



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

June 27, 1980

MEMORANDUM

TO: FRED ELLAND
PRESS OFFICE

THROUGH: BOB COSTA

FROM: JUDY HAWKINS *Kat (jeh)*

SUBJECT: PUBLIC ISSUANCE OF AUDIT REPORT -
REPUBLICAN STATE CENTRAL COMMITTEE
OF MARYLAND

Attached please find a copy of the final audit report of the Republican State Central Committee of Maryland, which was approved by the Commission on June 25, 1980.

Informational copies of the report have been received by all parties involved and this report may be released to the public.

Attachment as stated

cc: FEC Library
RAD
Public Records *✓*



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20543

REPORT OF THE AUDIT DIVISION
ON THE
REPUBLICAN STATE CENTRAL COMMITTEE
OF MARYLAND

I. Background

A. Overview

This report is based on an audit of the Republican State Central Committee of Maryland ("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 Federal Election Commission on September 8, 1976. The Committee maintains its headquarters in Annapolis, Maryland. The audit covered the period from September 8, 1976 through November 27, 1978, the coverage date of the latest report filed at the time of the audit 1/.

The Committee reported a beginning cash balance of \$3,892.58, total receipts for the period of \$264,592.82, total expenditures for the period of \$261,381.56, and a closing cash balance as of November 27, 1978, of \$7,103.84.

- 1/ The Committee's first disclosure report, filed on November 26, 1976, included receipt and expenditure activity as of January 1, 1976, therefore, Committee records were examined as of January 1, 1976. We noted no Federal activity during the period January 1, through September 8, 1976.

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: David R. Forward, Chairman, September, 1976 through September, 1977; Dr. Aris Allen, Chairman, September, 1977 through the close of the audit period; and Ms. Jeanette D. Wessel, Treasurer.

C. Scope

The audit included such tests as verification of total 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.

II. Audit Findings and Recommendations

A. Independent Expenditures In Connection with General Election Campaign

Section 110.7(b)(4) of Title 11, Code of Federal Regulations prohibits State committees of a political party from making independent expenditures in connection with the general election campaign of candidates for Federal office.

Section 109.1(a) of Title 11, Code of Federal Regulations defines "independent expenditures" as an expenditure by a committee for a communication expressly advocating the election or defeat of a clearly identified candidate which is not made with the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, a candidate or any agent or authorized committee of such candidate.

During our review of Committee records we noted a solicitation mailing made by the Committee in October, 1976, in the form of an "electiongram". This communication expressly advocated the election of the Republican Candidate for President of the United States, and the defeat of the Democratic Candidate. Costs associated with the mailing were \$1,171.31 for production and an estimated \$1,500.00 for postage expenses. The only other activity in connection with Federal elections undertaken by the Committee occurred when the Committee expended \$150.00 for postage on behalf of a Congressional candidate.

A Committee official informed the auditors that the electiongram was not intended to influence the outcome of the 1976 General Election, but was intended to raise funds for the Committee's general operations. The contributions generated by the electiongram were used by the Committee in connection with state and local election activity only.

Recommendation

Since the Committee's Federal activity played only a very limited role in their total activity, and in view of the lapse of time since the activity took place, the Audit staff recommends no further action in this matter.

B. Retention of Supporting Documentation for Expenditures

During the period covered by the audit, Section 432(d) of Title 2 of the United States Code states that it shall be the duty of the treasurer to obtain and keep a receipted bill, stating the particulars, for every expenditure made by or on behalf of a political committee in excess of \$100 in amount, and for any such expenditure in a lesser amount, if the aggregate amount of such expenditures to the same person during a calendar year exceeds \$100.

During the period covered by the audit, Section 102.9 (c) (4) of Title 11, Code of Federal Regulations, provided that when a receipted bill is not available, the Treasurer may keep the canceled check(s) showing payment(s) of the bill; and the bill, invoice or other contemporaneous memorandum of the transaction supplied to the committee by the payee identifying the payee and containing the amount, date, and particulars of the expenditure.

Our review of Committee expenditure records revealed that the Committee did not retain sufficient documentation for 73 expenditures made during 1976, each of which was in excess of, or aggregated in excess of \$100. These 73 expenditures (46.2% of the total number of itemized 1976 expenditures) amounted to \$33,427.05, or 38.4% of total 1976 expenditures. The auditors examined a cancelled check for each of these expenditures.

Recommendation

Because of the reasons set forth in the recommendation made for the previous findings, the Audit staff recommends no further action in this matter.

