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AGENDA ITEM

For meeting of August 10, 2023

July 6, 2023

MEMORANDUM

To: The Commission

Through: Alec Palmer AP by *KAH*
Staff Director

From: Patricia C. Orrock *PCO*
Chief Compliance Officer

Dayna C. Brown *DCB*
Assistant Staff Director
Audit Division

Zuzana O. Pacious *ZAP*
Audit Manager

By: Christopher Carrell *cgc*
Lead Auditor

Subject: Proposed Final Audit Report on the Communications Workers of America
– COPE Political Contributions Committee (A21-09)

Attached for your approval is the subject report. The report has been written in accordance with Directive 70. Documents related to this audit report can be viewed in the Voting Ballot Matters folder.

Communications Workers of America – COPE Political Contributions Committee was also audited for the 1978, 2002, and 2006 election cycles. Attachment 1 is a summary of the findings from those audits.

This report is being circulated on a 72-hour no objection basis. Should an objection be received, it is recommended that the report be considered at the next regularly scheduled open session.

If you have any questions, please contact Zuzana Pacious (x 1347) or Christopher Carrell at (x 1360).

Attachments:

Proposed Final Audit Report on the Communications Workers of America – COPE
Political Contributions Committee
Attachment 1- Summary of Previous Audits



Proposed Final Audit Report on the Communications Workers of America – COPE Political Contributions Committee (January 1, 2019 - December 31, 2020)

Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.¹ The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

Future Action

The Commission may initiate an enforcement action, at a later time, with respect to any of the matters discussed in this report.

About the Committee (p. 2)

Communications Workers of America – COPE Political Contributions Committee is a separate segregated fund – labor organization and lobbyist/registrant political action committee, headquartered in Washington, DC. For more information, see the chart on the Committee Organization, p. 2.

Financial Activity (p. 2)

• Receipts

○ Contributions from Individuals	\$ 8,884,026
○ Contributions from Other Political Committees	7,500
○ Refunds of Contributions Made to Political Committees	98,400
Total Receipts	\$ 8,989,926

• Disbursements

○ Operating Expenditures	\$ 784,482
○ Transfers to Affiliated/Other Party Committees	22,582
○ Contributions to Federal Candidates/Committees	5,222,523
○ Independent Expenditures	55,708
○ Contribution Refunds	948
○ Other Disbursements	5,236,445
Total Disbursements	\$ 11,322,688

Commission Findings (p. 3)

- Misstatement of Financial Activity (Finding 1)
- Disclosure of Occupation and Name of Employer (Finding 2)

¹ 52 U.S.C. §30111(b).



Proposed Final Audit Report on the Communications Workers of America – COPE Political Contributions Committee

(January 1, 2019 - December 31, 2020)

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Part I

Background

Authority for Audit

This report is based on an audit of the Communications Workers of America – COPE Political Contributions Committee (CWA), undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 52 U.S.C. §30111(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 52 U.S.C. §30104. 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. 52 U.S.C. §30111(b).

Scope of Audit

Following Commission-approved procedures, the Audit staff evaluated various risk factors and as a result, this audit examined:

1. the disclosure of individual contributors' occupation and name of employer;
2. the consistency between reported figures and bank records;
3. the completeness of records;
4. the disclosure of independent expenditures; and
5. other committee operations necessary to the review.

Audit Hearing

CWA declined the opportunity for a hearing before the Commission on the matters presented in this report.

