

Finding 1. Recordkeeping for Employees

Summary

During audit fieldwork, the Audit staff determined that RPOMF did not maintain any monthly payroll logs, as required, to document the percentage of time each employee spent in connection with a federal election. For 2017 and 2018, the Audit staff identified payments to RPOMF employees totaling \$297,945 for which RPOMF did not maintain monthly payroll logs. This consisted of payroll which was allocated with federal and non-federal funds and payroll paid exclusively with non-federal funds. In response to the Interim Audit Report recommendation, RPOMF stated it “is in the process of implementing a payroll log which will document for each payroll period (currently bi-weekly) the major tasks/projects (in hours) performed by RP[O]M[F] employees spending time on both federal and/or non-federal (Minnesota Campaign Finance and Public Disclosure Board) activities.” RPOMF provided no formal response to the Draft Final Audit Report. The Audit staff acknowledges RPOMF is in the process of implementing recommendations outlined within the Interim Audit Report for allocated federal and non-federal payroll.

The Commission approved a finding that RPOMF failed to maintain monthly payroll logs or equivalent records totaling \$297,945 to document the percentage of time each employee spent in connection with a federal election for calendar years 2017 and 2018.

Legal Standard

- A. Maintenance of Monthly Logs.** Party committees must keep a monthly log of the percentage of time each employee spends in connection with a federal election. Allocations of salaries, wages, and fringe benefits are to be undertaken as follows:
- Employees who spend 25 percent or less of their compensated time in a given month on federal election activities must be paid either from the federal account or be allocated as administrative costs;
 - Employees who spend more than 25 percent of their compensated time in a given month on federal election activities must be paid only from a federal account; and
 - Employees who spend none of their compensated time in a given month on federal election activities may be paid entirely with funds that comply with state law. 11 CFR §106.7(d)(1).
- B. Formal Requirements Regarding Reports and Statements.** Each Political Committee shall maintain records with respect to the matters required to be reported which shall provide in sufficient detail the necessary information and data from which the filed reports may be verified, explained, clarified, and checked for accuracy and completeness. 11 CFR §104.14(b)(1).

Facts and Analysis

A. Facts

During audit fieldwork, the Audit staff reviewed disbursements for payroll. RPOMF did not maintain any monthly payroll logs or equivalent records to document the percentage of time each employee spent in connection with a federal election. These logs are required to document the proper allocation of federal and non-federal funds used to pay employee salaries and wages. For 2017 and 2018, RPOMF did not maintain monthly logs for \$297,945 in payroll.³ This amount included:

- Payroll totaling \$290,060 for employees reported on Schedule H4 (Disbursements for Allocated Federal and Non-Federal Activity) and paid with an allocation of federal and non-federal funds during the same month; and
- Payroll totaling \$7,885 for employees paid exclusively with non-federal funds in a given month.

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter with RPOMF representatives during the exit conference and provided a schedule of the payroll transactions. RPOMF representatives responded that RPOMF will implement a payroll log which will document for each payroll period the major tasks/projects performed by RPOMF employees spending time on both federal and/or non-federal activities.

The Interim Audit Report recommended that absent the provision of monthly payroll logs, RPOMF implement a plan to maintain such monthly payroll logs in the future.

C. Committee Response to Interim Audit Report

In response to the Interim Audit Report recommendation, RPOMF stated that it “is in the process of implementing a payroll log which will document for each payroll period (currently bi-weekly) the major tasks/projects (in hours) performed by RP[O]M[F] employees spending time on both federal and/or non-federal (Minnesota Campaign Finance and Public Disclosure Board) activities.” RPOMF said the job descriptions for the payroll in question “clearly state that such are involved principally in non-federal activities” and were reported as non-federal activities. The Audit staff concludes that RPOMF did not provide monthly payroll logs for the \$297,945 in payroll, however, RPOMF complied with the Interim Audit Report recommendation by implementing a plan to maintain monthly payroll logs in the future.

The Audit staff maintains that RPOMF was required to maintain payroll logs for its employees paid with exclusively non-federal funds. Absent the provision of monthly logs specific to employees paid with exclusively non-federal funds, RPOMF may provide evidence that records consistent with 11 CFR §104.14(b)(1) were maintained to document that certain employees were involved in exclusively non-federal activities.

