



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

A87-7  
December 8, 1987

MEMORANDUM

TO: FRED EILAND  
CHIEF, PRESS OFFICE

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

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT-  
KENNEDY FOR CONGRESS

Attached please find a copy of the final audit report of the Kennedy for Congress which was approved by the Commission on November 24, 1987.

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  
RAD  
Public Disclosure ✓  
Office of General Counsel

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

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REPORT OF THE AUDIT DIVISION  
ON  
KENNEDY FOR CONGRESS

I. Background

A. Overview

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This report is based on an audit of Kennedy for Congress ("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 Clerk of the House of Representatives on March 20, 1986. The Committee maintains its headquarters in Sea Girt, New Jersey. The audit covered the period from January 1, 1986 through December 31, 1986, the closing date for the latest report filed at the time of the audit. The Committee reported a cash balance on January 1, 1986 of -0-; total receipts of \$198,250.88; total expenditures of \$197,796.88; and a cash balance on December 31, 1986 of \$454.00.

This audit 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. Cornelius Daniel III.

### C. Scope

The audit included such tests as verification of total reported receipts and expenditures and individual transactions; review of required supporting documentation; and other audit procedures as deemed necessary under the circumstances. An analysis of Committee debts and obligations was not conducted due to the lack of supporting documentation maintained by the Committee.

## II. Audit Findings and Recommendations

### A. Itemization of Contributions Received from Individuals

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

Identification, in the case of an individual, is defined in 2 U.S.C. § 431(13)(A) as the name, mailing address and the occupation of such individual, as well as the name of his or her employer.

Contributions received from individuals were reviewed by the Audit staff to determine if the reports filed by the Committee met the disclosure requirements of the Act. In the case of 10 contributions, totaling \$4,300, required itemizations were not included on the Committee's disclosure reports. This amount represents approximately 16% of the dollar value of the contributions received from individuals which require itemization. In all cases, the amount of the contribution exceeded \$200.00.

A second matter involving the itemization of contributions was noted by the Audit staff. For those contributions received from individuals/persons which were itemized by the Committee on its reports, 31% of the entries lacked adequate occupation and name of employer information for the contributor, while in 33% of the cases, the aggregate year-to-date total of contributions received was omitted. The Audit staff provided the Committee with schedules listing the discrepancies noted above at the exit conference.

On August 17, 1987 the Committee submitted a comprehensive amendment which materially corrected the deficiencies noted above.

Recommendation

The Audit staff recommends that no further action be taken on this Finding.

B. Itemization of Contributions Received from Political Committees/Organizations

Section 434(b)(3)(B) of Title 2 of the United States Code requires that each report disclose the identification of each political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution.

The Audit staff's review of contributions received revealed that the Committee failed to itemize on its disclosure reports 14 contributions, totaling \$3,162. This represents approximately 12% of the dollar value of the contributions received from political committees. Most of the contributions were in amounts of less than \$200.00.

The Committee stated that amendments would be filed to correct the discrepancies. The Audit staff provided the Committee with information relative to the 14 contributions requiring itemization at the exit conference.

On August 17, 1987, the Committee submitted a comprehensive amendment which materially corrected the deficiencies noted above.

Recommendation

The Audit staff recommends that no further action be taken on this Finding.

C. Misstatement of Financial Activity

Sections 434(b)(2) and (4) of Title 2 of the United States Code states, in part, that each report shall disclose the total amount of receipts and disbursements, respectively, for the reporting period and calendar year.

During the audit, it was noted that the Committee overstated its receipts by (\$9,375.75)<sup>1/</sup> and its expenditures by (\$9,105.10.)

<sup>1/</sup> Bracketed figures represent overstatements and are considered negative amounts.

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The overstatement of receipts is attributed to overreported loans in the amount of (\$20,810); unreported and incorrectly reported contributions from political committees totaling \$3,162; unreported contributions from individuals totaling \$11,816.25 <sup>2/</sup> and math discrepancies in the amount of (\$3,544).

The overstatement of expenditures was caused by checks totaling (\$7,850.00) being voided after expenditures had been reported, with no reversal on subsequent reports (see Attachment I); disbursements totaling (\$1,450.00) (see Attachment II) being overreported; unreported disbursements and bank charges totaling \$4,691.30; and math discrepancies and unexplained differences of (\$4,496.40).

The auditors provided schedules detailing all improperly reported items to the Committee at the conclusion of the audit fieldwork.

On August 17, 1987 the Committee submitted a comprehensive amendment which materially corrected the deficiencies noted above.

Recommendation

The Audit staff recommends that no further action be taken on this Finding.

D. Failure to Maintain and Disclose Disbursement Information

Section 432(c) (5) of Title 2 of the United States Code requires that Committees keep an account of the name and address of every person to whom a disbursement is made.

Section 434(b) (5) (A) of Title 2 of the United States Code requires that each report disclose the name and address of 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 operating expenditure.

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<sup>2/</sup> This figure could not definitely be determined to be contributions from individuals. The Committee did not maintain sufficient individual contribution records to allow the auditors to precisely identify the contributors. However, the Committee bank records indicate that the funds were, indeed, received and deposited into the Committee's checking account. The funds appeared to be from individuals.

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During the audit, it was noted that the Committee had no address on file for 71 disbursements totaling \$60,977.18. It was further noted that the Committee did not properly disclose 126 itemized expenditures totaling \$78,768. The vast majority of these (110) were lacking complete address of the payee. The remainder were inadequate descriptions of purpose.

On August 17, 1987, the Committee submitted a list of addresses which materially corrected the deficiencies noted above.

Recommendation

The Audit staff recommends that no further action be taken on this Finding.

III. Matters Referred to the Office of General Counsel.

Other matters have been referred to the Office of General Counsel.

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**Voided Checks Reported and  
Not Reversed on Subsequent Reports**

	<u>Payee</u>	<u>Check #</u>	<u>Date</u>	<u>Amount</u>
1.	Cervinos <u>4/</u>	102	12/29/86	\$ 650.00
2.	TriBoro Printing	150	5/11/86	150.00
3.	Boro Bus <u>5/</u> Company	256	9/29/86	3110.00
4.	The Register	370	10/24/86	725.00
5.	The Asbury Park Press	379	10/29/86	1513.00
6.	The Register	380	10/29/86	402.00
7.	L. Shapiro	389	11/04/86	<u>1300.00</u>
		<b>Total</b>		<u><u>\$7850.00</u></u>

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4/ Check was returned for non-sufficient funds.

5/ Stop payment was issued on this check.

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Disbursements Reported Incorrectly

	<u>Payee</u>	<u>Check #</u>	<u>Date</u>	<u>Amount Reported</u>	<u>Amount Of Check</u>	<u>Difference</u>
1.	William P. McGuire	122	4/25/86	\$ 800.00	\$ 500.00	\$ (300.00)
2.	(Listed on report as cash)	none	4/25/86	100.00	- 0 -	(100.00)
3.	William McGuire	129	5/09/86	800.00	200.00	(600.00)
4.	William McGuire	130	5/14/86	800.00	700.00	(100.00)
5.	William McGuire	144	6/05/86	250.00	150.00	(100.00)
6.	Listed as William McGuire on Report	none	5/20/86	<u>250.00</u>	<u>- 0 -</u>	<u>(250.00)</u>
<b>Totals</b>				<u>\$3000.00</u>	<u>\$1550.00</u>	<u>\$ (1450.00)</u>

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