Part II

Overview of Committee

Committee Organization

Important Dates	
• Date of Registration	March 20, 1975
• Audit Coverage	January 1, 2019 - December 31, 2020
Headquarters	Washington, District of Columbia
Bank Information	
• Bank Depositories	One
• Bank Accounts	One checking
Treasurer	
• Treasurer When Audit Was Conducted	Sara Steffens
• Treasurer During Period Covered by Audit	Sara Steffens
Management Information	
• Attended FEC Campaign Finance Seminar	Yes
• Who Handled Accounting and Recordkeeping Tasks	Paid Staff

Overview of Financial Activity (Audited Amounts)

Cash on hand @ January 1, 2019	\$ 3,252,122
Receipts	
○ Contributions from Individuals	8,884,026
○ Contributions from Other Political Committees	7,500
○ Refunds of Contributions Made to Political Committees	98,400
Total Receipts	8,989,926
Disbursements	
○ Operating Expenditures	784,482
○ Transfers to Affiliated/Other Party Committees	22,582
○ Contributions to Federal Candidates/Committees	5,222,523
○ Independent Expenditures	55,708
○ Contribution Refunds	948
○ Other Disbursements	5,236,445
Total Disbursements	11,322,688
Cash on hand @ December 31, 2020	\$ 919,360

Part III

Summaries

Commission Findings

Finding 1. Misstatement of Financial Activity

During audit fieldwork, a comparison of CWA's reported financial activity with its bank records revealed a misstatement of the beginning and ending cash on hand balances for calendar years 2019 and 2020. In 2019, CWA overstated its beginning and ending cash on hand balances by \$244,198 and \$222,357, respectively. In 2020, CWA overstated its beginning and ending cash on hand balances by \$222,357 and \$265,267, respectively. In response to the Interim Audit Report recommendation, CWA corrected the public record by amending its cash on hand balance on its 2022 June Monthly Report filed on January 26, 2023. In addition, CWA amended its subsequent 2022 disclosure reports to reflect the corrected cash on hand balance. In response to the Draft Final Audit Report, CWA reiterated its compliance with the recommended actions outlined in the Interim Audit Report.

The Commission approved a finding that, in 2019, CWA overstated its beginning and ending cash on hand balances by \$244,198 and \$222,357, respectively; and, in 2020, overstated its beginning and ending cash on hand balances by \$222,357 and \$265,267, respectively. (For more detail, see p. 4.)

Finding 2. Disclosure of Occupation and Name of Employer

During audit fieldwork, a review of contributions from individuals requiring itemization indicated that 18,702 contributions totaling \$670,717, lacked or inadequately disclosed the required occupation and/or name of employer information. CWA did not sufficiently demonstrate "best efforts" to obtain, maintain and submit the required information. In response to the Interim Audit Report recommendation, CWA stated that it intended to disclose additional occupation and name of employer information obtained for contributions made during the audit period by filing Forms 99 (Miscellaneous Electronic Submission) or, alternatively, by filing amended Schedules A on future regularly scheduled disclosure reports or amending its 2019-2020 disclosure reports. In response to the Draft Final Audit Report, CWA filed amended disclosure reports which corrected the disclosure of occupation and name of employer information for 10,944 contributions from individuals, totaling \$423,840. However, the occupation and name of employer information for 7,758 contributions, totaling \$246,877, remain inadequate or undisclosed. As such, CWA did not materially correct the public record.

The Commission approved a finding that CWA failed to disclose or adequately disclose the occupation and name of employer information for 18,702 contributions from individuals totaling \$670,717. (For more detail, see p. 6.)

Part IV

Commission Findings

Finding 1. Misstatement of Financial Activity

Summary

During audit fieldwork, a comparison of CWA's reported financial activity with its bank records revealed a misstatement of the beginning and ending cash on hand balances for calendar years 2019 and 2020. In 2019, CWA overstated its beginning and ending cash on hand balances by \$244,198 and \$222,357, respectively. In 2020, CWA overstated its beginning and ending cash on hand balances by \$222,357 and \$265,267, respectively. In response to the Interim Audit Report recommendation, CWA corrected the public record by amending its cash on hand balance on its 2022 June Monthly Report filed on January 26, 2023. In addition, CWA amended its subsequent 2022 disclosure reports to reflect the corrected cash on hand balance. In response to the Draft Final Audit Report, CWA reiterated its compliance with the recommended actions outlined in the Interim Audit Report.

