



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

August 6, 1979

MEMORANDUM

TO: FRED EILAND
PRESS OFFICE

THROUGH: ROBERT J. COSTA *RJC*

FROM: JUDY HAWKINS *JH*

SUBJECT: PUBLIC ISSUANCE OF AUDIT REPORT -
TEXAS DEMOCRATIC VOTER REGISTRATION COMMITTEE

Attached please find a copy of the final audit report of the Texas Democratic Voter Registration Committee which was approved by the Commission on July 23, 1979.

All informational copies of the report have been received by all parties involved and this report may be released to the public as of today.

Attachment as stated

cc: FEC Library
RAD
Public Record



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FEDERAL ELECTION COMMISSION

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REPORT OF THE AUDIT DIVISION ON THE TEXAS DEMOCRATIC VOTER REGISTRATION COMMITTEE

I. Background

A. Overview

This report is based on an audit of the Texas Democratic Voter Registration 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, 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 November 1, 1976, as a State committee of the Democratic Party of Texas. The Committee maintains its headquarters in Austin, Texas.

The audit covered the period August 9, 1976, through June 30, 1978 1/. The Committee reported beginning cash on August 9, 1976, of \$-0-, total receipts of \$133,683.83, total expenditures of \$133,406.26, and ending cash on December 31, 1977, of \$277.57.

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

1/ The Committee filed FEC 3a reports for the periods January 1 thru March 31, 1978, and April 1 thru June 30, 1978. The Committee did not have activity exceeding \$1,000 in either period.

B. Key Personnel

The principal officers of the Committee during the period covered by the audit were Mr. Dwayne Holman, Chairman, and Mr. R.C. Slagle III, Treasurer.

C. Scope

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

II. Auditor's Statement

It is the opinion of the Audit staff, based upon examination of the reports and statements filed and records presented, that except for the deficiencies noted below, the reports and statements of the Texas Democratic Voter Registration Committee fairly present the financial activities of the Committee for the period covered by the audit. Further, except as noted below, no material problems in complying with the Federal Election Campaign Act were discovered during the course of the audit.

III. Audit Findings and Recommendations

A. Retention of Supporting Documentation for Expenditures/Transfers

Section 432(d) of Title 2 of the United States Code requires 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. In addition, Section 102.9(c)(4) of Title 11 of the Code of Federal Regulations provides that when a receipted bill is not available, the treasurer may keep the cancelled check(s) showing payment of the bill; and the bill, invoice, or other contemporaneous memorandum.

The Committee made 78 expenditures totaling \$64,728.54 each exceeding, or aggregating in excess of, \$100, which require supporting documentation. The Committee did not obtain and keep a receipted bill, invoice, or other contemporaneous memorandum

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in support of 73 expenditures totaling \$62,715.27 representing 93.6% of the number and 96.9% of the amount of expenditures requiring supporting documentation. In addition, the Committee did not retain a cancelled check for 20 expenditures totaling \$12,453.39 representing 25.6% of the number and 19.2% of the amount of the expenditures requiring such support.

Committee records also show the disbursement of 127 transfers totaling \$67,714.59 to other Committees. The Committee did not retain cancelled checks for five (5) of the transfers totaling \$3,882.36. This represents 3.9% of the total number, and 5.7% of the total dollar amount of all transfers requiring such support.

Subsequent to the close of fieldwork, the Committee submitted additional documentation in support of 17 of the 73 previously inadequately supported expenditures. It also submitted a record of letters being sent to persons receiving 18 other expenditures along with a notarized statement explaining steps taken by the Committee to obtain the required documentation. As a result, 38 or 52% of the previously unsupported expenditures totaling \$37,994.23 remained unsupported.

On May 25, 1979, the Committee submitted copies of the letters sent to payees representing 16 of the remaining unsupported expenditures along with responses from two (2) payees detailing the purpose of 13 of the expenditures. On May 29, 1979, the Committee submitted an additional response from one (1) payee detailing the purpose of six (6) of the expenditures.

As a result, three (3) expenditures totaling \$891.63 or 4% of the number and 1% of the dollar amount of the total expenditures remain unsupported.

On May 7, 1979, the Committee submitted photocopies of 24 of the 25 previously unlocated cancelled checks along with a cover letter explaining any discrepancies in payees or dates. At the time of receipt of this correspondence the Committee's bank had been unable to locate one (1) check in the amount of \$1,000.00.

Recommendation

Based on the Committee's efforts to date, the Audit staff recommends no further action.

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B. Disclosure of Refunds

Section 434(b) (7) of Title 2 of the United States Code requires that reports of receipts and expenditures shall disclose each refund, in excess of \$100, together with the amount and date of such refund.

Section 434(b) (8) of Title 2 of the United States Code requires the disclosure of the total sum of all receipts by such committee during the reporting period.

A review of the Committee's records revealed that one (1) refund of \$328.84 was not reported as required.

Recommendation

Based upon the Audit staff's recommendation, the Treasurer filed an amended report disclosing the refund. Therefore, we recommend that no further action be taken on this matter.

C. Itemization of Transfers

Section 434(b) (4) of Title 2 of the United States Code requires the disclosure of the name and address of each political committee or candidate from which the reporting committee or the candidate received, or to which that committee or candidate made, any transfer of funds, together with the amounts and dates of all transfers.

The Committee made 127 transfers totaling \$67,714.59 to other political committees. Three (3) of these (2.4%) totaling \$375.00 (0.6%) were not itemized as required. The Committee officials stated they were not aware that all transfers regardless of amount must be itemized.

Recommendation

Based upon the Audit staff's recommendation, the Treasurer filed an amended report itemizing the transfers. Therefore, we recommend no further action be taken on this matter.

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D. Itemization of Expenditures

Section 434(b)(9) of Title 2 of the United States Code provides that reports filed under this Section shall disclose the identification of each person to whom expenditures have been made within the calendar year in an aggregate amount or value in excess of \$100, and the amount, date, and purpose of each such expenditure.

The Committee made 78 expenditures totaling \$64,728.54 which were required to be itemized on Committee disclosure reports. Three (3) expenditures (3.8%), totaling \$353.77 (0.5%), were not itemized as required. Two (2) of these expenditures were made in amounts of \$100 or less, but aggregated in excess of \$100 to the same payee during the calendar year. One (1) expenditure of \$287.99 had not been reported. Committee officials stated that they were not aware these expenditures had not been itemized.

Recommendation

Based upon the Audit staff's recommendation, the Treasurer filed an amended report itemizing the expenditures. Therefore, we recommend that no further action be taken on this matter.

Other Matters Noted

The following is a matter noted during the audit for which we recommend no further action:

The Texas Democratic Voter Registration Committee made transfers totaling \$3,230.00 to two county committees on behalf of the Texas Democratic Get Out The Vote Committee (GOTV). The GOTV Committee subsequently reimbursed the Voter Registration Committee. Neither the transfers to the county committees nor the reimbursement received was disclosed in the Voter Registration Committee's reports. The GOTV committee also failed to report its reimbursement, although it did report direct payments totaling \$3,230.00 to the county committees.

According to a Committee official, the GOTV Committee needed to transfer funds to the county committees but because it had no funds at the time, asked the Voter Registration Committee to make the transfers on its behalf. After receiving additional funds, the GOTV committee reimbursed the Voter Registration Committee for the transfers made on its behalf. We advised Committee officials that all such transfers should be reported.

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