



FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

September 4, 1990

MEMORANDUM

TO: FRED EILAND
CHIEF, PRESS OFFICE

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

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -
LOUISIANA HOST COMMITTEE 1988, INC.

Attached please find a copy of the final audit report on the Louisiana Host Committee 1988, Inc., which was approved by the Commission on August 2, 1990.

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
Reports Analysis Division
Public Disclosure
Office of General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

FINAL REPORT OF THE AUDIT DIVISION
ON THE
LOUISIANA HOST COMMITTEE 1988, INC.

I. Background

A. Overview

This report is based on an audit of the Louisiana Host Committee 1988, Inc. ("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 11 C.F.R. §9008.9 which states, in relevant part, that the Commission shall conduct an examination and audit of each host committee registered under 11 C.F.R. §9008.12(a)(1).

The Committee registered with the Federal Election Commission on January 19, 1988 as the host committee for the 1988 Republican National Convention. The Committee maintains its headquarters in New Orleans, Louisiana.

The audit covered the period September 1, 1987 through June 30, 1989. During the period, the Committee reported a beginning cash balance of \$0, total receipts of \$1,892,915.19, total disbursements of \$1,821,173.33, and an ending cash balance on July 10, 1989 of \$71,741.86.

This 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 Treasurer of the Committee during the period audited was Mr. Louis Costa.

C. Scope

The audit included such tests as verification of total reported receipts, disbursements, and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; review of contribution and expenditure limitations; and such other procedures as deemed necessary under the circumstances.

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II. Findings and Recommendations

A. Misstatement of Financial Activity

Sections 434(b)(1), (2) and (4) of the United States Code require a committee to report the amount of cash on hand at the beginning of each reporting period and the total sum of all receipts and disbursements for the reporting period and calendar year.

The Audit staff's reconciliation of the Committee's reported activity to its bank activity during the audit period revealed the following misstatements.

1. Receipts

The Committee's reported receipts were understated by a net amount of \$368,451.47. The components of the misstatement are as follows:

Reported Receipts		\$1,892,915.19
Arithmetic error on Schedule A	\$ 4,750.00	
Loan Reported Twice*/	(10,000.00)	
Unreported In-Kind Contributions	308,175.11	
Unreported/Itemizable Receipts	34,334.40	
Unreported Unitemizable Receipts**/	31,652.98	
Unexplained Difference	(461.02)	<u>368,451.47</u>
Correct Reportable Receipts		<u><u>2,261,366.66</u></u>

*/ The Committee received two loans for \$5,000 each. The loans are included on the detailed summary page of the Committee's disclosure report on line 16 (Loans and Loan Repayments Received) as well as on line 19 (Other Income).

**/ The Audit staff determined that for the period 9/1/87 through 9/30/88, the Committee received \$245,268.33 in unitemizable receipts. The Committee's report for the period discloses \$213,615.35 as unitemized. The amount \$31,652.98 represents the difference.

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2. Disbursements

The Committee's reported disbursements were understated in a net amount of \$411,672.34. The components of the misstatement are as follows:

Reported Disbursements		\$1,821,173.33
Arithmetic error on Schedule B	(27.10)	
Loan Repayment Reported Twice*/	(10,000.00)	
Unreported In-Kind Contributions	308,175.11	
In-Kind Contributions Reported on Schedule A but not Schedule B	115,395.19	
Disbursement Reported Twice (Payment to Lamothe and Hamilton for legal services)	(315.78)	
Unexplained Difference	(1,555.08)	<u>411,672.34</u>
Correct Reportable Disbursements		<u>\$2,232,845.67</u>

3. Ending Balance

The reported ending balance at June 30, 1989 was overstated by \$43,220.87 resulting from the misstatements detailed above. The correct ending balance at June 30, 1989 was \$28,520.99.

In response to the recommendations of the interim audit report, the Committee filed a comprehensive amendment correcting reported receipts, disbursements, and cash on hand.

* / The Committee reported the loan repayment on line 23 (Loans and Loan Repayments Made) and on line 24 (Other Disbursements) of the detailed summary page of the disclosure report.

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Recommendation #1

The Audit staff recommends no further action on this matter.

B. Other Matters

Other matters noted during the audit have been referred to the Commission's Office of General Counsel.

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