The Commission approved a finding that, in 2019, CWA overstated its beginning and ending cash on hand balances by \$244,198 and \$222,357, respectively; and, in 2020, overstated its beginning and ending cash on hand balances by \$222,357 and \$265,267, respectively.

Legal Standard

Contents of (Federal) Reports. Each report must disclose:

- The amount of cash on hand at the beginning and end of the reporting period;
- The total amount of receipts for the reporting period and for the calendar year;
- The total amount of disbursements for the reporting period and for the calendar year; 52 U.S.C. §30104(b)(1), (2), and (4).

Facts and Analysis

A. Facts

During audit fieldwork, the Audit staff reconciled CWA's reported financial activity with its bank records for calendar years 2019 and 2020. This review indicated that, in 2019, CWA overstated the beginning and ending cash on hand balances by \$244,198 and \$222,357, respectively. In 2020, CWA overstated the beginning and ending cash on hand balances by \$222,357 and \$265,267, respectively. The cash on hand balance discrepancies for 2019 and 2020 resulted primarily from prior period adjustments, as well as minor misstatements of both receipts and disbursements during the audit period.

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed the misstatements for 2019 and 2020 with CWA's representatives during the exit conference and provided schedules detailing the

information. In response to the exit conference, CWA explained some of the minor misstatements of receipts and disbursement during the audit period, identified by the Audit staff. For example, CWA explained that it did not report an erroneous wire transfer. Additionally, CWA explained that several disbursements identified as ‘unreported’ were actually reported but the check numbers on the bank statements were missing one or more digits due to possible scanning errors or data entry errors by the bank. CWA reviewed its records of the actual checks and matched the erroneous check numbers on the bank statements to the correct check numbers and provided a spreadsheet identifying the recipients of the checks and the date on which CWA reported them, which the Audit staff verified. The spreadsheet also explained other immaterial receipt and disbursement misstatements, many of which stemmed from prior reporting periods. These discrepancies, however, did not resolve the misstated beginning and ending cash on hand balances. In fact, the explanations resulted in an increase in the overstatements of the 2019 beginning and ending cash on hand balances by \$3,000 and \$25,675, respectively, as compared to the misstated cash on hand balances presented during the exit conference,² and did not affect the ending cash on hand for 2020 which remained overstated by \$265,267. In its response to the exit conference, CWA did not address or further explain the misstated beginning and ending cash on hand balances.

The Interim Audit Report recommended that CWA amend its most recently filed disclosure report to correct the cash on hand balance with an explanation that the change resulted from a prior period adjustment. Further, the Interim Audit Report recommended that CWA reconcile the ending cash on hand balance of its most recent disclosure report and correct any subsequent discrepancies.

C. Committee’s Response to Interim Audit Report

In response to the Interim Audit Report recommendation, CWA corrected the public record by amending the cash on hand balance on its 2022 June Monthly Report filed on January 26, 2023, annotating that this was a one-time cash adjustment resulting from the 2019/2020 Commission audit. CWA also amended its subsequent 2022 disclosure reports to reflect the corrected cash on hand balance.³

D. Draft Final Audit Report

The Draft Final Audit Report acknowledged that CWA corrected the public record by amending the cash on hand balance on its 2022 June Monthly Report, and by amending the subsequent disclosure reports to reflect the corrected cash on hand balance.

E. Committee Response to the Draft Final Audit Report

In response to the Draft Final Audit Report, reiterated its compliance with the recommended actions outlined in the Interim Audit Report by amending its 2022 June

² The 2019 beginning cash on hand balance increase of \$3,000 = \$244,198 - \$241,198; the 2019 ending cash on hand balance increase of \$25,675 = \$222,357 - \$196,682.

³ On January 27, 2023, CWA amended its cash on hand balance on the following 2022 disclosure reports: 2022 July Monthly; 2022 August Monthly; 2022 September Monthly; 2022 October Monthly; 2022 Pre-General; 2022 Post-General; and 2022 Year-End.

Monthly Report to correct the cash on hand balance and amending subsequent reports to carry the corrected balance forward.

