



FEDERAL ELECTION COMMISSION

1100 SRIEENAW
WASHINGTON, DC 20543

REPORT OF THE AUDIT DIVISION ON THE VERMONT REPUBLICAN FEDERAL ELECTIONS COMMITTEE

I. Background

A. Overview

This report is based on an audit of the Vermont Republican Federal Elections Committee ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy 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 432(a)(2) of Title 2 of the United States Code which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed with it.

The Committee registered with the Federal Election Commission on October 23, 1975 as the State committee representing the Republican Party of Vermont. The Committee maintains its headquarters in Montpelier, Vermont.

The audit covered the period from January 1, 1976 through March 31, 1978, the final coverage date of the latest report filed by the Committee. The Committee reported a beginning cash balance at January 1, 1976 of \$23,109.13, total receipts for the period of \$92,945.73, total expenditures for the period of \$102,720.69, and a closing cash balance at March 31, 1978 of \$7,334.17.

This audit report is based on documents and working papers which support each of the factual statements. They form part of the record upon which the Commission based its decisions on the matters in the report and were available to Commission staff and appropriate staff for review.

B. Key Personnel

The principal officers of the Committee were Mr. James H. Douglas, Chairman, and Mr. John W. Harrill, Treasurer during the period January 1, 1976 through December 31, 1977; Mr. Robert Rachlin, Chairman, and Mr. Jan R. Westervelt, Treasurer, from January 1, 1978 through the close of the period covered by the audit.

C. Scope

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

II. Auditor's Statement and Description of Findings

It is the opinion of the Audit staff, based upon examination of the reports and statements filed and the records presented, that, except for the deficiencies noted below, the reports and statements of the Vermont Republican Federal Elections Committee fairly present the financial activities of the Committee for the period covered by the audit. Further, except as noted below, no material problems in complying with the Federal Election Campaign Act were discovered during the course of the audit.

A. Loan Repayment Containing Prohibited Funds

Section 102.6(b)(2) of the Commission's Regulations (11 CFR 102.6(b)(2)) provides that committees supporting Federal candidates may not receive transfers from an account or committee not established in accordance with Sections 102.6 (a)(2)(i) and (ii).

As a result of our review of the Committee's reports and records, it was determined that on March 9, 1976, the Committee loaned \$5,000 to the Vermont Republican State Committee (VRSC), an unregistered entity which supports State and local candidates. VRSC accepts corporate contributions and maintains a single checking account. This loan bore a 5% rate of interest annually and was payable upon demand. On October 12, 1976 VRSC repaid the loan principal in full.

The Committee made 57 expenditures totaling \$41,403.89 which exceeded or aggregated in excess of \$100, which require supporting documentation. The Committee did not obtain and keep a receipted bill, invoice, or other contemporaneous memorandum in support of three (3) expenditures, totaling \$7,110.00. (These figures represent 5.26% of the total number and 17.62% of the total dollar value of expenditures requiring supporting documentation). The Treasurer was requested to obtain supporting documentation or present evidence of his efforts to do so.

Recommendation:

It is the recommendation of the Audit staff that no further action be taken on this matter since the Committee provided the required supporting documentation on April 23, 1979.

D. Other Matters

The following is a matter noted during the audit for which we recommend no further action:

The Committee deposited \$400 in furnishings proceeds in direct debit into their savings account. The Treasurer was advised that in the future, all receipts received should flow through the Committee's checking account prior to deposit into the savings account and was advised of the respective requirements of the Act.



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WASHINGTON, D.C. 20463

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 # 643.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.

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