



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 4, 2002

MEMORANDUM

TO: RON M. HARRIS
PRESS OFFICER
PRESS OFFICE

FROM: JOSEPH F. STOLTZ 
ASSISTANT STAFF DIRECTOR

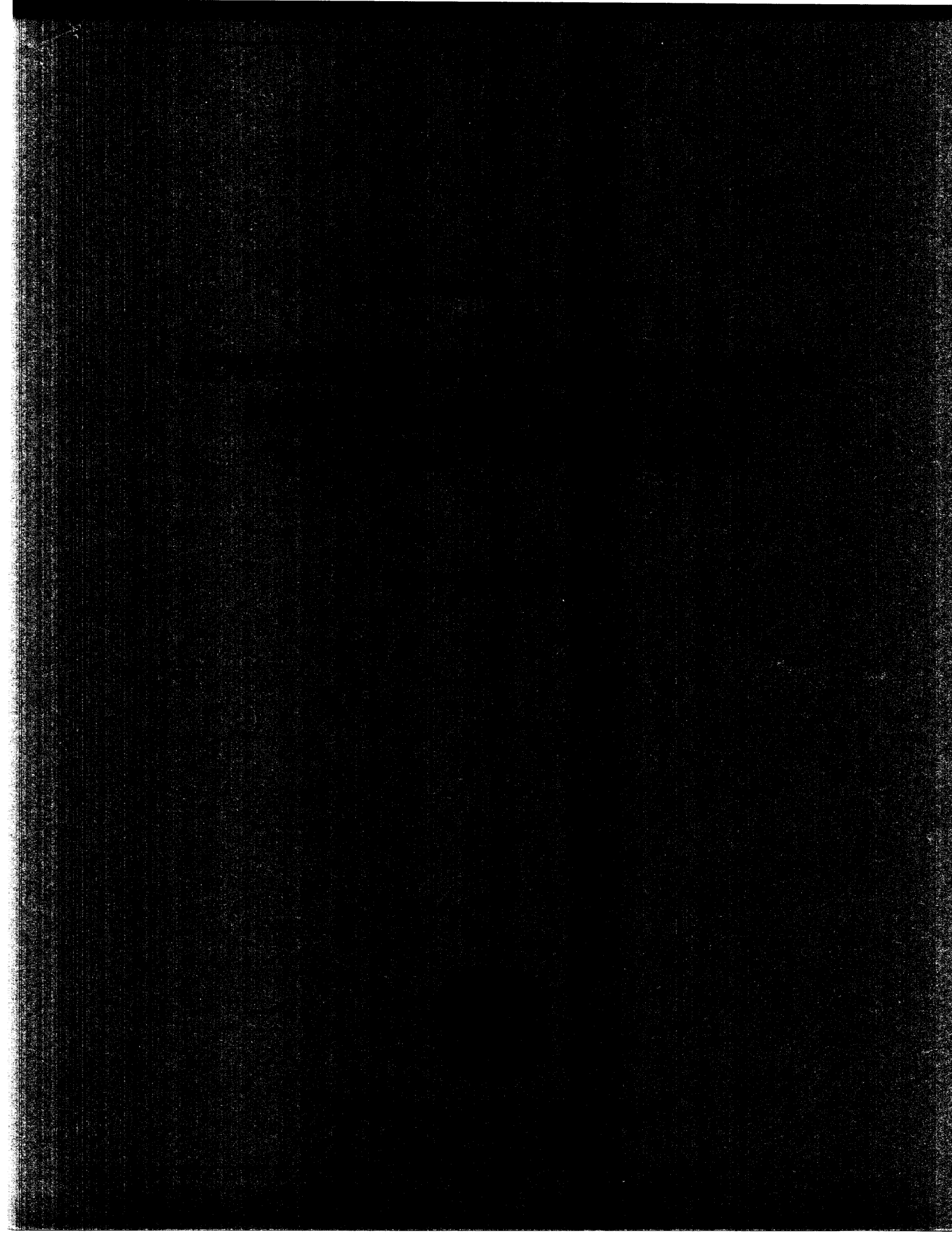
SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT ON
THE COMMITTEE ON ARRANGEMENTS FOR THE 2000
REPUBLICAN NATIONAL CONVENTION