Commission Conclusion

On June 21, 2023, the Commission considered the Audit Division Recommendation Memorandum in which the Audit staff recommended that the Commission find that, in 2019, CWA overstated its beginning and ending cash on hand balances by \$244,198 and \$222,357, respectively; and, in 2020, overstated its beginning and ending cash on hand balances by \$222,357 and \$265,267, respectively.

The Commission approved the Audit staff's recommendation.

Finding 2. Disclosure of Occupation and Name of Employer

Summary

During audit fieldwork, a review of contributions from individuals requiring itemization indicated that 18,702 contributions totaling \$670,717, lacked or inadequately disclosed the required occupation and/or name of employer information. CWA did not sufficiently demonstrate "best efforts" to obtain, maintain and submit the required information. In response to the Interim Audit Report recommendation, CWA stated that it intended to disclose additional occupation and name of employer information obtained for contributions made during the audit period by filing Forms 99 (Miscellaneous Electronic Submission) or, alternatively, by filing amended Schedules A on future regularly scheduled disclosure reports or amending its 2019-2020 disclosure reports. In response to the Draft Final Audit Report, CWA filed amended disclosure reports which corrected the disclosure of occupation and name of employer information for 10,944 contributions from individuals, totaling \$423,840. However, the occupation and name of employer information for 7,758 contributions, totaling \$246,877, remain inadequate or undisclosed. As such, CWA did not materially correct the public record.

The Commission approved a finding that CWA failed to disclose or adequately disclose the occupation and name of employer information for 18,702 contributions from individuals totaling \$670,717.

Legal Standard

- A. Itemization Required for Contributions from Individuals.** A political committee other than an authorized committee must itemize any contribution from an individual if it exceeds \$200 per calendar year, either by itself or when combined with other contributions from the same contributor. 52 U.S.C. §30104(b)(3)(A).
- B. Required Information for Contributions from Individuals.** For each itemized contribution from an individual, the committee must provide the following information:
- the contributor's full name and address (including zip code);

- the contributor’s occupation and the name of his or her employer;
- the date of receipt (the date the committee received the contribution);
- the amount of the contribution; and
- the calendar year-to-date total of all contributions from the same individual. 52 U.S.C. §30104(b)(3)(A) and 11 CFR §§100.12 and 104.3(a)(4)(i).

C. Best Efforts Ensure Compliance. When the treasurer of a political committee shows that the committee used best efforts (see below) to obtain, maintain, and submit the information required by the Act, the committee’s reports and records will be considered in compliance with the Act. 52 U.S.C. §30102(i) and 11 CFR §104.7(a).

D. Definition of Best Efforts. The treasurer and the committee will be considered to have used “best efforts” if the committee satisfied all of the following criteria:

- All written solicitations for contributions included:
 - A clear request for the contributor's full name, mailing address, occupation, and name of employer; and
 - The statement that such reporting is required by Federal law.
- Within 30 days after the receipt of the contribution, the treasurer made at least one effort to obtain the missing information, in either a written request or a documented oral request.
- The treasurer reported any contributor information that, although not initially provided by the contributor, was obtained in a follow-up communication or was contained in the committee’s records or in prior reports that the committee filed during the same two-year election cycle. 11 CFR §104.7(b).

E. Reporting Missing Information. If any of the contributor information is received after the contribution has been disclosed on a regularly scheduled report, the political committee shall either:

- File with its next regularly scheduled report, an amended memo Schedule A listing all contributions for which contributor identifications have been received and an indication of the previous report(s) to which the memo Schedule A relates; or
- File amendments which include the contributor identifications together with the dates and amounts of the contributions. 11 CFR §104.7(b)(4)(i).

Facts and Analysis

A. Facts

CWA did not disclose or inadequately disclosed the required occupation and/or name of employer information for contributions requiring itemization on its FEC reports, as of the date of the audit notification letter.