³ This total does not include payroll for employees paid with 100 percent federal funds and reported as such (see Part I, Background, Commission Guidance, and Request for Early Commission Consideration of a Legal Question, Page 1). Payroll amounts are stated net of taxes and fringe benefits.

D. Draft Final Audit Report

The Draft Final Audit Report acknowledged that RPOMF did not maintain payroll logs for 2017 and 2018 but had implemented a process to record this information in conjunction with employees' timesheets.

E. Committee Response to the Draft Final Audit Report

RPOMF provided no formal response to the Draft Final Audit Report.

Commission Conclusion

On December 2, 2021, the Commission considered the Audit Division Recommendation Memorandum in which the Audit staff recommended that the Commission find that RPOMF failed to maintain monthly payroll logs or equivalent records totaling \$297,945 to document the percentage of time each employee spent in connection with a federal election for calendar years 2017 and 2018. The Commission did not approve, by the required four votes, the Audit staff's recommendation.

On December 14, 2021, the Commission again considered the Audit Division Recommendation Memorandum in which the Audit staff recommended that the Commission find that RPOMF failed to maintain monthly payroll logs or equivalent records totaling \$297,945 to document the percentage of time each employee spent in connection with a federal election for calendar years 2017 and 2018.

The Commission approved the Audit staff's recommendation.

Finding 2. Recordkeeping for Communications
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Summary

During audit fieldwork, the Audit staff reviewed disbursements for communications to verify the accuracy of the information and proper classification of transactions disclosed on RPOMF's reports. RPOMF reported 76 disbursements totaling \$706,981, on Schedule B (Itemized Disbursements), Line 21(b) (Other Federal Operating Expenditures); Schedule B, Line 30(b) (Federal Election Activity Paid Entirely with Federal Funds) and Schedule H4 (Disbursements for Allocated Federal /Nonfederal Activity) with purposes including, "direct mail," "direct mail advertising" or "party direct mail." Another four disbursements totaling \$5,681 were from the non-federal account. Documentation provided by RPOMF was insufficient to make a determination pertaining to the purpose for these disbursements and verification as operating expenditures, federal election activity, non-federal activity or allocated federal/non-federal activity. In response to the Interim Audit Report recommendation, RPOMF stated it relied on third-party entities for production and dissemination of media, web advertisements, etc., and relied on affiliated committees for approval and production of media. RPOMF did not provide any new documentation. In addition, RPOMF provided no formal response to the Draft Final Audit Report. Absent additional documentation, the Audit staff concludes RPOMF did not maintain, in sufficient detail, documentation that allows for verification of proper reporting for communication disbursements totaling \$712,662.

The Commission approved a finding that RPOMF failed to maintain records in sufficient detail to verify the proper reporting for communication disbursements totaling \$712,662.

Legal Standard

- A. Formal Requirements Regarding Reports and Statements.** Each Political Committee shall maintain records with respect to the matters required to be reported which shall provide in sufficient detail the necessary information and data from which the filed reports may be verified, explained, clarified, and checked for accuracy and completeness. 11 CFR §104.14(b)(1).
- B. Preserving Records and Copies of Reports.** The treasurer of a political committee must preserve all records and copies of reports for 3 years after the report is filed. 52 U.S.C. §30102(d).

Facts and Analysis

A. Facts

During audit fieldwork, the Audit staff reviewed disbursements for communications to verify the accuracy of the information and proper classification of transactions disclosed on the reports. RPOMF made 76 disbursements totaling \$706,981 for which documentation was insufficient to make a determination pertaining to whether these disbursements were correctly reported on Schedule B, Line 21(b); Schedule B, Line 30 (b) and Schedule H4. Another four disbursements totaling \$5,681 disclosed from the non-federal account had insufficient documentation to make a determination whether the disbursements were for non-federal activity, for a total of \$712,662.⁴

The Audit staff's analysis resulted in the following:

i. Disbursements - No Invoices or Copies of Communications Provided (\$40,240)