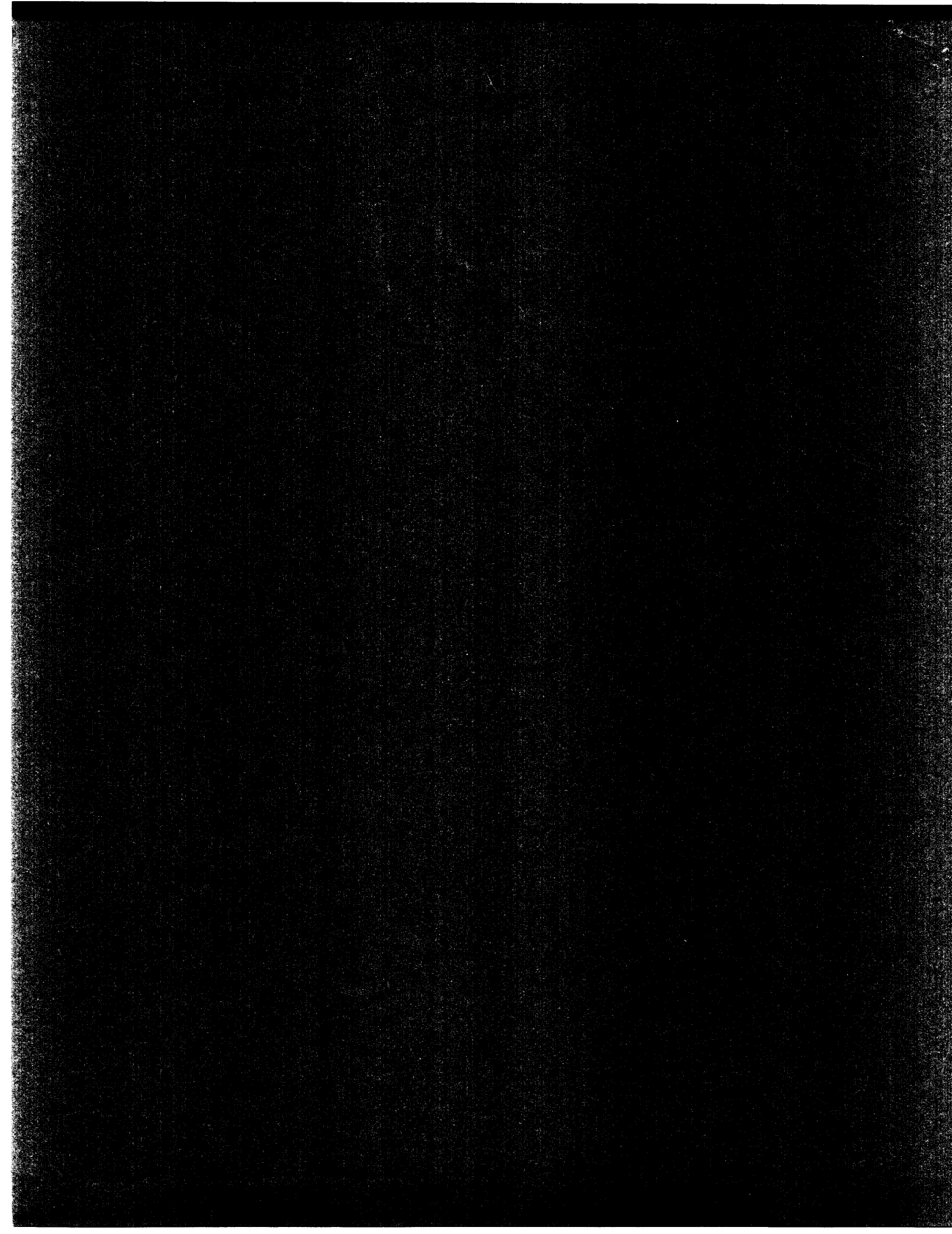
Attached please find a copy of the final audit report and related documents on the Committee on Arrangements for the 2000 Republican National Convention that was approved by the Commission on January 31, 2002.

Informational copies of the report have been received by all parties involved and the report may be released to the public on March 4, 2002.

Attachment as stated

cc: Office of General Counsel
Office of Public Disclosure
Reports Analysis Division
FEC Library





**REPORT OF THE AUDIT DIVISION
ON THE
COMMITTEE ON ARRANGEMENTS
FOR THE 2000 REPUBLICAN
NATIONAL CONVENTION**

Approved January 31, 2002



**FEDERAL ELECTION COMMISSION
999 E STREET, N.W.
WASHINGTON, D.C.**

TABLE OF CONTENTS

COMMITTEE ON ARRANGEMENTS FOR THE 2000
REPUBLICAN NATIONAL CONVENTION

	Page
Executive Summary	1
Final Audit Report	3
Background	3
Findings	5
Transmittal to Committee	11
Chronology	13





FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

**REPORT OF THE AUDIT DIVISION
ON THE
COMMITTEE ON ARRANGEMENTS FOR THE
2000 REPUBLICAN NATIONAL CONVENTION**

EXECUTIVE SUMMARY

The Committee on Arrangements for the 2000 Republican National Convention (the Committee) registered with the Federal Election Commission on January 30, 1998, as a national convention committee of the Republican Party. During the period covered by the audit, Mr. Alec Poitevint was the treasurer of the Committee and continues to serve in that capacity. The Committee maintained offices in Washington, D.C., Alexandria, VA and Philadelphia, PA.

