

September 5, 2006

Ms. Lynn M. Fraser
Assistant Director, ADR Office
Federal Election Commission
999 E Street NW
Washington, DC 20463

ADR 328

Dear Ms. Fraser:

Thank you for the opportunity for the Republican Party of Texas (the Committee) to respond to the Commission's ADR office in the matter of ADR 328, regarding amendments required to the Committee's 2004 30 Day Post-General and 2005 February Monthly reports.

Of the additional receipts in the amount of \$ 173,619 disclosed on the 2004 30 Day Post-General report, \$ 172,906.11 was the result of two transfers for allocable administrative expenses to the Committee's federal account from the Committee's non-federal (state) account. Specifically, the original report did not include a \$ 134,818.40 transfer on 10/26/04, and a \$ 38,087.71 transfer on 11/15/04. The Committee had also just become aware of an in-kind contribution in the amount of \$ 113.22. The amendment disclosing these transfers and the in-kind was filed on 1/23/05 by a former bookkeeper, five days before she left the Committee.

An additional amendment reflecting \$ 550 in offsets to expenditures received, and an additional \$50 in contributions, was filed on July 22, 2005, following a reconciliation of financial activity by the Committee's current bookkeeper.

With respect to the February 2005 monthly report, the Committee filed an amendment on 3/20/05 to disclose an additional \$ 6,000 in credit card receipts (from four donors) that had not been transferred to the Committee in a timely manner by the Committee's third-party credit card vendor. An additional \$ 9.52 in interest income was also included in this amendment.

On 8/29/05, the Committee amended the report to reflect two transfers to the non-federal account in the amounts of \$ 59,998.98 and \$ 7,986.30 made on 1/4/05, and on 10/21/05, the Committee amended the report to include a transfer for allocable administrative expenses to the Committee's federal account from the Committee's non-federal account in the amount of \$ 59,758.85. These transfers were also identified during a reconciliation of financial activity by the Committee's current bookkeeper.

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Committee transfers such as those identified above which were omitted from the original reports require three entries for coding, two which place the transfer on the correct schedule, and one which then captures the transfer in the activity for the correct reporting period (most entries do not require three coding entries). During the reconciliations, the current bookkeeper found that two, but not all three, of the proper codes had been entered for these transfers.

The Committee very much appreciates the assistance from Brad Decker, the analyst assigned to the Committee from the Commission's Reports Analysis Division, as the Committee has worked to reconcile all of its financial activity to the FEC reports filed during the past several months. Through both numerous telephone consultations and written responses to Requests for Additional Information, the Committee notified Mr. Decker that it was undertaking this comprehensive review, and solicited Mr. Decker's assistance in preparing the necessary amendments.

Following the departure in late January 2005 of the Committee's bookkeeper as indicated above, the Committee retained a CPA firm in Austin to handle all of the Committee's financial activity and to prepare its FEC filings. The representative of the firm that was assigned to the Committee had previously worked with the Committee several years earlier. The Committee believes that utilizing this outside accounting firm will provide consistency in reporting beyond what the Committee experienced in 2004 with three different bookkeepers.

In addition to the phone calls with Mr. Decker, the representative has attended two FEC-sponsored conferences to become as familiar as possible with all reporting requirements. Also attending an FEC-sponsored conference were the Committee's executive director, legal counsel, and political staff actively involved with candidate committees.

The representative has also instituted several new internal procedures to enhance compliance and make sure that transfers such as these (and indeed all reportable transactions) are properly disclosed. All contributions and expenditures in the software are compared to the Committee's reconciled general ledger for bank activity, and every entry in the general ledger is entered into either a debt or credit column.

Two additional columns for debits and credits are then created. These columns in essence duplicate the prior categorizations, but also highlight any transfers between federal and non-federal accounts, along with contribution /expenditure detail, NSF checks, and credit card chargebacks. The column totals and details are then compared to the draft FEC report schedules. Finally, there is a reconciliation of the monthly activity spreadsheet and the totals for receipts, expenditures, and cash-on-hand.

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In this manner, the Committee is confident that its FEC reports now correctly reflect the Committee's financial activity, with all transactions properly disclosed.

The Committee is aware that the amendments discussed above disclosed activity that should have been included with the original FEC filings. The Committee does feel it is important to note that the time periods did not involve election-sensitive filings, and that the omitted transactions did not involve any direct candidate contributions, in-kind or coordinated disbursements, Federal Election Activity, or any other expenditures that directly affected federal candidates.

Thank you for your consideration of this response.

Respectfully submitted:

The Republican Party of Texas

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