



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION
ON THE
IDAHO STATE DEMOCRATIC CENTRAL COMMITTEE

I. Background

A. Overview

This report is based on an audit of the Idaho State Democratic Central 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(a)(8) of Title 2 of the United States Code which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee registered with the United States General Accounting Office as the Idaho State Democratic Central Committee on September 11, 1972, in support of Federal and State candidates. In a letter dated December 16, 1977, the Committee notified the Commission that all cash on hand as of October 1, 1977, would be allocated to its state accounts for state and local purposes only. The Committee filed its year-end report for 1977 on February 7, 1978, which reflected this allocation. On February 7, 1978, the Committee registered with the Commission a separate Federal account, the Idaho State Democratic Committee. The Committee maintains its headquarters in Boise, Idaho.

The audit covered the period from January 1, 1976 through December 31, 1977, the final coverage date of the last report filed by the Committee prior to its registration amendment for Federal purposes only.

The Idaho State Democratic Central Committee reported a beginning cash balance on January 1, 1976 of \$4,799.97, total receipts of \$131,963.81, total expenditures of \$136,763.78, and a closing cash balance on December 31, 1977 of \$-0-. The separate Federal account remained inactive from date of registration through audit fieldwork.

This audit report is based on documents and working papers which support each of the 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 Commissioners and appropriate staff for review.

B. Key Personnel

The principal officers of the Committee during the period audited were: Mr. Deckie Rice, Chairperson from January 1, 1976 to March, 1977; and John Greenfield, Chairperson from June, 1977 to December 31, 1977; and John Chapman, Treasurer from January 1, 1976 to June 1976; and Paul J. Buser, Treasurer from June 1976 to December 31, 1977. 1/

C. Scope

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

D. Discussion

The Idaho State Democratic Central Committee, for the period covered by the audit, operated as a committee supporting Federal and non-Federal candidates. Both state and Federal activity was included in the Committee's reports filed with the Commission. We noted two (2) accounts which were used to fund the Committee's Federal activity which ceased on August 4, 1976: the "Operating" account and the "Tax Check-off Savings" account. 93.63 of the funds deposited into the operating account were transferred from two (2) other state accounts.

Contributions deposited into these four (4) accounts were not designated for Federal activity. Further, although the Committee received corporate and labor organization contributions during the period February 26, 1976 to June 28, 1977, none were deposited into any of the accounts connected with Federal activity. We also noted that 64 transfers from unregistered

1/ The Committee had a vacancy in the Office of Chairperson for the period March to June, 1977. This is not considered material since the Committee was not engaged in any Federal activity during this period.

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subordinate county committees and state candidate committees were accepted by the Committee totaling \$5,106.10. Of this total, only one (1) transfer from a state candidate committee for \$48.66 was directly deposited into the Operating account prior to the only Federal activity from that account on July 9, 1976. In addition, although some of these transfers were accepted into the two (2) other state accounts during the period that transfers were being made to the Operating account up to August 4, 1976, none aggregated in excess of \$1,000 from a single committee, and these unregistered committee transfers comprised an insignificant percentage of total funds received into the two (2) other state accounts.

We recommended in our interim audit report that the Committee amend its reports for the audit period to reflect only the activity in the accounts involving Federal activity, modified by two findings affecting those accounts.

On August 21, 1979, the Committee amended the coverage dates of their termination report to reflect an August 4, 1976 closing, the date of the Committee's final Federal activity. The amended report contained information requested in the interim audit report for those four (4) accounts involving Federal activity for the period up to August 4, 1976, and a statement that the Committee no longer engaged in Federal activity subsequent to that date. The Committee also stated that as of August 4, 1976, all remaining cash on hand was used for state and local purposes and that all debts and obligations owed to or by the Committee as of August 4, 1976 related solely to non-Federal activity.

In the opinion of the Audit staff, the Committee's amended termination report adequately responds to our interim audit report because it amends the Committee's reports to reflect only accounts related to its Federal activity, through the amended termination date.

II. Description of Findings

A. Apparent Excessive Contribution and Reporting of In-Kind Contribution

Section 441a(a)(1)(C) of Title 2, United States Code states no person shall make contributions to the political committees of state political parties in any calendar year which, in the aggregate, exceed \$5,000.

Section 434(b)(8) of Title 2, United States Code, requires each committee to include in its disclosure reports filed with the Commission the total sum of all receipts by such committee during the reporting period. Section 104.3(a) requires each in-kind contribution to be valued at the usual and normal charge on the date received and reported if in excess of \$100 on the appropriate schedule of receipts, identified as to its nature and listed as an "in-kind contribution"; and to be so identified on the appropriate expenditure schedule at the same usual and normal charge.

During the audit we noted a contribution was accepted on August 23, 1976 by the Committee in the amount of \$5,800 from an individual. This represented an in-kind contribution in the form of a gift of a document processing machine which the Committee has since disposed of. When questioned, the Committee's former Executive Director stated that at the time of acceptance the Committee was unaware of the \$5,000 limitation and that the value of the contribution was established by the donor of the machine. The contribution was itemized on Schedule A by the Committee, identified as an in-kind contribution, but the amount was not included in reported receipt totals.

Recommendation

On July 17, 1979, the Committee filed an affidavit from the donor setting forth a revised value of the machine at the time of the contribution of \$4,500. Since the Committee's acceptance of the machine occurred after August 4, 1976, when the Committee no longer was engaged in Federal activity, we recommend no further action on this matter.

B. Itemization of Expenditures

Section 434(b)(9) of Title 2, United States Code requires committees to include in their reports filed with the Commission the identification of each person to whom expenditures have been made by such committee within the calendar year in an aggregate amount or value in excess of \$100, the amount, date, and purpose of each such expenditure and the name and address of, and office sought by, each candidate on whose behalf such expenditure was made.

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During the course of the audit it was determined that the Committee made 31 expenditures from its operating account, each aggregated in excess of \$100 per payee, totaling \$1,210.12, which were not itemized as required on reports filed with the Commission. These expenditures were made during the period of January 27, 1976 through September 15, 1977. These omissions represented 11.4% of the total number of expenditures requiring itemization and 1.5% of the total dollar value.

Recommendation

The Committee's amended termination report filed August 21, 1979, included those previously unitemized expenditures which occurred prior to August 4, 1976, during the Committee's period of Federal activity. Since the Committee has satisfactorily amended its reports for the period during which it engaged in Federal activity, we recommend no further action on this matter.

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