The audit was conducted pursuant to Section 9008(g) of Title 26 of the United States Code, which directs the Commission to conduct an examination and audit of the payments for presidential nominating conventions no later than December 31 of the calendar year in which the presidential nominating convention is held.

The matters summarized below were presented to the Committee at an exit conference held on March 27, 2001 and later in the preliminary audit report. Action taken by the Committee is described in the audit report.

DISCLOSURE OF DISBURSEMENTS – 2 U.S.C. §§437(2), 434(b)(4)(A) & (5)(A) and 11 CFR §104.3(b)(3)(i)(A) & (B). The Audit staff identified a material number of disbursements for which the purpose disclosed as “contract services” did not comply with the regulations. The Committee filed amended reports to correct these items.

DETERMINATION OF NET OUTSTANDING CONVENTION EXPENSES AND AMOUNT DUE TO THE U.S. TREASURY – 26 U.S.C. §9008(b); 11 CFR §§9008.8(a)(1), 9008.10(g) and 9008.12(b)(5) & (c). The NOCE as calculated by the Audit staff in the preliminary audit report showed unspent funds, or an amount spent that was less than the limitation, of \$32,525. In response to the preliminary audit report, the Committee made a repayment to the United States Treasury in that amount.



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

***REPORT OF THE AUDIT DIVISION
ON THE
COMMITTEE ON ARRANGEMENTS FOR THE 2000 REPUBLICAN
NATIONAL CONVENTION***

I. BACKGROUND

A. AUDIT AUTHORITY

This report is based on an audit of the Committee on Arrangements for the 2000 Republican National Convention (the Committee), 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 9008(g) of Title 26 of the United States Code that directs the Commission to conduct an examination and audit of the payments for presidential nominating conventions no later than December 31 of the calendar year in which the presidential nominating convention is held.

In addition to examining the receipt and use of Federal funds, the audit seeks to determine if the Committee has materially complied with the limitations, prohibitions and disclosure requirements of the Act.

B. AUDIT COVERAGE

The audit covered the period from February 18, 1998 (the date of the Committee's first financial transaction) through September 17, 2000. In addition, financial activity was reviewed through September 30, 2001 to determine any amounts due to the United States Treasury. The Committee reported an opening cash balance of \$-0-, total receipts of \$14,252,108, total disbursements of \$10,570,300, and a closing cash balance on September 17, 2000 of \$3,681,808. The Committee also reported the receipt of goods and services from various commercial vendors in exchange for promotional consideration at the national nominating convention.

C. COMMITTEE ORGANIZATION

The Committee registered with the Federal Election Commission on January 30, 1998, as a National Committee of the Republican Party. Alec Poitevint has been the Treasurer for the Committee since January 30, 1998. At various times during the period covered by the audit, the Committee maintained offices in Washington, D.C., Alexandria, VA and Philadelphia, PA. The Committee records are currently maintained in Alexandria, VA.

The Committee used three bank accounts to handle its financial activity. From these accounts it made approximately 2,300 disbursements during the period covered by the audit. The Committee received \$13,512,000 in federal funds that represented the full entitlement established at 26 U.S.C. §9008(b).

D. AUDIT SCOPE AND PROCEDURES

The audit included testing of the following general categories as appropriate:

1. the receipt of contributions from prohibited sources;
2. the receipt of contributions or loans in excess of the statutory limitations;
3. proper disclosure of receipts including the itemization of receipts when required, as well as, the completeness and accuracy of the information disclosed;
4. proper disclosure of disbursements including the itemization of disbursements when required, as well as, the completeness and accuracy of the information disclosed (see Section II.);
5. proper disclosure of Committee debts and obligations;
6. the accuracy of total reported receipts, disbursements and cash balances as compared to Committee bank records;
7. adequate record keeping for Committee transactions;
8. accuracy of the Statement of Net Outstanding Convention Expenses filed by the Committee to disclose its financial condition (see Section III.);
9. compliance with requirements concerning expenditures for convention expenses;

10. the Committee's compliance with spending limitations, and
11. other audit procedures that were deemed necessary in the situation.

