




FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 26, 2000

MEMORANDUM

TO: RON M. HARRIS
PRESS OFFICER
PRESS OFFICE

FROM: ROBERT J. COSTA 
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT ON
BUILD POLITICAL ACTION COMMITTEE OF THE
NATIONAL ASSOCIATION OF HOME BUILDERS

Attached please find a copy of the final audit report and related documents on Build Political Action Committee of the National Association of Home Builders which was approved by the Commission on June 16, 2000.

Informational copies of the report have been received by all parties involved and the report may be released to the public on June 26, 2000.

Attachment as stated

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

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NATIONAL ASSOCIATION OF HOME BUILDERS

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**REPORT OF THE AUDIT DIVISION
ON THE
BUILD POLITICAL ACTION COMMITTEE OF THE
NATIONAL ASSOCIATION OF HOME BUILDERS**

I. BACKGROUND

A. AUDIT AUTHORITY

This report is based on an audit of Build Political Action Committee of the National Association of Home builders, 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.

B. AUDIT COVERAGE

The audit covered the period January 1, 1997 through December 31, 1998. During this period, Build Political Action Committee (Build PAC) reported a beginning cash balance of \$140,918; total receipts of \$2,129,335; total disbursements of \$2,147,481; and an ending cash balance of \$133,891.¹

C. COMMITTEE ORGANIZATION

Build PAC registered with the United States General Accounting Office as Builders Political Action Committee on April 14, 1972, and changed its name to Build Political Action Committee on September 17, 1980. Build PAC maintains its headquarters in Washington, D.C. The Treasurer during the audit period was Joseph Barney, who continues to serve in that capacity.

¹ Figures in this report have been rounded to the nearest dollar. These amounts do not foot as a result of unexplained adjustments made by Build PAC when carrying forward ending cash on hand balances to subsequent reports.

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To manage its federal financial activity, Build PAC utilized one bank account. From this account, Build PAC made approximately 800 disbursements. Federal receipts were composed of contributions from individuals (\$2,077,106); receipts from political committees (\$11,133); offsets to operating expenditures (\$29,593); and interest income (\$15,272).

D. AUDIT PROCEDURES

The audit included testing of the following general categories:

1. The receipt of contributions or loans in excess of the statutory limitations;
2. the receipt of contributions from prohibited sources, such as those from corporations or labor organizations;
3. proper disclosure of contributions from individuals, political committees and other entities, to include the itemization of contributions when required, as well as, the completeness and accuracy of the information disclosed (See Finding II.);
4. proper disclosure of disbursements including the itemization of disbursements when required, as well as, the completeness and accuracy of the information disclosed;
5. the accuracy of total reported receipts, disbursements, and cash balances as compared to bank records;
6. adequate recordkeeping for committee transactions; and
7. other audit procedures that were deemed necessary in the situation.

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

ITEMIZATION OF OFFSETS TO OPERATING EXPENDITURES

Section 434(b)(3)(F) of Title 2 of the United States Code states, in part, that each report shall disclose the identification of each person who provides a rebate, refund, or other offset to operating expenditures to the reporting committee in an

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aggregate amount or value in excess of \$200 within the calendar year, together with the date and amount of such receipt.

Section 431(11) of Title 2 of the United States Code defines the term "person" to include an individual, partnership, committee, association, corporation, labor organization, or any other organization or group of persons.

Section 431(13)(B) of Title 2 of the United States Code defines the term "identification" to be, in the case of any person other than an individual, the full name and address of such person.

The Audit staff reviewed all offsets to operating expenditures received by Build PAC and determined that it did not itemize, on Schedules A (Itemized Receipts) as required, any of the twelve (12) offsets, totaling \$29,593. Build PAC did, however, report receiving the offsets on the Detailed Summary Pages of disclosure reports filed during the audit period. All 12 of these offsets were reimbursements to Build PAC by the National Association of Home Builders, Build PAC's connected organization, for bank service charges and for fees debited from Build PAC's bank account for the processing of contributions made utilizing credit cards.

At the exit conference, Build PAC'S representatives were informed of the matter mentioned above and were provided with a schedule of the offsets requiring itemization. The Audit staff recommended that amended Schedules A be filed to correct the public record. Shortly after the exit conference, Build PAC complied with the Audit staff's recommendation by filing amended Schedules A which materially corrected the public record.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 20, 2000

Mr. Joseph Barney, Treasurer
Build Political Action Committee of the
National Association of Home Builders
1201 15th Street, NW
Washington, DC 20005

Dear Mr. Barney:

Attached please find the Report of the Audit Division on Build Political Action Committee of the National Association of Home Builders. The Commission approved the report on June 16, 2000.

The Commission approved Final Audit Report will be placed on the public record on June 26, 2000. Should you have any questions regarding the public release of the report, please contact the Commission's Press Office at (202) 219-4155.

Any questions you have related to matters covered during the audit or in the report should be directed to Tesfai Asmamaw or Alex Boniewicz of the Audit Division at (202) 694-1200 or toll free at (800) 424-9530.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. Costa".

Robert J. Costa
Assistant Staff Director
Audit Division

Attachment as stated

06/20/00 09:25:29

06.06.2000

CHRONOLOGY

BUILD POLITICAL ACTION COMMITTEE OF THE
NATIONAL ASSOCIATION OF HOME BUILDERS

Audit Fieldwork	03/20/2000 — 04/19/2000
Exit Conference	04/19/2000
Final Audit Report Approved	06/16/2000

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