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cc

Subject Comments

The attached document includes some comments on the proposed Internal Control Guidance. These comments come from my mother, the Compliance Officer of a banking institution.

Thanks!

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 FEC Comments.doc

Internal Controls and Political Committees

- What are internal controls?
 - Control Environment
 - HR review/screening of potential volunteers/employees
 - Criminal background check, references, etc.
 - Risk Assessment
 - Stress the importance of ongoing risk assessment, as risks and ways to manage them are continuously evolving.
- Selected Procedures for Internal Controls
 - Bank Accounts
 - Consider online banking
 - Online banking access
 - E-statements replacing paper statements
 - Receipts
 - Placing account numbers on the back of checks is a privacy issue; not all banks require it. Writing the account number on the back of the check provides a piece of information about the committee that the world does not need to have. When the person gets their check back, they will know who the committee banks with (can't avoid that) and now they will have the account number. Even though most times we don't get the hard copy of the check with our statements we always can either see them online or get a copy upon request.

The banks want the account number on the check in case it bounces so they know what account to charge the item back to, especially if the committee has more than one account (federal, non-federal, etc.) If the committee id (or some other form of identification) was written on the check to identify the account that the deposit was made to, then the bank would have a way to easily know which account to charge it back to.

- Secure undeposited receipts in a locked **fireproof** cabinet at all times.
- Cash refunds should **not** occur.
- Disbursements
 - Consider online banking

Minimum Safeguards to Prevent Misappropriation

- Internal Controls
 - All bank accounts are opened in the name of the committee using an **IRS Tax ID number**, never an individual.
 - Account number issue as discussed previously