As part of the Commission's standard audit process, an inventory of campaign records was conducted prior to the audit fieldwork. This inventory was conducted to determine if the committee's records were materially complete and in an auditable state. The records were found to be materially complete and the audit fieldwork commenced.

Unless specifically discussed below, no material non-compliance was detected. It should be noted that the Commission may pursue further any of the matters discussed in this report in an enforcement action.

II. AUDIT FINDING AND RECOMMENDATION

DISCLOSURE OF DISBURSEMENTS

Section 437(2) of Title 2 of the United States Code states, in part, that each committee or other organization which represents a national political party in making arrangements for the convention of such party held to nominate a candidate for the office of President or Vice President, shall, within 60 days following the end of the convention (but not later than 20 days prior to the date on which the presidential and vice-presidential electors are chosen), file with the Commission a full and complete financial statement, in such form and detail as it may prescribe, of the sources from which it derived its funds, and the purpose for which such funds were expended.

Sections 434(b)(4)(A) and (5)(A) of Title 2 of the United States Code state, in relevant part, that each report shall disclose expenditures made to meet committee operating expenses, and the name and address of each person to whom an expenditure in an aggregate amount or value in excess of \$200 within the calendar year is made by the reporting committee to meet a committee operating expense, together with the date, amount, and purpose of such operating expenditure.

Sections 104.3(b)(3)(i)(A) and (B) of Title 11 of the Code of Federal Regulations state, in part, that the term "purpose" means a brief statement or description of why the disbursement was made. Descriptions which would not meet the requirements of 11 CFR 104.3(b)(3) for reporting the purpose of an expenditure are advance, election day expenses, other expenses, expenses, expense reimbursement, miscellaneous, outside services, get-out-the-vote and voter registration.

The Audit staff reviewed the disclosure of disbursements for the completeness and accuracy of the information provided on Committee reports. Based on this review, we identified a material number of disbursements for which the purpose disclosed did not meet the requirements of 11 CFR §104.3(b)(3). The purposes were disclosed as “contract services.”

During audit fieldwork, and at the exit conference, the Audit staff informed the Committee officials of this matter. The Committee subsequently filed amended reports that corrected its disclosure reports.

In the preliminary audit report, the Audit staff recommended no further action regarding this matter.

III. DETERMINATION OF NET OUTSTANDING CONVENTION EXPENSES AND AMOUNT DUE TO THE U.S. TREASURY

Section 9008(b) of Title 26 of the United States Code states that the national committee of a major party shall be entitled to payments under paragraph (3), with respect to any presidential nominating convention, in amounts that, in the aggregate shall not exceed \$4,000,000, as adjusted by the Consumer Price Index. The Committee’s entitlement for the 2000 nominating convention was \$13,512,000.

Section 9008.8(a)(1) of Title 11 of the Code of Federal Regulations states the national committee of a major party may not incur convention expenses with respect to a Presidential nominating convention which, in the aggregate, exceed the amount to which such committee is entitled under 11 CFR 9008.4 and 9008.5.

Section 9008.10(g) of Title 11 of the Code of Federal Regulations states, in part, a convention committee shall file, no later than sixty days after the last day of the convention, a statement of that committee’s net outstanding convention expenses.

Section 9008.12(b)(5) of Title 11 of the Code of Federal Regulations states if any portion of the payment under 11 CFR 9008.4 remains unspent after all convention expenses have been paid, that portion shall be returned to the Secretary of the Treasury. The national committee or convention committee shall make an interim repayment of unspent funds based on the financial position of the committee as of the end of the ninth month following the last day of the convention, allowing for a reasonable amount as determined by the Commission to be withheld for unanticipated contingencies. The interim repayment shall be made no later than 30 calendar days after the end of the ninth month following the last day of the convention.

Section 9008.12(c) of the Title 11 of the Code of Federal Regulation states the Commission will follow the same repayment determination procedures, and the committee has the same rights and obligations as are provided for repayment determinations involving publicly funded candidates under 11 CFR 9007.2(c) through (h).

The 2000 Republican Convention ended on August 3, 2000. The Committee filed a Statement of Net Outstanding Convention Expenses (NOCE), as of September 17, 2000. The Audit staff reviewed the Committee's financial activity through September 30, 2001 and estimated winding down costs in preparing the figures shown on the next page.