Disbursements totaling \$40,240 were paid to three vendors and were disclosed on Schedule B, Lines 21(b) and 30(b) with purposes such as “direct mail,” “direct mail advertising” and “party direct mail,” but no invoices or associated communications were provided. Without sufficient detail, the Audit staff was unable to verify RPOMF’s reporting of these amounts as operating expenditures or federal election activity. The Audit staff requested copies of the invoices and the associated direct mail pieces for each of the disbursements. To date, these invoices or other information to associate the payments to a particular communication were not provided.

ii. Disbursements - Invoices Provided – No Copies of Communications Provided (\$672,422)

Disbursements totaling \$666,741 were paid to 10 vendors and were disclosed on Schedule B, Lines 21(b) and 30(b) and Schedule H4 with purposes such as “direct

⁴ \$712,662 = \$706,981 Federal Disbursements + \$5,681 Non-Federal Disbursements

mail,” “direct mail advertising” and “party direct mail.” In addition, disbursements totaling \$5,681 were paid from the non-federal account with wording on the invoices such as “phone bank,” “county fair endorsed candidates’ graphic” and “plastic signs.” For these disbursements, RPOMF provided invoices but did not provide information about the related communications. Without sufficient detail, the Audit staff was unable to verify RPOMF’s reporting of these amounts as operating expenditures, federal election activity, non-federal activity or allocated federal/non-federal activity. The Audit staff requested copies of the associated media pieces, mailers and scripts for each of the disbursements. To date, these communications were not provided.

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter with RPOMF representatives during the exit conference and provided a schedule of the disbursements for which further records were necessary to verify the accuracy of RPOMF’s reporting. In response to the exit conference, RPOMF representatives stated RPOMF relied on affiliated committees for the approval and production of some of the communication pieces and relied on third-party entities for the production and dissemination of communication pieces. However, the third-party entities were not able to provide all of the requested missing media documentation. RPOMF provided some additional communication pieces, which were not a part of the finding amount.

The Interim Audit Report recommended that RPOMF provide, in sufficient detail, documentation that allowed for verification of proper reporting for the communication disbursements totaling \$712,662.

C. Committee Response to Interim Audit Report

In response to the Interim Audit Report recommendation, RPOMF reiterated its previous response that it relied on affiliated committees for the approval and production of some of the communication pieces and relied on third-party entities for the production and dissemination of communication pieces. RPOMF stated the third-party entities were not able to provide all of the requested missing media documentation. RPOMF further stated that, “it located many of the missing media pieces” and submitted them to the Audit staff previously. The Audit staff acknowledges the prior submissions and notes that they are not included in this finding. In response to the Interim Audit Report, RPOMF did not provide any new documentation. As such, the Audit staff concludes RPOMF did not maintain, in sufficient detail, documentation that allows for verification of proper reporting for communication disbursements totaling \$712,662.

D. Draft Final Audit Report

The Draft Final Audit Report acknowledged that RPOMF did not provide any additional comments with respect to this matter. As such, the Audit staff concludes RPOMF did not maintain, in sufficient detail, documentation that allows for verification of proper reporting for communication disbursements totaling \$712,662.

E. Committee Response to the Draft Final Audit Report

RPOMF provided no formal response to the Draft Final Audit Report.

Commission Conclusion

On December 2, 2021, the Commission considered the Audit Division Recommendation Memorandum in which the Audit staff recommended that the Commission find that RPOMF failed to maintain records in sufficient detail to verify the proper reporting for communication disbursements totaling \$712,662. The Commission did not approve, by the required four votes, the Audit staff's recommendation.

On December 14, 2021, the Commission again considered the Audit Division Recommendation Memorandum in which the Audit staff recommended that the Commission find that RPOMF failed to maintain records in sufficient detail to verify the proper reporting for communication disbursements totaling \$712,662.

The Commission approved the Audit staff's recommendation.

Finding 3. Disclosure of Transfers and Allocation Ratios

Summary

During audit fieldwork, the Audit staff identified two transfers to affiliated/other party committees totaling \$64,303 reported on Schedule H4 (Disbursements for Allocated Federal/Non-Federal Activity). Party committee transfers do not qualify as allocable activity for disclosure on Schedule H4 but should instead be disclosed on Schedule B (Itemized Disbursements), Line 22 (Transfers to Affiliated/Other Party Committees). In addition, the Audit staff identified two fundraisers that were not reported on Schedule H2 (Allocation Ratios), and RPOMF incorrectly applied the allocation ratio for Administrative expenses on Schedule H4 for 30 disbursements related to these fundraisers totaling \$73,129. In response to the Interim Audit Report recommendation, RPOMF filed Forms 99 (Miscellaneous Electronic Submission) correcting the public record regarding the party committee transfers and the two fundraisers. RPOMF provided no formal response to the Draft Final Audit Report.

