



Interim Audit Report of the Audit Division on the Communications Workers of America – COPE Political Contributions Committee

(January 1, 2019 - December 31, 2020)

Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.¹ The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

Future Action

The Commission may initiate an enforcement action, at a later time, with respect to any of the matters discussed in this report.

About the Committee (p. 2)

Communications Workers of America – COPE Political Contributions Committee is a separate segregated fund – labor organization and lobbyist/registrant political action committee, headquartered in Washington, DC. For more information, see the chart on the Committee Organization, p. 2.

Financial Activity (p. 2)

• Receipts

○ Contributions from Individuals	\$ 8,884,026
○ Contributions from Other Political Committees	7,500
○ Refunds of Contributions Made to Political Committees	98,400
Total Receipts	\$ 8,989,926

• Disbursements

○ Operating Expenditures	\$ 784,482
○ Transfers to Affiliated/Other Party Committees	22,582
○ Contributions to Federal Candidates/Committees	5,222,523
○ Independent Expenditures	55,708
○ Contribution Refunds	948
○ Other Disbursements	5,236,445
Total Disbursements	\$ 11,322,688

Findings and Recommendations (p. 3)

- Misstatement of Financial Activity (Finding 1)
- Disclosure of Occupation and Name of Employer (Finding 2)

¹ 52 U.S.C. §30111(b).



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Part I

Background

Authority for Audit

This report is based on an audit of the Communications Workers of America – COPE Political Contributions Committee (CWA), undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 52 U.S.C. §30111(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 52 U.S.C. §30104. Prior to conducting any audit under this subsection, 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. 52 U.S.C. §30111(b).

Scope of Audit

Following Commission-approved procedures, the Audit staff evaluated various risk factors and as a result, this audit examined:

1. the disclosure of individual contributors' occupation and name of employer;
2. the consistency between reported figures and bank records;
3. the completeness of records;
4. the disclosure of independent expenditures; and
5. other committee operations necessary to the review.

Part II

Overview of Committee

Committee Organization

Important Dates	
• Date of Registration	March 20, 1975
• Audit Coverage	January 1, 2019 - December 31, 2020
Headquarters	Washington, District of Columbia
Bank Information	
• Bank Depositories	One
• Bank Accounts	One checking
Treasurer	
• Treasurer When Audit Was Conducted	Sara Steffens
• Treasurer During Period Covered by Audit	Sara Steffens
Management Information	
• Attended FEC Campaign Finance Seminar	Yes
• Who Handled Accounting and Recordkeeping Tasks	Paid Staff

Overview of Financial Activity (Audited Amounts)

Cash on hand @ January 1, 2019	\$ 3,252,122
Receipts	
○ Contributions from Individuals	8,884,026
○ Contributions from Other Political Committees	7,500
○ Refunds of Contributions Made to Political Committees	98,400
Total Receipts	8,989,926
Disbursements	
○ Operating Expenditures	784,482
○ Transfers to Affiliated/Other Party Committees	22,582
○ Contributions to Federal Candidates/Committees	5,222,523
○ Independent Expenditures	55,708
○ Contribution Refunds	948
○ Other Disbursements	5,236,445
Total Disbursements	11,322,688
Cash on hand @ December 31, 2020	\$ 919,360

Part III

Summaries

Findings and Recommendations

Finding 1. Misstatement of Financial Activity

During audit fieldwork, a comparison of CWA's reported financial activity with its bank records revealed a misstatement of the beginning and ending cash on hand balances for calendar years 2019 and 2020. In 2019, CWA overstated its beginning and ending cash on hand balances by \$244,198 and \$222,357, respectively. In 2020, CWA overstated its beginning and ending cash on hand balances by \$222,357 and \$265,267, respectively. The Audit staff recommends that CWA amend its most recently filed disclosure report to correct its cash on hand balance. (For more detail, see p. 4.)

Finding 2. Disclosure of Occupation and Name of Employer

During audit fieldwork, a review of contributions from individuals requiring itemization indicated that 18,702 contributions, totaling \$670,717, lacked or inadequately disclosed the required occupation and/or name of employer information. CWA did not sufficiently demonstrate "best efforts" to obtain, maintain and submit the required information. During audit fieldwork and in response to the exit conference, CWA provided "best efforts" documentation for 16,768 contributions totaling \$597,808. However, CWA has not filed amended reports to disclose missing or inadequate information. To correctly disclose the required information, the Audit staff recommends that CWA amend its 2019-2020 disclosure reports; file a Form 99 (Miscellaneous Electronic Submission); or file an amended memo Schedule A (Itemized Receipts) on its next regularly scheduled disclosure report listing all the contributions for which it received additional information. The Audit staff further recommends CWA provide "best efforts" documentation for the 1,542 contributions totaling \$55,185 or disclose the adequate occupation and/or name of employer information for these contributions; and provide any comments it deems relevant for the 392 contributions, totaling \$17,724, for which "best efforts" notifications were sent untimely. (For more detail, see p. 5.)

