



FEDERAL ELECTION COMMISSION

WASHINGTON DC 20463

August 27, 1991

MEMORANDUM

TO: FRED S. EILAND
PRESS OFFICER

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

SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT
ON FRIENDS OF SAM BEARD FOR THE U.S. SENATE

Attached please find a copy of the Final Audit Report on Friends of Sam Beard for U.S. Senate, which was approved by the Commission on August 22, 1991.

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

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REPORT OF THE AUDIT DIVISION
ON
FRIENDS OF SAM BEARD FOR THE U.S. SENATE

I. Background

A. Overview

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This report is based on an audit of Friends of Sam Beard for the U.S. Senate (the Committee), 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 section, 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.

The Committee registered with the U.S. Senate on April 13, 1987 as the Sam Beard for U.S. Senate Exploratory Committee. On July 28, 1987, the Committee registered as the principal campaign committee of Samuel S. Beard, Democratic candidate for the U.S. Senate from the state of Delaware. The Committee maintains its headquarters in New Castle, Delaware.

The audit covered the period from January 1, 1987 through December 31, 1988, the closing date for the latest report filed at the time of the audit. The Committee reported a cash balance on January 1, 1987 of \$0; total receipts for the period of \$1,397,650.58; total disbursements for the period of \$1,353,323.04; and a closing cash balance on December 31, 1988 of \$44,327.54.

This report is based on documents and workpapers which support each of its 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 the Commissioners and appropriate staff for review.

B. Key Personnel

The Treasurer of the Committee during the period covered by the audit was Mr. Howard Simon.

C. Scope

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

II. Audit Findings and Recommendations

A. Misstatements of Financial Activity

Section 434(b)(1), (2) and (4) of Title 2 of the United States Code requires 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.

In addition, Section 434(b)(5) of Title 2 of the United States Code requires a committee to report the name and address of each person to whom an expenditure in an aggregate amount or value in excess of \$200 within a calendar year is made to meet a committee operating expense, together with the date, amount and purpose of such operating expenditure; and of each person who receives a loan repayment from the reporting committee during the reporting period together with the date and amount of such loan repayment.

The Audit staff's reconciliation of the Committee's 1988 reported activity to its bank activity revealed the following misstatements:

1. Beginning Balance

The reported beginning balance as of January 1, 1988 was overstated by a net amount of \$935.10. The difference is the result of minor errors and omissions on the Committee's disclosure report covering the period 1/1/87 through 12/31/87.

2. Receipts

For the period January 1, 1988 to December 31, 1988, the Committee's receipts were overstated by \$62,487.91. The components of the misstatement are as follows:

1988 Receipts as Reported		\$1,045,333.48
Contribution Reattributions Reported as Receipts	(\$61,072.00)	
Unexplained Difference	(1,415.91)	<u>(62,487.91)</u>
Adjusted 1988 Receipts		<u>\$ 982,845.57</u>

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3. Disbursements

For the period January 1, 1988 to December 31, 1988, the Committee's reported disbursements were overstated by a net amount of \$19,206.74. The components of this misstatement are as follows:

1988 Disbursements as Reported		\$1,118,542.71
Contribution Reattributions Reported as Refunds	(\$61,072.00)	
Unreported Disbursements	1,038.86	
Unreported Loan Repayments	37,792.64	
Reported Check Later Voided	(20.00)	
Unexplained Difference	<u>3,053.76</u>	<u>(19,206.74)</u>
Adjusted 1988 Disbursements		<u>\$1,099,335.97</u>

4. Ending Balance

The reported ending balance at December 31, 1988 was overstated by \$44,216.27, resulting from the misstatements detailed above. The correct ending balance at 12/31/88 was \$111.27.*

Committee officials stated that they would file the appropriate amendments to correct the misstatements. Copies of schedules detailing the explained differences were provided to the Committee at the exit conference.

In the interim audit report the Audit staff recommended that the Committee file a comprehensive amendment for calendar year 1988 correcting reported receipts, disbursements and cash on hand and properly itemizing the unreported disbursements noted above. In response to the interim report, the Committee filed such an amendment.

*/ The Committee's disclosure report for the period 1/1/89 - 6/30/89 shows a beginning balance of \$8,176.23. This is a reduction of \$36,151.31 and is described by the Committee as an approximate cash balance resulting from an internal audit. No amended reports to explain the adjustment are included.

Recommendation #1

The Audit staff recommends no further action with regard to 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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