The Commission approved a finding that RPOMF failed to correctly disclose transfers to affiliated/other party committees totaling \$64,303. In addition, the Commission approved a finding that RPOMF failed to report allocation ratios on Schedule H2 (Allocation Ratios) for associated fundraising expenses and as a result, applied the incorrect allocation ratio for disbursements totaling \$73,129.

Legal Standard

- A. Transfers.** All disbursements, contributions, expenditures, and transfers by the committee in connection with any Federal election shall be made from its Federal account. 11 CFR §102.5(a)(1)(i).
- B. Allocation Ratio for Shared Fundraising Expenses.** If a committee raises both federal and non-federal funds through the same fundraising program or event, it must

allocate the direct cost of the fundraising event based upon the ratio of funds received by the federal account to the total amount raised for the event. 11 CFR §106.7(d)(4).

C. Reporting of Allocation of Direct Cost for Shared Fundraising. In each report disclosing a disbursement for the direct costs of a fundraising program, the committee shall:

- Assign a unique identifying title or code to each such program or activity,
- State the allocation ratio calculated for the program or activity according to 11 CFR 106.6(d), and
- Explain the manner in which the ratio was derived.
- The committee shall also summarize the total amounts spent by the Federal and non-Federal accounts that year, to date, for each such program or activity. 11 CFR §104.10(b)(2).

D. Reporting of Allocations of Shared Expenses. When disclosing an allocable disbursement, a State, district, or local committee shall

- State and explain the allocation percentages to be applied to each category of allocable activity;
- State the category of activity for which each allocated disbursement was made in each subsequent report in the calendar year itemizing an allocated disbursement; and
- Summarize the total amounts expended from Federal and Non-Federal accounts, or from allocation accounts, that year to date for each such category. 11 CFR §104.17(b)(1)(i) and (ii).

Facts and Analysis

A. Disclosure of Transfers

1. Facts

During audit fieldwork, the Audit staff reviewed transfers to affiliated/other party committees and identified two transfers totaling \$64,303 reported on Schedule H4. One transfer totaling \$16,072 was to the Republican National Committee, and the second transfer totaling \$48,231 was to the Missouri Republican State Committee-Federal. Transfers to affiliated/other party committees do not qualify as allocable activity for disclosure on Schedule H4 but should instead be disclosed on Schedule B, Line 22. Based on a review of all allocable activity and amounts transferred from the non-federal account, it was determined that RPOMF did not make an overpayment from the non-federal account for its share of allocable expenses.

2. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter with RPOMF representatives during the exit conference and provided a schedule of the incorrectly disclosed transfers. In response to the exit conference, RPOMF representatives acknowledged that the two transfers referenced did not qualify as allocable activity, were disclosed incorrectly on the wrong schedule, and provided a draft Form 99 (Miscellaneous Electronic

Submission). As of the date of the Interim Audit Report, RPOMF had not formally filed a Form 99 with the Commission.

The Interim Audit Report recommended that RPOMF amend its disclosure reports or file a Form 99 (Miscellaneous Electronic Submission)⁵ to correctly disclose the transfers to affiliated/other party committees on Schedule B, Line 22.

3. Committee Response to Interim Audit Report

In response to the Interim Audit Report recommendation, RPOMF filed a Form 99 acknowledging the party committee transfers should not have been reported on Schedule H4 and instead should have been disclosed on Schedule B, Line 22. The Audit staff acknowledges RPOMF complied with the Interim Audit Report recommendation by filing a Form 99 disclosing all the necessary information.

4. Draft Final Audit Report

The Draft Final Audit Report acknowledged that RPOMF corrected the public record.

5. Committee Response to the Draft Final Audit Report

RPOMF provided no formal response to the Draft Final Audit Report.