Contributions Requiring Itemization - Missing or Inadequate Occupation and/or Name of Employer Disclosure	
Number of Contributions	18,702
Dollar Value of Contributions	\$670,717
Percent of Contributions	58%

For contributions requiring itemization on Schedule A (Itemized Receipts), CWA disclosed the following 18,702 unacceptable entries totaling \$670,717:

- “Information Requested” or “N/A” for 18,373 contributions totaling \$660,430; and
- Inadequate occupation and/or name of employer for 329 contributions totaling \$10,287.

1. Contributor Information Obtained but Not Disclosed:

During audit fieldwork, the Audit staff reviewed the contribution documentation provided by CWA to determine if it utilized the “best efforts” to obtain, maintain and submit the required disclosure information. The Audit staff identified 16,768 contributions, totaling \$597,808, for which CWA obtained the required contributor occupation and/or name of employer information but did not disclose the information:

Contributor Information Obtained but Not Disclosed	
Contributor Information in CWA’s records at the Start of the Audit ⁴ Dollar Value of Contributions	7,147 \$267,628
Contributor Information Obtained from <i>Untimely</i> “Best Efforts” Letters ⁵ Dollar Value of Contributions	505 \$18,733
Contributor Information Obtained from <i>Timely</i> “Best Efforts” Letters ⁶ Dollar Value of Contributions	159 \$6,256
Contributor Information in CWA’s Records (no record of when the information was obtained) ⁷ Dollar Value of Contributions	8,957 \$305,191
Total Number of Contributions Total Dollar Value of Contributions	16,768 \$597,808

⁴ CWA’s receipt database for the audit period contained the occupation and name of employer information for 7,147 contributions totaling \$267,628.

⁵ Based on mail merge files submitted by CWA in response to the exit conference.

⁶ See *supra* footnote 5.

⁷ Based on an Occupation/Name of Employer Spreadsheet submitted by CWA in response to the exit conference.

2. Best Efforts Not Demonstrated:

CWA did not provide the Audit staff records to document “best efforts” for the following:

Best Efforts Documentation Not Provided by CWA	
Number of Contributions	1,542
Dollar Value of Contributions	\$55,185

Best Efforts Notification Sent Untimely by CWA with No Responses Obtained	
Number of Contributions	392
Dollar Value of Contributions	\$17,724

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter with the CWA representatives during audit fieldwork and at the exit conference and provided the schedule detailing these disclosure errors. In response to the exit conference, CWA stated that it searched its contribution and membership records for the 2,170⁸ individuals who lacked the required disclosure information, as identified by the Audit staff. Of the 2,170 individuals, CWA stated that it had “complete [occupation and name of employer] information for 1,774⁹– more than

⁸ CWA’s reference to 2,170 individuals is a reference to the number of contributors who made the 18,702 contributions totaling \$670,717 described in the first table on page 8 of this report; many of CWA’s contributors made multiple contributions. The Audit staff presented a schedule at the exit conference that detailed disclosure errors for 2,161 contributors that were not on the receipt database with complete occupation and name of employer information and nine contributors that were on the receipt database with complete occupation and name of employer information. These nine contributors did not have their occupation and/or name of employer information disclosed on the disclosure reports.

⁹ The 1,774 individuals CWA references appear to refer to a subset of contributors that make up the 16,768 contributions, totaling \$597,808, as described in the second table on page 8 of this report. Specifically, the 1,774 contributors CWA identifies appear to refer to those contributions represented in the bottom three rows of the aforementioned table: contributor information obtained from timely and untimely “best efforts” letters, and contributor information in CWA’s records for which there was no record of when that information was obtained. This subset represents the records CWA provided to the Audit staff during fieldwork and represents 9,621 (505 + 159 + 8,957) contributions totaling \$330,180 (\$18,733 + \$6,256 + \$305,191). In addition to this, however, the Audit staff’s review also identified contributor information already in CWA’s records at the start of the audit, representing 7,147 contributions totaling \$267,628, as reflected in the first row of the table. Taken together, therefore, CWA did not disclose contributor information for 16,768 contributions totaling \$597,808. Finally, although CWA refers in its

