



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 4, 1981

MEMORANDUM

TO: FRED EILAND
PRESS OFFICE

FROM: BOB COSTA *RC*

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -
CIVIC HOST COMMITTEE FOR THE 1980
REPUBLICAN NATIONAL CONVENTION

Attached please find a copy of the final audit report of the Civic Host Committee for the 1980 Republican National Convention which was approved by the Commission on April 24, 1981.

Informational copies of the report have been received by all parties involved and this report may be released to the public as of today, May 4, 1981.

Attached as stated

cc: FEC Library
RAD
Public Record



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REPORT OF THE AUDIT DIVISION OF THE CIVIC HOST COMMITTEE FOR THE 1980 REPUBLICAN NATIONAL CONVENTION

I. Background

A. Overview

This report is based on an audit of the Civic Host Committee for the 1980 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 9008.9 of Title 11 of the Code of Federal Regulations which states, in part, that the Commission shall conduct an examination and audit of each host committee.

The Committee registered with the Federal Election Commission on July 24, 1979 as a non-partisan corporation to act as the civic host committee for the 1980 Republican National Presidential Nominating Convention. The Committee maintains its headquarters in Detroit, Michigan. The audit covered the period July 24, 1979 through September 30, 1980. During the period, the Committee reported a beginning cash balance of \$-0-, total receipts of \$718,983.03, total expenditures of \$658,931.10, and an ending cash balance on September 30, 1980 of \$60,051.93. In addition, the financial activity was reviewed through December 31, 1980.

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 this report and were available to Commissioners and appropriate staff for review.

B. Key Personnel

The principal officers for the period audited were: Mr. Thomas Murphy, Chairman, and Mr. Robert M. Surdam, Treasurer.

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; review of contribution and expenditure limitations; and such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations

A. Omission of Disclosure Information

Section 434(b)(3)(A) of Title 2 of the United States Code states, in part, that each report shall disclose the person (other than a political committee) who makes a contribution to the reporting Committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year, together with the date and amount of any such contribution.

In addition, Section 104.3(a)(4)(i) of Title 11 of the Code of Federal Regulations states, in part, that the Committee shall disclose the identification of each contributor together with the aggregate year-to-date total for such contributor, whose contribution or contributions aggregate in excess of \$200 per calendar year, together with the date of receipt and amount of any such contributions.

The Audit staff's sample review of the Committee's disclosure reports and records indicated that at a 90% confidence level, between 40% and 50% of the contributions, while itemized as required, were not identified by the date of receipt as required. In an attachment to the report, the Committee acknowledged that contributions listed on 22 pages were received between April 15, 1980 and July 12, 1980. The attachment further stated "Our records do not allow us to specifically identify the date of receipt."

Our review of Committee records revealed, however, that the date of receipt of contributions was available. The Committee utilized a bank lock box service which transmitted receipts on a daily basis. The daily report consisted of an advice of credit, a photocopy of each contributor's check, and a calculator tape on which the amounts were totalled. The Committee, as part of its processing system, entered the name of the contributor by the appropriate amount on the tape, and retained the photocopy of the check as the contribution record. According to a Committee official, the itemization schedule(s) (FEC Schedule A) for the disclosure report was up-dated each day from this information.

On March 3, 1981, the Commission made a determination that the Committee amend its reports to disclose the date of receipt of the contributions noted above within 30 days of receipt of the interim audit report.

Recommendation

The Committee filed an amendment on April 13, 1981 adequately disclosing the date of receipt of the contributions. The Audit staff recommends no further action.

B. Failure to Disclose In-kind Contributions

Section 434(b)(3)(A) of Title 2 of the United States Code states, in part, that each report shall disclose the person (other than a political committee) who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year, together with the date and amount of any such contribution.

In addition, Section 104.13(a)(1) and (2) of Title 11 of the Code of Federal Regulations states, in part, that the amount of an in-kind contribution shall be equal to the usual and normal value on the date received. Each in-kind contribution shall be reported as a contribution and expenditure.

The Audit staff's review of contributions noted two (2) undisclosed in-kind contributions made to the Committee. These in-kind contributions consisted of accounting services provided by an accounting firm and production costs for a movie by an advertising firm. Both business entities are located within the Standard Metropolitan Statistical Area. The advertising firm estimated the services they provided to be worth \$18,000.00. The Audit staff was unable to determine the fair market value of the accounting services which was the development of a system of control over cash receipts and the distribution and sale of commemorative gift items.

The Committee staff stated that it is common for accounting firms to provide services to non-profit organizations at no cost. The Committee staff also stated that the advertising firm was incorrect and they did not provide an in-kind contribution to the Committee.

On March 3, 1981, the Commission made the determination that, absent evidence from the Committee that these entities did not make in-kind contributions, the Committee shall report the fair market value of the services received within 30 days of the receipt of the interim audit report.

Recommendation

The Committee filed an amendment on April 13, 1981 adequately disclosing the in-kind contributions. The Audit staff recommends no further action.

C. Failure to Itemize Expenditures

Section 434(b) (5) (A) of Title 2 of the United States Code states, in part, that the committee shall disclose the name and address of each person to whom an expenditure in the aggregate amount or value in excess of \$200 within the calendar year is made together with the date, amount, and purpose of such operating expenditure.

In addition, Section 104.3(b) (3) (i) of Title 11 of the Code of Federal Regulations states, in part, that the committee shall disclose each person to whom an expenditure in an aggregate amount or value in excess of \$200 within the calendar year is made, together with the date, amount, and purpose of such expenditure.

The Audit staff's review of the Committee's disclosure reports and records indicated that there were 21 expenditures, representing 2.9% of the total number of itemizable expenditures, totaling \$15,797.33 which were not itemized as required. The Committee staff believed that these items were not itemized because of an oversight on the Committee's part and a misunderstanding of the aggregation process.

On March 3, 1981, the Commission made the determination that the Committee amend its reports to disclose these unitemized expenditures noted above within 30 days of receipt of the interim audit report.

Recommendation

The Committee filed an amendment on April 13, 1981 adequately disclosing the unitemized expenditures. The Audit staff recommends no further action.



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ADDITIONAL INFORMATION REGARDING THIS ORGANIZATION
MAY BE LOCATED IN A COMPLETED COMPLIANCE ACTION
FILE RELEASED BY THE COMMISSION AND MADE PUBLIC IN
THE PUBLIC RECORDS OFFICE. FOR THIS PARTICULAR
ORGANIZATION'S COMPLETED COMPLIANCE ACTION FILE
SIMPLY ASK FOR THE PRESS SUMMARY OF MUR # 1367.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