Part IV

Findings and Recommendations

Finding 1. Misstatement of Financial Activity

Summary

During audit fieldwork, a comparison of CWA's reported financial activity with its bank records revealed a misstatement of the beginning and ending cash on hand balances for calendar years 2019 and 2020. In 2019, CWA overstated its beginning and ending cash on hand balances by \$244,198 and \$222,357, respectively. In 2020, CWA overstated its beginning and ending cash on hand balances by \$222,357 and \$265,267, respectively. The Audit staff recommends that CWA amend its most recently filed disclosure report to correct its cash on hand balance.

Legal Standard

Contents of (Federal) Reports. Each report must disclose:

- The amount of cash on hand at the beginning and end of the reporting period;
- The total amount of receipts for the reporting period and for the calendar year;
- The total amount of disbursements for the reporting period and for the calendar year; 52 U.S.C. §30104(b)(1), (2), and (4).

Facts and Analysis

A. Facts

During audit fieldwork, the Audit staff reconciled CWA's reported financial activity with its bank records for calendar years 2019 and 2020. This review indicated that, in 2019, CWA overstated the beginning and ending cash on hand balances by \$244,198 and \$222,357, respectively. In 2020, CWA overstated the beginning and ending cash on hand balances by \$222,357 and \$265,267, respectively. The cash on hand balance discrepancies for 2019 and 2020 resulted primarily from prior period adjustments, as well as, minor misstatements of both receipts and disbursements during the audit period.

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed the misstatements for 2019 and 2020 with CWA's representatives during the exit conference and provided schedules detailing the information. In response to the exit conference, CWA explained some of the minor misstatements of receipts and disbursement during the audit period, identified by the Audit staff. For example, CWA explained that it did not report an erroneous wire transfer. Additionally, CWA explained that several disbursements identified as 'unreported' were actually reported but the check numbers on the bank statements were missing one or more digits due to possible scanning errors or data entry errors by the bank. CWA reviewed its records of the actual checks and matched the erroneous check numbers on the bank statements to the correct check numbers and provided a spreadsheet identifying the recipients of the checks and the date on which CWA reported them, which

the Audit staff verified. The spreadsheet also explained other immaterial receipt and disbursement misstatements, many of which stemmed from prior reporting periods. These discrepancies, however, did not resolve the misstated beginning and ending cash on hand balances. In fact, the explanations resulted in an increase in the overstatements of the 2019 beginning and ending cash on hand balances by \$3,000 and \$25,675, respectively, as compared to the misstated cash balances presented during the exit conference,² and did not affect the ending cash for 2020 which remained overstated by \$265,267. In its response to the exit conference, CWA did not address or further explain the misstated beginning and ending cash on hand balances.

The Audit staff recommends that, within 30 calendar days of service of this report, CWA amend its most recently filed disclosure report to correct the cash on hand balance with an explanation that the change resulted from the prior period adjustment. Further, CWA should reconcile the ending cash on hand balance of its most recent report to identify any subsequent discrepancies that may affect the adjustment recommended by the Audit staff.

Finding 2. Disclosure of Occupation and Name of Employer

Summary

During audit fieldwork, a review of contributions from individuals requiring itemization indicated that 18,702 contributions, totaling \$670,717, lacked or inadequately disclosed the required occupation and/or name of employer information. CWA did not sufficiently demonstrate “best efforts” to obtain, maintain and submit the required information. During audit fieldwork and in response to the exit conference, CWA provided “best efforts” documentation for 16,768 contributions, totaling \$597,808. However, CWA has not filed amended reports to disclose missing or inadequate information. To correctly disclose the required information, the Audit staff recommends that CWA amend its 2019-2020 disclosure reports; file a Form 99 (Miscellaneous Electronic Submission); or file an amended memo Schedule A (Itemized Receipts) on its next regularly scheduled disclosure report listing all the contributions for which it received additional information. The Audit staff further recommends CWA provide “best efforts” documentation for the 1,542 contributions totaling \$55,185 or disclose the adequate occupation and/or name of employer information for these contributions; and provide any comments it deems relevant for the 392 contributions, totaling \$17,724, for which “best efforts” notifications were sent untimely.

Legal Standard

A. Itemization Required for Contributions from Individuals. A political committee other than an authorized committee must itemize any contribution from an individual if it exceeds \$200 per calendar year, either by itself or when combined with other contributions from the same contributor. 52 U.S.C. §30104(b)(3)(A).

² The 2019 beginning cash on hand balance increase of \$3,000 = \$244,198 - \$241,198; the 2019 ending cash on hand balance increase of \$25,675 = \$222,357 - \$196,682.