80% of the individuals whose contributions were identified as requiring “best efforts” documentation.” In response to the exit conference, CWA also provided the following documentation:

1. **Sample Best Efforts Letter** – A sample "best efforts" letter which was also provided during audit fieldwork.
2. **Mail Merge Files** – Mail merge files which contained the complete and adequate occupation and/or name employer information for 148 contributors who made 664 contributions totaling \$24,989.¹⁰ CWA did not submit the contributor information on its disclosure reports.
3. **Occupation/Name of Employer Spreadsheet** – CWA provided a committee spreadsheet that included the occupation and name of employer information for 1,598 contributors whose 8,957 contributions totaled \$305,191.¹¹ CWA did not submit the contributor information on its disclosure reports.

CWA acknowledged that the additional information provided in response to the exit conference did not “constitute direct evidence that the Committee made “best efforts” to obtain missing information from all contributors during the audit period...” However, CWA believed that its record of outreach to the contributors named in the “mail merge” files and the fact that it obtained the complete information for the “overwhelming majority of contributors” identified during the audit, demonstrates its compliance with the Commission’s “best efforts” requirements.

Additionally, CWA stated that it modified its procedures for documenting its “best efforts” to obtain missing occupation and name of employer information in early 2021. CWA has centralized the printing and mailing of all letters requesting the occupation and/or name of employer information through its in-house print shop. CWA explained that, during the audit period, each member of its compliance personnel team sent letters to the contributors whose contributions they had been assigned to process, whereas now, its compliance personnel create, on a monthly basis, one centralized list of missing occupation and/or name of employer information which is used to generate one file for letters to contributors. Bypassing its administrative divisions, CWA now sends these letters immediately after filing the monthly report.

Based on contributor documentation provided by CWA during fieldwork and in response to the exit conference, CWA obtained the occupation and name of employer information

response to “1,774” contributors, the Audit staff’s analysis shows that this number is actually 1,746 contributors.

¹⁰ Most of the 148 contributors made multiple contributions. 664 contributions totaling \$24,989, consisted of 505 untimely “best efforts” letters (\$18,733) and 159 timely “best efforts” letters (\$6,256). See the *Contributor Information Obtained but Not Disclosed* chart on page 8.

¹¹ Most of the 1,598 contributors made multiple contributions.

for a total of 16,768 contributions totaling \$597,808¹², however CWA did not submit the obtained information on its disclosure reports.

To correctly disclose this information, the Interim Audit Report recommended that CWA:

- Amend its 2019-2020 disclosure reports;
- File a Form 99 (Miscellaneous Electronic Submission)¹³; or
- File an amended memo Schedule A (Itemized Receipts) on its next regularly scheduled disclosure report listing all the contributions for which it received additional information.

The Interim Audit Report further recommended that CWA provide documentation that would demonstrate “best efforts” for the 1,542 contributions totaling \$55,185, and/or disclose the adequate occupation and/or name of employer information for these contributions using one of the methods outlined above. Finally, the Interim Audit Report recommended that CWA provide any comments it deemed relevant for the 392 contributions, totaling \$17,724, for which “best efforts” notifications were sent untimely.

C. Committee’s Response to Interim Audit Report

In response to the Interim Audit Report recommendation, CWA stated that it intended to file Forms 99 (Miscellaneous Electronic Submission) to disclose the occupation and name of employer information obtained during the audit period. However, since Form 99 could only accommodate filing information in a text format, CWA stated it may need to file amended disclosure reports instead.

Regarding the 1,934 contributions, totaling \$72,909¹⁴, for which CWA was neither able to provide the adequate occupation and name of employer information, nor provide documentation demonstrating timely “best efforts”, CWA stated that its “efforts to locate the missing name and employer information ... are ongoing.’ As a result, CWA anticipated that its filings in response to the Interim Audit Report recommendations “...may disclose information for contributors beyond those which [CWA] provided to the Audit Division in the course of the audit.” Finally, CWA noted that it was also “in the process of reviewing its internal procedures for recording and reviewing occupation and employer information when payroll deduction contributions are authorized initially.” CWA expected these combined efforts to yield significant improvements in the completeness of its contribution records in reports filed after the audit period.

