



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

A81-34

June 15, 1982

MEMORANDUM

TO: FRED EILAND  
PRESS OFFICE

FROM: BOB COSTA *RJC*

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -  
LIBERAL PARTY FEDERAL CAMPAIGN COMMITTEE

Attached please find a copy of the final audit report of the Liberal Party Federal Campaign Committee which was approved by the Commission on June 1, 1982.

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

Attachment as stated

cc: FEC Library  
RAD  
✓ Public Record



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REPORT OF THE AUDIT DIVISION  
ON THE  
LIBERAL PARTY FEDERAL CAMPAIGN COMMITTEE

I. Background

A. Overview

This report is based on an audit of the Liberal Party Federal Campaign 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(b) of Title 2 of the United States Code which states, in part, that the Commission may conduct audits and field investigations of any political committee required to file a report under Section 434 of this title. Prior to conducting any audit under this section, 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.

The Committee registered with the Federal Election Commission on February 25, 1980. The Committee maintains its headquarters in New York, New York.

The audit covered the period February 14, 1980 through December 31, 1980. The Committee reported a cash balance on February 14, 1980, of \$-0-; total receipts for the period of \$237,676.30; total disbursements for the period of \$236,829.17; and a cash balance on December 31, 1980, of \$847.13.

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

B. Key Personnel

The Treasurer of the Committee during the period audited was Mr. Herbert B. Rose.

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. Findings and Recommendations

A. Allocation of Administrative Expenses

Section 106.1(e) of Title 11 of the Code of Federal Regulations states, in part, that party committees which have established Federal campaign committees pursuant to 11 C.F.R. Section 102.5 shall allocate administrative expenses on a reasonable basis between their Federal and non-Federal accounts in proportion to the amount of funds expended on Federal and non-Federal elections, or on another reasonable basis.

Pursuant to 11 C.F.R. 102.5(a)(1)(i), the Committee maintained separate accounts for Federal and non-Federal activity and disclosed the activity of its Federal account in its reports.

During the review of the Committee's reports and records, it was determined that the Committee's Federal account paid no administrative expenses during the period audited. The Committee had no system for allocating administrative expenses between the Federal and non-Federal accounts. When informed of the requirements of the Act concerning this matter, Committee officials presented the Audit staff with an invoice from the non-Federal account to the Federal account for \$825.00, its share of the administrative expenses. However, the invoice did not indicate how this amount was calculated.

The interim audit report recommended that, within 30 days of receipt of the report, the Committee submit support for the calculation for administrative expenses allocated to the Federal account and amend its reports to disclose the allocation.

In addition the Audit staff recommended that the Federal account reimburse the non-Federal account for a reasonable portion of the administrative expenses and present to the Audit staff copies (front and back) of the reimbursement check.

On April 23, 1982, the Committee provided the Audit staff with an explanation of its calculation of the \$825.00 in administrative expenses allocable to the Federal account. In addition the Committee also provided a copy of a check drawn on the Federal account reimbursing the non-Federal account for the \$825.00.

Recommendation

The Audit staff recommends no further action in this matter however, the Audit staff does recommend that the Committee establish a system for allocating its administrative expenses in the future which includes timely reimbursement to the non-Federal account when required.

B. Itemization of Expenditures

Section 434(b) (6) (A) (B) (iv) of Title 2 of the United States Code states, in part, that each report under this section shall disclose the name and address of each person who receives any expenditure from the reporting committee during the reporting period in connection with an expenditure under section 441a(d) of this title, together with the date, amount and purpose of any such expenditure as well as the name and office sought by the candidate on whose behalf the expenditure is made.

During the period audited, the Committee supported Jacob Javits for United States Senator. A review of the Committee's records identified expenditures totaling at least \$12,449.89 made on behalf of the Javits campaign and \$27,611.26 disbursed jointly on behalf of Javits and another federal candidate. In addition, \$119,564.11 in expenditures appeared to be made on behalf of federal candidates however, the records maintained supporting those expenditures did not indicate on whose behalf they were made. The majority of the expenditures were made for radio spots and newspaper ads.

Committee officials stated that the expenditures were made in support of Federal candidates. All of the expenditures were itemized on the Committee's reports but were not properly identified as coordinated expenditures.

In the interim audit report the Audit staff recommended that the Committee, within 30 days of receipt of the report, review its records to determine which expenditures were made on behalf of Senator Javits and amend its reports to properly itemize the expenditures on Schedule F of FEC Form 3x.

On May 6, 1982, the Committee filed amended reports properly disclosing the expenditures made on behalf of the Javits campaign.

Recommendation

The Audit staff recommends no further action on this matter.

C. Matters Referred to the Office of General Counsel

A certain other matter noted during the audit was referred to the Commission's Office of General Counsel for consideration.



FEC  
DOCUMENT  
SEPARATOR