Commission Conclusion

On December 2, 2021, the Commission considered the Audit Division Recommendation Memorandum in which the Audit staff recommended that the Commission find that RPOMF failed to correctly disclose transfers to affiliated/other party committees totaling \$64,303. The Commission did not approve, by the required four votes, the Audit staff's recommendation.

On December 14, 2021, the Commission again considered the Audit Division Recommendation Memorandum in which the Audit staff recommended that the Commission find that RPOMF failed to correctly disclose transfers to affiliated/other party committees totaling \$64,303.

The Commission approved the Audit staff's recommendation.

B. Disclosure of Allocation Ratios

1. Facts

The Audit staff reviewed allocable disbursements and identified two fundraising events that raised funds for RPOMF's federal and non-federal accounts. These fundraising events were not reported on Schedule H2 and had associated expenses disclosed on Schedule H4.

⁵ RPOMF was advised by the Audit staff that if it chose to file a Form 99, instead of amending its disclosure reports, the form must contain all pertinent information that is required on each schedule.

The Audit staff applied the “funds received”⁶ method to determine the allocation ratio for the direct costs of each fundraiser. Based on the funds received method, RPOMF applied the incorrect allocation ratio for 30 disbursements totaling \$73,129. For these disbursements, RPOMF applied the Administrative allocation ratio instead of the correct fundraising event ratio.

Based on a review of all allocable activity and amounts transferred from the non-federal account, it was determined that RPOMF did not make an overpayment from the non-federal account for its share of allocable expenses. However, RPOMF should amend its reports to correct the disclosure of these allocation ratios.

2. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter with RPOMF representatives during the exit conference and provided a schedule of the fundraiser allocation ratios not reported on Schedule H2 and the fundraising related disbursements incorrectly allocated on Schedule H4. In response to the exit conference, RPOMF representatives acknowledged that the two fundraisers should have been disclosed on Schedule H2 using the funds raised method of allocation. RPOMF provided a draft Form 99 and a draft Schedule H2 for the Audit staff’s review. In addition, RPOMF representatives acknowledged that the fundraising expenses were incorrectly reported on Schedule H4 by using the Administration allocation ratio instead of the fundraising allocation ratio. RPOMF provided draft Forms 99. As of the date of the Interim Audit Report, RPOMF had not formally filed the Forms 99 with the Commission.

The Interim Audit Report recommended that RPOMF amend its disclosure reports or file a Form 99 (Miscellaneous Electronic Submission)⁷ to correctly disclose the fundraising events on Schedule H2 and correctly disclose the allocable fundraising expenses on Schedule H4.

3. Committee Response to Interim Audit Report

In response to the Interim Audit Report recommendation, RPOMF filed a Form 99 acknowledging disclosures for fundraising costs were incorrectly allocated as administrative expenses on Schedule H4. The Form 99 narrative included the proper allocation ratios for costs resulting from fundraisers in 2017 and 2018. RPOMF also filed an amended Schedule H2 disclosing the two fundraising events. The Audit staff acknowledges RPOMF complied with the Interim Audit Report recommendation by filing a Form 99 disclosing all the necessary information.

4. Draft Final Audit Report

The Draft Final Audit Report acknowledged that RPOMF corrected the public record.

⁶ The “funds received” method is used to allocate the cost of fundraising expenses by calculating the ratio of federal funds received to total receipts for the program or event.

⁷ See *supra* footnote 5.

5. Committee Response to the Draft Final Audit Report

RPOMF provided no formal response to the Draft Final Audit Report.

Commission Conclusion

On December 2, 2021, the Commission considered the Audit Division Recommendation Memorandum in which the Audit staff recommended that the Commission find that RPOMF failed to report allocation ratios on Schedule H2 (Allocation Ratios) for associated fundraising expenses and as a result, applied the incorrect allocation ratio for disbursements totaling \$73,129. The Commission did not approve, by the required four votes, the Audit staff's recommendation.

On December 14, 2021, the Commission again considered the Audit Division Recommendation Memorandum in which the Audit staff recommended that the Commission find that RPOMF failed to report allocation ratios on Schedule H2 (Allocation Ratios) for associated fundraising expenses and as a result, applied the incorrect allocation ratio for disbursements totaling \$73,129.