D. Draft Final Audit Report

The Draft Final Audit Report acknowledged CWA’s response, including its intent to file a Form 99 (Miscellaneous Electronic Submission) to disclose the required information and correct the public record and also noted that CWA had not done so as of the date of the Draft Final Audit Report. As such, the Draft Final Audit Report concluded that,

¹² See the *Contributor Information Obtained but Not Disclosed* chart on page 8.

¹³ CWA was advised by the Audit staff if it chose to file a Form 99, instead of amending its disclosure reports, the form must contain all pertinent information that is required on the schedule.

¹⁴ These contributions are enumerated in section A.2. Best Efforts Not Demonstrated, on page 9, above.

absent the filing of amended 2019-2020 reports, Forms 99, or amended memo Schedules A on its regularly scheduled disclosure reports, CWA had not corrected the public record for 18,702 contributions totaling \$670,717, that lacked or inadequately disclosed the required occupation and/or name of employer information.

E. Committee Response to the Draft Final Audit Report

In response to the Draft Final Audit Report, CWA provided comments on March 17, 2023. Subsequently, on April 3, 2023, CWA responded formally and filed amended disclosure reports on April 3, 4 and 5, 2023.

In its initial March 17th response, CWA stated that it was “...having difficulty submitting the updated occupation and name of employer information for the 16,7[6]8 contributions totaling \$597,808 for which it has obtained that information.” CWA stated that it initially was prepared to disclose the information via a Form 99, however, such a filing would require dozens of forms due to character limitations. CWA further stated that it was hopeful that the Reports Analysis Division (RAD) could assist in filing the information on a Form 99, and it was working to find a way to do so.¹⁵ In its subsequent April 3rd response, CWA stated that “While [it] appreciates the need to comply with all the steps required by 11 C.F.R. §104.7(b) to demonstrate “best efforts,” the difficulty that [it] has encountered in attempting to do so is not unique.” Due to the large volume of occupation and name of employer entries at issue, CWA urged the Commission to consider expanding and modernizing the options available to filers disclosing additional occupation/name of employer information to comply with the regulation. CWA subsequently filed 23 amended reports for the 2019-2020 election cycle, to disclose occupation and name of employer information that was previously undisclosed or inadequate, as follows:

Corrective Action Taken in Response to the Draft Final Audit Report	
Number of Contributions for which adequate Occupation and Name of Employer Information was Disclosed	10,944
Dollar Value of Amendments Filed	\$423,840

The occupation and name of employer information for the remaining 7,758 contributions totaling \$246,877, however, remain inadequate or undisclosed.¹⁶ As such, CWA did not materially correct the public record.

¹⁵ On March 20, Audit and RAD staff met with the CWA representatives. The representatives acknowledged that, due to Form 99 character limitations, such a filing may not be feasible, given the significant number of transactions to be disclosed. CWA asked if an Excel spreadsheet with the required information could be submitted to RAD, so that RAD could upload it onto Form 99. RAD and Audit staff explained that, given the text-only limitations of Form 99, such an upload was not possible and suggested that CWA consider other ways to remedy the disclosure, as recommended in the DFAR.

¹⁶ Of the 7,758 contributions, 7,394 contributions totaling \$235,075 continue to disclose “Information Requested” as the occupation. The remaining 364 contributions totaling \$11,802 contain inadequate occupation and/or name of employer information.

Commission Conclusion

On June 21, 2023, the Commission considered the Audit Division Recommendation Memorandum in which the Audit staff recommended that the Commission find that CWA failed to disclose or adequately disclose the occupation and name of employer information for 18,702 contributions from individuals totaling \$670,717.

The Commission approved the Audit staff's recommendation.