- B. Required Information for Contributions from Individuals.** For each itemized contribution from an individual, the committee must provide the following information:
- the contributor’s full name and address (including zip code);
 - the contributor’s occupation and the name of his or her employer;
 - the date of receipt (the date the committee received the contribution);
 - the amount of the contribution; and
 - the calendar year-to-date total of all contributions from the same individual. 52 U.S.C. §30104(b)(3)(A) and 11 CFR §§100.12 and 104.3(a)(4)(i).
- C. Best Efforts Ensure Compliance.** When the treasurer of a political committee shows that the committee used best efforts (see below) to obtain, maintain, and submit the information required by the Act, the committee’s reports and records will be considered in compliance with the Act. 52 U.S.C. §30102(i) and 11 CFR §104.7(a).
- D. Definition of Best Efforts.** The treasurer and the committee will be considered to have used “best efforts” if the committee satisfied all of the following criteria:
- All written solicitations for contributions included:
 - A clear request for the contributor's full name, mailing address, occupation, and name of employer; and
 - The statement that such reporting is required by Federal law.
 - Within 30 days after the receipt of the contribution, the treasurer made at least one effort to obtain the missing information, in either a written request or a documented oral request.
 - The treasurer reported any contributor information that, although not initially provided by the contributor, was obtained in a follow-up communication or was contained in the committee’s records or in prior reports that the committee filed during the same two-year election cycle. 11 CFR §104.7(b).
- E. Reporting Missing Information.** If any of the contributor information is received after the contribution has been disclosed on a regularly scheduled report, the political committee shall either:
- File with its next regularly scheduled report, an amended memo Schedule A listing all contributions for which contributor identifications have been received and an indication of the previous report(s) to which the memo Schedule A relates; or
 - File amendments which include the contributor identifications together with the dates and amounts of the contributions. 11 CFR §104.7(b)(4)(i).

Facts and Analysis

A. Facts

CWA did not disclose or inadequately disclosed the required occupation and/or name of employer information for contributions requiring itemization on its FEC reports, as of the date of the audit notification letter.

Contributions Requiring Itemization - Missing or Inadequate Occupation and/or Name of Employer Disclosure	
Number of Contributions	18,702
Dollar Value of Contributions	\$670,717
Percent of Contributions	58%

For contributions requiring itemization on Schedule A (Itemized Receipts), CWA disclosed the following 18,702 unacceptable entries totaling \$670,717:

- “Information Requested” or “N/A” for 18,373 contributions totaling \$660,430 and
- Inadequate occupation and/or name of employer for 329 contributions totaling \$10,287.

1. Contributor Information Obtained but Not Disclosed:

During audit fieldwork, the Audit staff reviewed the contribution documentation provided by CWA to determine if it utilized the “best efforts” to obtain, maintain and submit the required disclosure information. The Audit staff identified 16,768 contributions, totaling \$597,808, for which CWA obtained the required contributor occupation and/or name of employer information but did not disclose the information:

Contributor Information Obtained but Not Disclosed	
Contributor Information in CWA’s records at the Start of the Audit ³ Dollar Value of Contributions	7,147 \$267,628
Contributor Information Obtained from <i>Untimely</i> “Best Efforts” Letters ⁴ Dollar Value of Contributions	505 \$18,733
Contributor Information Obtained from <i>Timely</i> “Best Efforts” Letters ⁵ Dollar Value of Contributions	159 \$6,256
Contributor Information in CWA’s Records (no record of when the information was obtained) ⁶ Dollar Value of Contributions	8,957 \$305,191
Total Number of Contributions Total Dollar Value of Contributions	16,768 \$597,808

³ CWA’s receipt database for the audit period contained the occupation and name of employer information for 7,147 contributions totaling \$267,628.

⁴ Based on mail merge files submitted by CWA in response to the exit conference.

⁵ See *supra* footnote 4.

⁶ Based on an Occupation/Name of Employer Spreadsheet submitted by CWA in response to the exit conference.

2. Best Efforts Not Demonstrated:

CWA did not provide the Audit staff records to document “best efforts” for the following:

Best Efforts Documentation Not Provided by CWA	
Number of Contributions	1,542
Dollar Value of Contributions	\$55,185

Best Efforts Notification Sent Untimely by CWA with No Responses Obtained	
Number of Contributions	392
Dollar Value of Contributions	\$17,724

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter with the CWA representatives during audit fieldwork and at the exit conference and provided the schedule detailing these disclosure errors.