The Commission approved the Audit staff's recommendation.

Finding 4. Disclosure of Loans and Loan Repayments

Summary

During audit fieldwork, the Audit staff determined that RPOMF failed to properly disclose 50 transactions totaling \$525,742. RPOMF did not properly disclose the correct purpose for interest payments and loan repayments on Schedule B (Itemized Disbursements), Line 21(b) (Federal Operating Expenditures) and Schedule B, Line 26 (Loan Repayments). RPOMF also disclosed the incorrect loan terms on Schedule C-1 (Loans and Line of Credit from Lending Institutions) and Schedule C (Loans). In response to the Interim Audit Report recommendation, RPOMF filed Forms 99 (Miscellaneous Electronic Submission) for each affected report. The Forms 99 correctly disclosed the loan terms that appear on Schedule C-1, the cumulative payment and the outstanding amount at the close of the period on Schedule C. However, none of the Forms 99 addressed the incorrect purposes disclosed for loan repayments and loan interest payments on Schedule B, Line 26 and Line 21(b), respectively. In addition, RPOMF provided no formal response to the Draft Final Audit Report. As such, the Audit staff concludes RPOMF did not materially correct the public record.

The Commission approved a finding that RPOMF failed to properly disclose the purpose and the terms of loans totaling \$525,742 on Schedule B, Line 21(b) (Federal Operating Expenditures), Schedule B, Line 26 (Loan Repayments), Schedule C-1 (Loans and Line of Credit from Lending Institutions) and Schedule C (Loans).

Legal Standard

- A. Continuous Reporting Required.** A political committee must disclose the amount and nature of outstanding debts and obligations until those debts are extinguished. 52 U.S.C. §30104(b).
- B. Itemizing Loans.** Each person who makes a loan to the political committee during the reporting period must be disclosed with the following information:
- Identification of any endorser or guarantor of the loan;
 - The date the loan was made;
 - The amount of the loan. 11 CFR §104.3(a)(4)(iv).
- C. Disclosure of Expenditures.** A political committee must disclose each person to whom an expenditure in an aggregate amount or value in excess of \$200 within the calendar year is made by the reporting committee to meet the committee's operating expenses, together with the date, amount, and purpose of such operating expenditure. Purpose means a brief statement or description of why the disbursement was made. 11 CFR §104.3(b)(3).
- D. Reporting Bank Loans, Home Equity Loans and Other Lines of Credit.** A political committee must disclose in the report covering the period when the loan was obtained on Schedules C-1:
- The date, amount, and interest rate of the loan;
 - The name and address of the lending institution; and
 - The types and value of the collateral or other sources of repayment that secure the loan, if any. 11 CFR §104.3(d)(4).

Facts and Analysis

A. Facts

During audit fieldwork, the Audit staff reviewed two bank loans (\$693,040) and one line of credit (\$100,000) to RPOMF totaling \$793,040. One of the loans and the line of credit originated prior to the audit period but still carried outstanding balances as of the January 1, 2017, the beginning of the audit period. Based on the review of loans and draws on the line of credit, the Audit staff determined that RPOMF disclosed incorrect purposes for loan repayments and interest payments on Schedule B, Lines 26 and 21(b), respectively, and/or incorrect or incomplete disclosure information on Schedules C-1 and C when compared to the loan agreements. These errors consisted of 50 transactions totaling \$525,742.

These errors consisted of disclosing incorrect information including: terms for due dates, incorrect incurred dates, incorrect interest rate, marking the loans as unsecured despite the bank agreements indicating the loans were secured with collateral, incorrect purpose for interest payments and incorrect purpose for bank loan repayments. The loans and line of credit documentation provided by RPOMF did not support the information that was reported on the disclosure reports.

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter with RPOMF representatives during the exit conference and provided a schedule of the loan interest repayments and loan repayments disclosed incorrectly.

