



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20541

AK004385

November 19, 1993

MEMORANDUM

TO: FRED EILAND
CHIEF, PRESS OFFICE

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

SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT ON
NATIONAL FREEDOM POLITICAL ACTION COMMITTEE

Attached please find a copy of the final audit report on National Freedom Political Action Committee which was approved by the Commission on November 10, 1993.

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



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20542

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REPORT OF THE AUDIT DIVISION
ON
NATIONAL FREEDOM POLITICAL ACTION COMMITTEE

I. Background

A. Overview

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This report is based on an audit of National Freedom Political Action Committee (the Committee) undertaken by the Audit Division of the Federal Election Commission in accordance 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 September 18, 1989, and maintains its headquarters in Mountlake Terrace, Washington.

The audit covered the period March 28, 1989, the date of the Committee's earliest financial activity through December 31, 1990. The Committee reported a beginning cash balance of \$-0-; total receipts of \$73,238.02; total disbursements of \$73,099.91; and an ending cash balance on December 31, 1990 of \$141.11.^{1/}

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 the Commissioners and appropriate staff for review.

^{1/} The totals do not foot due to math errors.

B. Key Personnel

During the period covered by the audit, the Treasurers were: Mr. Rick Woodrow from inception through December 10, 1989; Ms. Tammy Hjort from December 11, 1989 to September 4, 1990; Ms. Darla Quinn from September 5, 1990 to December 17, 1990; Ms. Kimberly Lingle from December 18, 1990 through the end of the audit period. The current Treasurer is Mr. Rick Woodrow.

C. Scope

The audit included such tests as verification of total reported receipts and disbursements and individual transactions; review of required supporting documentation; analysis of debts and obligations; and such other audit procedures as deemed necessary under the circumstances; however, because the Committee provided incomplete disbursement records for 1989 and 1990, the Audit staff's review of disbursements and debts and obligations was limited.

II. Audit Findings and Recommendations

A. Failure to File Disclosure Report

Sections 434(a)(1) and (4)(B) of Title 2 of the United States Code state, in relevant part, that the treasurer of a political committee shall file reports of receipts and disbursements in accordance with the provisions of the Act. All political committees other than authorized committees of a candidate shall file a year end report no later than January 31 of the following calendar year.

The Committee did not file a disclosure report for the period November 27, 1990 through December 31, 1990 (Year End Report due to be filed on January 31, 1991). Based on bank statements and other Committee records, the Audit staff identified receipt activity, totaling \$3,825.80, and disbursement activity, totaling \$4,036.84, which should have been reported during this period. This matter was addressed in MUR 3324 which resulted in an assessment of a civil penalty.

On September 11, 1991, the Committee filed its 1990 Year End Report; an amendment was filed on October 25, 1991. These reports disclosed the above activity.

Recommendation #1

The Audit staff recommends no further action.

B. Misstatement of Financial Activity

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

A reconciliation of the bank activity to the Committee's disclosure reports for 1989 and 1990 revealed a net underreporting of receipts totaling \$3,306.24 and a net underreporting of disbursements totaling \$3,612.01.

Subsequent to the beginning of the audit fieldwork, the Committee submitted amended reports which materially corrected the reporting deficiencies noted above.

Recommendation #2

The Audit staff recommends no further action on this matter.

C. Matters Referred to the Office of General Counsel

Certain matters noted during the course of the audit were referred to the Commission's Office of General Counsel. Given the circumstances in this case, no interim audit report was issued.