**COMMITTEE ON ARRANGEMENTS FOR THE 2000 REPUBLICAN
NATIONAL CONVENTION**

STATEMENT OF NET OUTSTANDING QUALIFIED CONVENTION EXPENSES
As of September 17, 2000
As Calculated September 30, 2001

ASSETS

Cash in Bank	\$ 3,681,965	
Capital Assets	\$ 0	
Other Assets	\$ 0	
Accounts Receivable	<u>\$ 214,495</u>	
Total Assets		\$ 3,896,460

OBLIGATIONS

Disbursements for Convention Expenses and Winding Down Costs (9/18/00-9/30/01)	\$ 3,241,948	
Estimated Winding Down Costs ^a (10/1/01-6/30/02)	<u>\$ 352,450</u>	
Total Obligations		<u>\$ 3,594,398</u>

NET OUTSTANDING CONVENTION EXPENSES \$ 302,062^b

Less: Interim Repayment made 8/15/01 \$ (269,537)

Amount Repayable to the United States Treasury \$ 32,525^c

^a The Audit staff's calculation includes \$100,000 for estimated costs relative to the printing and distribution of the 2000 Official Proceedings. The NOCE statement prepared by the Committee includes estimated winding down costs through 12/31/04.

^b This figure represents the amount of unspent convention funds as calculated 9/30/01. Since estimates were used in calculating this figure, the Audit staff will review the Committee's disclosure reports and Committee records to compare the actual figures with the estimates and prepare adjustments as necessary.

^c Repayment of \$32,525 was made on January 7, 2002.

The Audit staff calculated the Committee has unspent funds after all convention expenses had been paid and considering winding down costs estimated through June 30, 2002. Pursuant to 11 CFR §9008.12, the Committee shall make an interim repayment of unspent funds no later than 30 calendar days after the end of the ninth month following the last day of the convention (June 30, 2001). On August 15, 2001, the Committee submitted an interim repayment in the amount of \$269,537. Therefore, as of September 30, 2001, the remaining amount of unspent funds repayable to the United States Treasury is \$32,525.

In the preliminary audit report the Audit staff recommended that the Committee provide documentation demonstrating that either (a) no repayment of unspent funds was due, or (b) a repayment was due of a lesser amount. Absent such a showing, the Audit staff recommended that the Commission determine that \$32,525 was repayable to the United States Treasury pursuant to 11 CFR §9008.12. A repayment of \$32,525 was made on January 7, 2002.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 25, 2002

Mr. Alec Poitevint, Treasurer
Committee on Arrangements for the
2000 Republican National Convention
228 South Washington Street, Suite 200
Alexandria, VA 22314

Dear Mr. Poitevint:

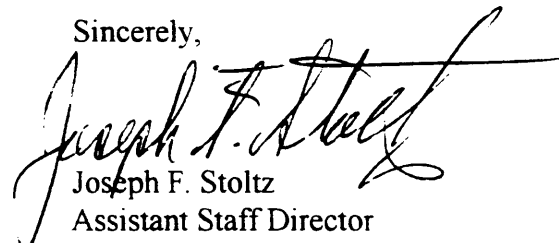
Attached please find the Report of the Audit Division on the Committee on Arrangements for the 2000 Republican National Convention (Final Audit Report). The Commission approved this report on January 31, 2002. As noted on page 3 of this report, the Commission may pursue any of the matters discussed in an enforcement action.

The report reflects the Committee's repayment to the United States Treasury of \$32,525 on January 7, 2002 in accordance with 11 CFR 9008.12. This amount agrees with the amount recommended be repaid in the preliminary audit report.

The Commission approved audit report will be placed on the public record on March 4, 2002. Should you have any questions regarding the public release of this report, please contact the Commission's Press Office at (202) 694-1220.

Any questions you may have related to matters covered during the audit or in the audit report should be directed to Tom Hintermister or Marty Favin of the Audit Division at (202) 694-1200 or toll free at (800) 424-9530.

Sincerely,


Joseph F. Stoltz
Assistant Staff Director
Audit Division

cc: Mr. Keith Davis
Huckaby, Davis and Associates

Attachment as stated

CHRONOLOGY

COMMITTEE ON ARRANGEMENTS FOR THE
2000 REPUBLICAN NATIONAL CONVENTION

Audit Fieldwork	December 6, 2000 - February 9, 2001
Preliminary Audit Report To Committee	November 8, 2001
Response Received to the Preliminary Audit Report	January 7, 2002
Final Audit Report Approved	January 31, 2002