In response to the exit conference, RPOMF representatives acknowledged the disclosure errors and stated:

“Regarding the incorrect reporting of RP[O]M[F] bank note (loan) details in terms of: maturity date of notes, interest rates, collateral, note date, the RP[O]M[F] as noted in correspondence to the FEC and in various memoranda to the RP[O]M[F]’s FEC analyst, the RP[O]M[F]’s FEC reporting software⁸ had a significant, and at the time, unsolved issue in this area. While we knew on each monthly filing as indicated to the FEC auditors that certain loan disclosures were not accurate and in spite of attempting to obtain corrected fields from our FEC filing software⁹ package, we were not successful from approximately May of 2017 through November of 2018. It should be noted that all loan dollar activity in terms of loan advances, loan payments, interest expense paid, and end of the reporting period loan balances were accurate in our filed FEC reports. The correct interest rate, incur date, due date and secured checked box are noted as well as a digital Schedule C-1 with the bank address and authorized bank representative’s name and electronic signature in our response in the attachment labeled “Finding 6 response”. The RP[O]M[F] will work closely with our FEC analyst to properly amend the affected FEC reports with respect to these loan terms, although we hope that the attached response in the excel file and the attached Schedule C-1 will satisfy our obligation. We are not confident our software will be able to properly produce amended reports from 2017-2018 without further errors. The loan information has already corrected and the interest rate, incur date, due date and the secured box checked is correct as filed.”

RPOMF provided draft Forms 99 and a draft Schedule C-1. As of the date of the Interim Audit Report, RPOMF had not formally filed the Forms 99 or amended the disclosure reports inclusive of the corrected Schedule C-1.

The Interim Audit Report recommended that RPOMF provide documentation demonstrating that the identified loan interest payments and loan repayments were correctly disclosed. Absent such documentation, the Interim Audit Report recommended that RPOMF amend its reports or file a Form 99 (Miscellaneous Electronic Submission)¹⁰ to disclose the correct information on Schedule B, Schedule C, and Schedule C-1.

C. Committee Response to Interim Audit Report

In response to the Interim Audit Report recommendation, RPOMF reiterated its statement provided in response to the exit conference and filed Forms 99. The Forms 99 correctly disclosed the loan terms that appear on Schedule C and Schedule C-1, the cumulative

⁸ RPOMF purchased and used third-party software to prepare and file its disclosure reports.

⁹ See *supra* footnote 8.

¹⁰ See *supra* footnote 5.

payment and the outstanding amount at the close of the period that corrected the public record for both Schedule C and Schedule C1. However, none of the Forms 99 addressed the incorrect purposes disclosed for loan repayments and loan interest payments on Schedule B, Line 26 and Line 21(b), respectively. RPOMF also filed a Form 99 for Schedule C-1 disclosing all pertinent information that appears on Schedule C-1. The Audit staff concludes RPOMF did not materially correct the public record because the Forms 99 filed do not contain all pertinent information on each Schedule B required to correct the purpose for interest payments and loan repayments.

D. Draft Final Audit Report

The Draft Final Audit Report acknowledged that RPOMF correctly disclosed the loan terms that appear on Schedule C and Schedule C-1, the cumulative payment and the outstanding amount at the close of the period that corrected the public record for both Schedule C and Schedule C1. However, RPOMF did not materially correct the public record because the Forms 99 filed do not contain all pertinent information on each Schedule B required to correct the purpose for interest payments and loan repayments.

E. Committee Response to the Draft Final Audit Report

RPOMF provided no formal response to the Draft Final Audit Report.

Commission Conclusion

On December 2, 2021, the Commission considered the Audit Division Recommendation Memorandum in which the Audit staff recommended that the Commission find that RPOMF failed to properly disclose the purpose and the terms of loans totaling \$525,742 on Schedule B, Line 21(b) (Federal Operating Expenditures), Schedule B, Line 26 (Loan Repayments), Schedule C-1 (Loans and Line of Credit from Lending Institutions) and Schedule C (Loans). The Commission did not approve, by the required four votes, the Audit staff's recommendation.

On December 14, 2021, the Commission again considered the Audit Division Recommendation Memorandum in which the Audit staff recommended that the Commission find that RPOMF failed to properly disclose the purpose and the terms of loans totaling \$525,742 on Schedule B, Line 21(b) (Federal Operating Expenditures), Schedule B, Line 26 (Loan Repayments), Schedule C-1 (Loans and Line of Credit from Lending Institutions) and Schedule C (Loans).

The Commission approved the Audit staff's recommendation.