Summary of Previous Audits

Name of Committee: CWA - COPE Political Contributions Committee
Election Cycle Audited: 2005-2006
Final Audit Report Release Date: August 23, 2010

Finding - Transfers made to AFL-CIO COPE PCC

CWA-COPE PCC (CWA) made transfers totaling \$300,000 to AFL-CIO COPE PCC in 2005 and 2006. The interim audit report questioned whether CWA was required to meet the transmittal and recordkeeping requirements of a collecting agent for these transfers. In conjunction with a hearing before the Commission, requested by AFL-CIO COPE PCC, a 1979 Report of the Audit Division on AFL-CIO COPE PCC was submitted and included recommendations that were consistent with the longstanding reporting practices for the transfers. Because CWA and AFL-CIO COPE PCC were both reporting committees in their own right, contributions received under this practice, were reported to the Commission, and the Commission had a means of assuring itself that the contributions did not exceed the limits prescribed by the Act. Moreover, due consideration had to be given to the approval of this arrangement in the 1979 audit report and CWA's longstanding history of this practice. Under these circumstances, the Commission accepted CWA's reporting practice.

Name of Committee: CWA - COPE Political Contributions Committee
Election Cycle Audited: 2001-2002
Final Audit Report Release Date: May 30, 2006

Finding 1 - Misstatement of Financial Activity

A comparison of CWA's reported figures with its bank records revealed that it misstated beginning cash on hand as of January 1, 2001. The Audit staff recommended that CWA amend its report and subsequent reports to correct the cash on hand balance. CWA stated that the amendments would be filed, however, no amended reports were filed.

Finding 2 - Disclosure of Operating Expenditures

Operating expenditures totaling \$46,708, or 53% of those itemized on Schedule B, (Itemized Disbursements), lacked a purpose or had an inadequate purpose for the expenditure. The Audit staff recommended that CWA file amended reports to provide the omitted purposes and clarify the inadequate purposes. CWA responded that the amended reports would be filed on or about January 10, 2006.

Finding 3 - Failure to Itemize Transfers

CWA failed to itemize a transfer to the non-federal account totaling \$9,838, or 26% of transfers to affiliated committees. The Audit staff recommended that CWA file an amended report to disclose the transfer. CWA responded that the amended reports would be filed on or about January 10, 2006.

Finding 4 - Maintenance of Contributor Records for Contributions Received by Payroll Deductions

The Audit staff conducted a sample review of contributions received by payroll deduction. Such contributions were received via lump sums transmitted by employers. The sample included only those transmittals for which detailed contributor information was available; 88% of the amount contributed by payroll deduction. The Audit staff determined that Payroll Deduction Authorization forms (PDAs) were not available for 62% of the contributors sampled. The interim audit report recommended that CWA demonstrate that it had maintained the PDAs or provide the description of policy and procedural changes implemented to ensure that such authorizations were obtained and would be maintained in the future. Subsequent to issuing the interim audit report, the Commission determined that documents other than PDAs can be accepted to verify contributions received by payroll deductions. The Commission determined that the contribution listings noted above, provided by the contributors' employers, satisfied the requirement to maintain records from which the reports filed could be verified. There remained 12% of the contributions received through payroll deduction that were not adequately documented. CWA challenged the accuracy of the Audit staff's conclusion that 12% of the contributions received were not supported by adequate records. This finding was not included in the interim audit report and CWA has not had an opportunity to consider the basis for that finding and provide additional records that could have met the new standards. Given the significant percentage of the receipts that were adequately documented under the new policy and the time and effort required on the part of both CWA and the Commission to determine if CWA possessed more records that would have met the standards of the previous policy, the Commission had decided to simply not approve this finding.

Name of Committee: CWA - COPE Political Contributions Committee
Election Cycle Audited: 1977-1978
Final Audit Report Release Date: December 29, 1980

Finding - Disclosure of Total Receipts and Expenditures

The Audit staff presented CWA with a list of receipts and expenditures that were either not reported or overreported. CWA amended its disclosure of total receipts and expenditures.