ATTACHED please find a copy of the above mentioned Final Audit Report which was approved by the Commission on November 30, 1987.

Informational copies of the Final Audit Report have been received by all parties involved and the Final Report may be released to the public.

Attachment as stated

CC: FEC Library
    RAD
    Office of General Counsel
    Public Disclosure
REPORT OF THE AUDIT DIVISION
ON THE
CALIFORNIANS FOR A STRONG AMERICA
POLITICAL ACTION COMMITTEE

I. Background
A. Overview

This report is based on an audit of the Californians for a Strong America Political Action 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 2 U.S.C. § 438(b) 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 Federal Election Commission on November 21, 1983. The Committee maintains its headquarters in Los Angeles, California.

The audit covered the period January 1, 1985 through December 31, 1986. The Committee reported an opening cash balance on January 1, 1985 of $118.94; total receipts of $57,702.50; total disbursements of $51,628.64 and a cash on hand balance at October 15, 1986, of (488.20).1/

This report is based on documents and working papers supporting 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.

1/ The Committee did not file the 30 day post general nor the year end reports for 1986.
B. Key Personnel

The Treasurer of the Committee during the period of audit was Mr. Albert J. Cook.

C. Scope

The audit included such tests as verification of total reported receipts and disbursements 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. Audit Findings and Recommendations

A. Non-Filing of Disclosure Reports

Sections 434(a)(4)(A)(i) and (iii) of Title 2 of the United States Code state, in part, that all political committees other than authorized committees of a candidate shall file a post-general election report in a calendar year in which a regularly scheduled general election is held, which shall be filed no later than the 30th day after the general election and which shall be complete as of the 20th day after such general election. In addition, a year-end report shall be filed no later than January 31 of the following calendar year.

The Committee did not file the post-general election or the year-end disclosure reports for 1986. Total receipts and disbursements for these periods were $8,250 and $7,454.61, respectively. A Committee representative delivered both disclosure reports to the Audit staff requesting that they be filed with the Commission. The reports were filed on May 26, 1987.

The Custodian of the Records for the Committee gave no reason for not filing the reports.

In the interim audit report, the Audit Division recommended that the Committee take no further action with respect to filing these reports, but were provided 30 days from receipt of the report to make any additional comments concerning this matter. To date, the Committee has not responded.

Recommendation

The Audit Division recommends no further action on this matter.
B. Misstatement of Financial Activity

Sections 434(b)(1),(2) and (4) of Title 2 of the United States Code states, in part, that each report shall disclose the amount of cash on hand at the beginning of the reporting period and the total amount of all receipts and disbursements for the reporting period and the calendar year.

The Audit staff performed reconciliations between the Committee's bank account and disclosure reports for the calendar years 1985 and 1986. There were no material discrepancies noted for calendar year 1985. For calendar year 1986, the following discrepancies were noted:

It was determined that the Committee had overreported receipts by $6,681.00 on the 1986 October quarterly report. The overreporting occurred when the Committee included receipt activity for the pre-general election report period on the prior quarterly report and again on the pre-general election report. In addition the Committee was provided with a list of other minor adjustments which were necessary to correct misstatements of financial activity.

The Custodian of the Records for the Committee stated that the receipts were inadvertently included on both reports and provided the audit staff with an amended October quarterly report which corrected the overreporting of receipts. On May 26, 1987, this amendment was filed with the Commission.

In the interim audit report, the Audit Division recommended that the Committee take no further action on this matter.

Recommendation

Since the Committee has amended its October quarterly report, the Audit Division recommends no further action on this matter.

C. Matters Referred to the Office of General Counsel

Certain matters noted during the audit were referred to the Commission's Office of General Counsel.