

PAC Audits

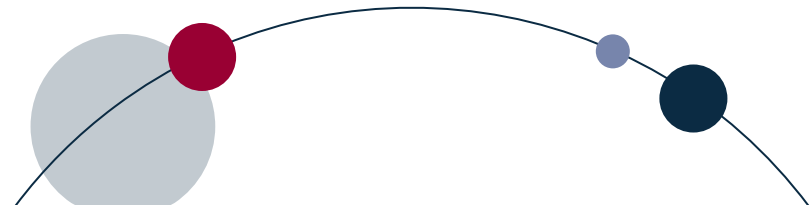
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GOALS TODAY

- Purpose of an audit
- Audit process
- Document review (governance, policies and procedures, financial, reporting)
- Interviews
- Drafting an audit report
- Presenting the final audit findings



- Audit Purpose

Purpose of an Audit: Assessment

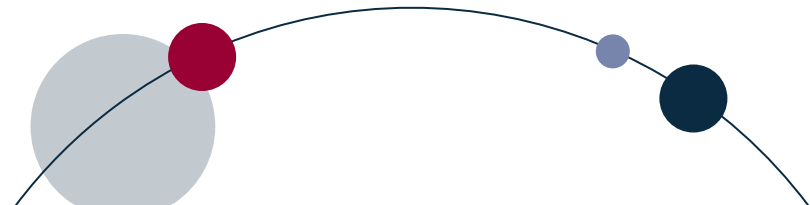
- External review of governance, financials, procedures and policies and reporting compliance
- Provide reassurance and validation of PAC integrity to PAC Board, contributors and leadership
- Indicate areas of non-compliance with concrete suggestions for remedies and timeline
- Provide roadmap for other areas of improvement
- Can even be a tool for solicitation

Purpose of an Audit: Comparative Data

- Provide comparative analysis with best practices for size and type of PAC
- Compare PAC data with other industry or similarly sized PACs
- FEC data for context
- Make recommendations based on comparative analysis

Purpose of Audit: Related Outcomes Examples

- Revise existing policies and procedures
- Document any undocumented practices—
create institutional memory and consistency
- Edit manuals
- Review restricted class definition
- Revise reporting process
- Provide additional training



• Audit Process

Audit Process

- Initial meeting to explain process to relevant team members
- Send out work plan with timeline and responsibilities
- Document requests
- Determine who to interview
- Schedule interviews

Audit Process

- Document review
- Conduct interviews
- Draft findings
- Provide draft report
- “Curing period”
- Present final findings

Open communication throughout the process!

• Document Review

Document Review

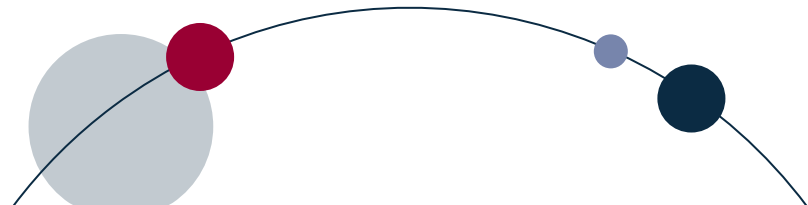
- Organize all requested documents (Sharepoint or the like work well for uploading, categorizing and review)
- Review in terms of:
 - governance
 - policies and procedures
 - incoming contributions
 - outgoing disbursements
 - reporting compliance

Document Review: Governance

- Bylaws
- Board make-up
- Board meeting minutes
- Contribution approval records, if applicable
- Other actions taken by Board
- Officers throughout election cycle
- Current Statement of Organization and amendments
- Training for anyone involved in PAC operations

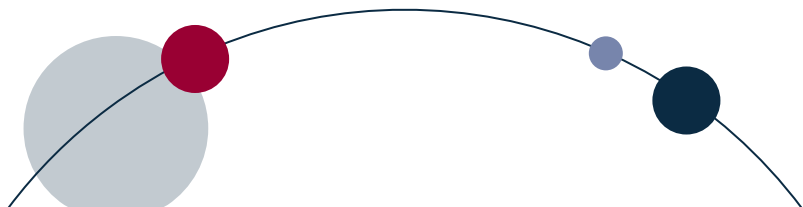
Document Review: Policies and Procedures

- Manuals
- Company policies
- Training materials
- Non-documented procedures
- Recordkeeping
- Cross-disciplinary PAC operations



Document Review: Incoming Contributions

- Review statistical sample of payroll deductions
- PAC solicitation and pledge websites (contents, SSO, etc.)
- Disclaimers on solicitations
- Review of restricted class
- Payroll deduction procedures
- Foreign nationals
- Solicitations and fundraisers
- PAC match



Document Review: Outgoing Disbursements

- Review statistical sample of disbursements for permissibility, limitations and disclosure obligations
- Leadership and JFC recording and reporting issues
- Proper election attribution
- Transmittal letters
- Pay-to-play compliance

Document Review: Reporting Compliance

- Bank reconciliations
- FEC reports
- State-level reports
- Calendar of reporting
- Timeliness of reports
- RFAI
- Amendments
- Reporting process
- Review and approval process
- Treasurer involvement
- Filing protocols
- Recordkeeping

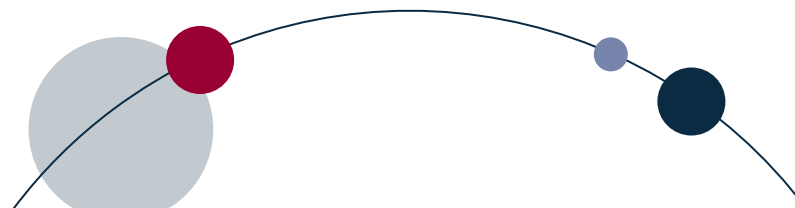
•Interviews

Interviews: Who to Interview

- Discuss who is involved in PAC operations with primary person
- Schedule interviews with key people, for instance:
 - PAC Board Chair
 - Treasurer
 - PAC manager
 - HR/Payroll
 - Head of government affairs

Interviews: What to Ask

- Interview everyone with a set of questions that mirror the audit
- Governance
 - Role in PAC
 - Training
- Policies/procedures
 - Knowledge of written policies
 - Undocumented procedures
- Incoming Funds
 - Solicitations and events
 - PAC Match
 - Payroll deduction
- Outgoing Funds
 - Contribution approval process
 - Check disbursement procedures
- Reporting Compliance
 - Role in reporting
 - Bank reconciliations
 - Approval process
 - Filing protocols
- Improvements and suggestions for all areas of audit



- Drafting an Audit Report

Drafting the Audit Report

- Set out context for audit
- Lay out all applicable laws and guiding regulations
- Draft executive summary
- Include table of findings
- Sections for governance, policies and procedures, incoming funds, outgoing funds and reporting compliance
- Summary of documents reviewed, and persons interviewed
- Provide comparative data
- Highlight best industry practices beyond the applicable laws

Drafting the Audit Report

- Send first draft for review to primary person
- Leave time for discussion prior to final report due date
- Clarify any outstanding points from document review and interviews
- Determine if there will be a “curing period.” The findings remain but with the option of noting fixes to outstanding issues between first and final drafts.

- Presenting Final Audit Results

Final Audit Results

- Revise any outstanding issues clarified after first draft
- If using, make notes of any fixes occurring after first draft
- Finalize in full report form
- Provide executive summary and chart of findings for leadership
- Determine if results will be presented at a PAC Board meeting, leadership meeting, government affairs meeting, etc.
- Provide report to any other applicable parties (ex. cross-disciplinary team members)
- Determine follow-up on remedies for non-compliance and addressing best practices

Questions?

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