



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON THE BLACK VOTERS FOR REPUBLICAN CONGRESS

I. Background

A. Overview

This report is based on an audit of the Black Voters For Republican Congress ("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 U.S. House of Representatives on September 16, 1974 as a political committee organized for the purpose of encouraging black voters to support Republican candidates for the U.S. House of Representatives. The Committee maintains its headquarters in San Antonio, Texas.

The audit covered the period January 1, 1977 through June 30, 1979. The Committee reported a beginning cash balance at January 1, 1977 of \$2,062.93, total receipts for the period of \$73,595.92, total expenditures for the period of \$74,130.74, and a closing cash balance on June 30, 1979 of \$1,528.11.

This audit report is based on documents and working papers supporting each of its 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.

B. Key Personnel

The principal officers of the Committee during the period covered by the audit were Mr. Donald F. Druid, National Chairman, and Mr. Clay Claiborne, 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. Audit Findings and Recommendations

A. Retention of Supporting Documentation for Expenditures

During the period covered by the audit Section 432(d) of Title 2, United States Code, in part, required the treasurer to obtain and keep a receipted bill for every expenditure made by a political committee in excess of \$100 in amount, and for any expenditure aggregating in excess of \$100 to the same person within a calendar year.

During the period covered by the audit Section 102.9(c)(4) and (e) of Title 11, Code of Federal Regulations, in part, provided that when a receipted bill is not available, the treasurer may keep: (i) the cancelled check; and (ii) the bill, invoice or other contemporaneous memorandum to support the expenditure as well as use his or her best efforts to obtain the required information. If there is a showing that best efforts have been made, the committee shall be deemed to be in compliance with this section.

As a result of our review of the Committee records, it was determined that the Committee did not maintain adequate supporting documentation for 36 (29%) of 126 expenditures, each in excess of or aggregating in excess of \$100. These 36 expenditures totaled \$22,038.57, which represented 30% of the total dollar amount of expenditures requiring supporting documentation.

On November 28, 1979, the Committee submitted copies of documentation for 12 items and provided evidence that best efforts have been made to obtain the required information for the other 24 unsupported expenditures. The Committee did maintain the cancelled checks for all expenditures in this category.

Recommendation

The Audit staff recommends no further action be taken on this matter.

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