

*Public Record*



FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20463

A85-23

March 27, 1986

MEMORANDUM

TO: FRED EILAND  
PRESS OFFICER

FROM: ROBERT J. COSTA *RJC*  
ASSISTANT STAFF DIRECTOR  
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -  
NEBRASKA DEMOCRATIC STATE CENTRAL COMMITTEE

Attached please find a copy of the final audit report on Nebraska Democratic State Central Committee which was approved by the Commission on March 18, 1986.

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

Attachment as stated

cc: FEC Library  
RAD  
Press Office  
Office of General Counsel

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REPORT OF THE AUDIT DIVISION  
ON  
NEBRASKA DEMOCRATIC STATE CENTRAL COMMITTEE

I. Background

A. Overview

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This report is based on an audit of the Nebraska Democratic State Central Committee ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance 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 subsection, 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 Clerk of the House of Representatives on April 17, 1972 as the State Committee of the Democratic Party of Nebraska and is a multicandidate committee as defined in Section 441a(a)(4) of Title 2, United States Code. The Committee maintains its headquarters in Lincoln, Nebraska. The audit covered the period January 1, 1983 through December 31, 1984. The Committee reported an opening cash balance on January 1, 1983 of \$745.55; total receipts of \$440,928.33; total disbursements of \$440,551.95; and a closing cash balance on December 31, 1984 of \$1,133.23. 1/

This audit report is based on documents and work 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.

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1/ The reported totals do not calculate correctly due to an adjusting entry made by the Committee to the reported closing balance.

**B. Key Personnel**

The Treasurer of the Committee during the period covered by the audit was Christopher Beutler. <sup>2/</sup>

**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. Disclosure of Earmarked Contributions**

Section 110.6(b) of Title 11, Code of Federal Regulations, states, in part, that earmarked means a designation, instruction or encumbrance which results in all or any part of a contribution or expenditure being made to, or expended on behalf of, a clearly identified candidate or candidate's authorized committee.

Section 110.6(c) of Title 11, Code of Federal Regulations, states, in part, that the intermediary or conduit of the earmarked contribution shall report the original source and intended recipient of the contribution to the Commission.

Further, Section 110.6(c)(4)(ii) of Title 11, Code of Federal Regulations, states, in part, that the reports shall contain the amount, date, and the intended recipient as designated by the contributor.

The Committee received 68 contributions earmarked to candidates from unregistered local organizations, totaling \$13,470.41.<sup>3/</sup> The Audit staff noted that for 66 earmarked contributions, totaling \$12,470.41, the Committee failed to disclose the intended recipients of the contributions on its receipt Schedule A's. It should be noted that the Committee properly disclosed the disbursement of these funds to the intended recipients.

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<sup>2/</sup> According to Committee officials, Marsha Malone became Treasurer as of August/September 1984.

<sup>3/</sup> The Committee chose to deposit the earmarked contributions and issue its own checks to the intended recipients.

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The Committee responded to the recommendation contained in the interim audit report on February 27, 1986 by filing amendments which properly disclosed the required information on Schedule A.

Recommendation

Based on the above, the Audit staff recommends no further action.

B. Disclosure of Transfers

Section 434(b)(3)(D) of Title 2, United States Code, states, in part, that each report under this section shall disclose the identification of each affiliated committee which makes a transfer to the reporting committee during the reporting period.

The Committee received 77 transfers totaling \$16,537.67. The Audit staff identified 5 transfers received from affiliated committees, totaling \$8,366, which were not itemized by the Committee. The dollar percentage of the errors is 50.86%.

On February 27, 1986, the Committee responded to the recommendation contained in the interim audit report. The Committee filed amended reports which properly disclosed the above transfers.

Recommendation

The Audit staff recommends no further action on this matter.

C. Matter Referred to the Office of General Counsel

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

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DOCUMENT  
SEPARATOR

