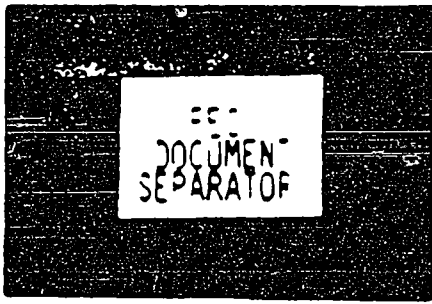
As amendments were filed by the Committee, the Audit staff recommends no further action.

D. Matter Referred to the Office of General Counsel

A certain matter was referred to the Commission's Office of General Counsel.

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