In its written response to the exit conference, CWA stated that it searched its contribution and membership records for the 2,170⁷ individuals who lacked the required disclosure information, as identified by the Audit staff. Of the 2,170 individuals, CWA stated that it had “complete [occupation and name of employer] information for 1,774⁸ –

⁷ CWA’s reference to 2,170 individuals is a reference to the number of contributors who made the 18,702 contributions totaling \$670,717 described in the first table on page 7 of this report; many of CWA’s contributors made multiple contributions. The Audit staff presented a schedule at the exit conference that detailed disclosure errors for 2,161 contributors that were not on the receipt database with complete occupation and name of employer information and nine contributors that were on the receipt database with complete occupation and name of employer information. These nine contributors did not have their occupation and/or name of employer information disclosed on the disclosure reports.

⁸ The 1,774 individuals CWA references appear to refer to a subset of contributors that make up the 16,768 contributions, totaling \$597,808, as described in the second table on page 7 of this report. Specifically, the 1,774 contributors CWA identifies appear to refer to contribution information obtained from timely and untimely “best efforts” letters, and contributor information in CWA’s records for which there was no record of when that information was obtained. This subset represents the records CWA provided to the Audit staff during fieldwork and represents 9,621 (505 +159 +8,957) contributions totaling \$330,180 (\$18,733+\$6,256+\$305,191). In addition to this, however, the Audit staff’s review also identified contributor information already in CWA’s records at the start of the audit, representing 7,147 contributions totaling \$267,628, as reflected in the first row of the table. Taken together, therefore, CWA did not disclose contributor information for 16,768 contributions totaling \$597,808. Finally,

more than 80% of the individuals whose contributions were identified as requiring “best efforts” documentation.” In response to the exit conference, CWA also provided the following documentation:

1. **Sample Best Efforts Letter** – A sample "best efforts" letter which was also provided during audit fieldwork.
2. **Mail Merge Files** – Mail merge files which contained the complete and adequate occupation and/or name employer information for 148 contributors who made 664 contributions totaling \$24,989.⁹ CWA did not submit the contributor information on its disclosure reports.
3. **Occupation/Name of Employer Spreadsheet** – CWA provided a committee spreadsheet that included the occupation and name of employer information for 1,598 contributors whose 8,957 contributions totaled \$305,191.¹⁰ CWA did not submit the contributor information on its disclosure reports.

CWA acknowledged that the additional information provided in response to the exit conference did not “constitute direct evidence that the Committee made “best efforts” to obtain missing information from all contributors during the audit period...” However, CWA believed that its record of outreach to the contributors named in the “mail merge” files and the fact that it obtained the complete information for the “overwhelming majority of contributors” identified during the audit, demonstrates its compliance with the Commission’s “best efforts” requirements.

Additionally, CWA stated that it modified its procedures for documenting its “best efforts” to obtain missing occupation and name of employer information in early 2021. CWA has centralized the printing and mailing of all letters requesting the occupation and/or name of employer information through its in-house print shop. CWA explained that, during the audit period, each member of its compliance personnel team sent letters to the contributors whose contributions they had been assigned to process, whereas now, its compliance personnel create, on a monthly basis, one centralized list of missing occupation and/or name of employer information which is used to generate one file for letters to contributors. Bypassing its administrative divisions, CWA now sends these letters immediately after filing the monthly report.

Based on contributor documentation provided by CWA during fieldwork and in response to the exit conference, CWA obtained the occupation and name of employer information

although CWA refers in its response to “1,774” contributors, the Audit’s staff’s analysis shows that this number is actually 1,746 contributors.

⁹ Most of the 148 contributors made multiple contributions. 664 contributions totaling \$24,989, consisted of 505 untimely “best efforts” letters (\$18,733) and 159 timely “best efforts” letters (\$6,256). See the *Contributor Information Obtained but Not Disclosed* chart on page 7.

¹⁰ Most of the 1,598 contributors made multiple contributions.

for a total of 16,768 contributions totaling \$597,808¹¹, however CWA did not submit the obtained information on its disclosure reports.

To correctly disclose this information, the Audit staff recommends that, within 30 calendar days of service of this report, CWA:

- Amend its 2019-2020 disclosure reports;
- File a Form 99 (Miscellaneous Electronic Submission)¹²; or
- File an amended memo Schedule A (Itemized Receipts) on its next regularly scheduled disclosure report listing all the contributions for which it received additional information.

The Audit staff further recommends that CWA provide documentation that would demonstrate “best efforts” for the 1,542 contributions totaling \$55,185, and/or disclose the adequate occupation and/or name of employer information for these contributions using one of the methods outlined above. Lastly, the Audit staff recommends CWA provide any comments it deems relevant for the 392 contributions, totaling \$17,724, for which “best efforts” notifications were sent untimely.

¹¹ See the *Contributor Information Obtained but Not Disclosed* chart on page 7.

¹² If CWA chooses to file a Form 99, instead of amending its disclosure reports, the form must contain all pertinent information that is required on each schedule.