



Interim Audit Report of the Audit Division on the Grassroots Victory PAC

(January 1, 2017 - December 31, 2018)

Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.¹ The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

Future Action

The Commission may initiate an enforcement action, at a later time, with respect to any of the matters discussed in this report.

About the Committee (p. 2)

The Grassroots Victory PAC is a non-qualified, non-connected political action committee headquartered in Washington, DC. For more information, see the chart on the Committee Organization p. 2.

Financial Activity (p. 2)

• Receipts	
○ Contributions from Individuals	\$ 612,987
○ Contributions from Other Political Committees	5,000
○ Offsets to Operating Expenditures	26
Total Receipts	\$ 618,013
• Disbursements	
○ Operating Expenditures	\$ 36,852
○ Contributions to Federal Committees	110,000
○ Independent Expenditures	8,974
○ Contribution Refunds	8,129
○ Other Disbursements	334,999
Total Disbursements	\$ 498,954

Finding and Recommendation (p. 3)

- Misstatement of Financial Activity – Increased Activity

¹ 52 U.S.C. §30111(b).



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Part I

Background

Authority for Audit

This report is based on an audit of the Grassroots Victory PAC (GVP), undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 52 U.S.C. §30111(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 52 U.S.C. §30104. Prior to conducting any audit under this subsection, the Commission must 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. 52 U.S.C. §30111(b).

Scope of Audit

Following Commission-approved procedures, the Audit staff evaluated various risk factors and as a result, this audit examined:

1. the disclosure of individual contributors' occupation and name of employer;
2. the consistency between reported figures and bank records;
3. the completeness of records; and
4. other committee operations necessary to the review.

Part II

Overview of Committee

Committee Organization

Important Dates	
• Date of Registration	February 8, 2016
• Audit Coverage	January 1, 2017 - December 31, 2018
Headquarters	Washington, DC
Bank Information	
• Bank Depositories	One
• Bank Accounts	One checking account
Treasurer	
• Treasurer When Audit Was Conducted	Eleanor Collinson
• Treasurer During Period Covered by Audit	Eleanor Collinson (5/17/18-Present), Shelbi Warner (2/8/16-5/16/18)
Management Information	
• Attended FEC Campaign Finance Seminar	Yes
• Who Handled Accounting and Recordkeeping Tasks	Paid Staff

Overview of Financial Activity (Audited Amounts)

Cash on hand @ January 1, 2017	\$ 28,409
Receipts	
○ Contributions from Individuals	612,987
○ Contributions from Other Political Committees	5,000
○ Offsets to Operating Expenditures	26
Total Receipts	\$ 618,013
Disbursements	
○ Operating Expenditures	36,852
○ Contributions to Federal Committees	110,000
○ Independent Expenditures	8,974
○ Contribution Refunds	8,129
○ Other Disbursements	334,999
Total Disbursements	\$ 498,954
Cash on hand @ December 31, 2018	\$ 147,468

Part III

Summary

Finding and Recommendation

Misstatement of Financial Activity – Increased Activity

A comparison of GVP's bank activity with its original reports filed with the Commission revealed that disbursements were understated by \$106,674 for calendar years 2017 and 2018. The Audit staff recommends that GVP provide any additional comments it deems necessary with respect to this matter. (For more detail, see p. 4.)

Part IV

Finding and Recommendation

Misstatement of Financial Activity – Increased Activity

Summary

A comparison of GVP's bank activity with its original reports filed with the Commission revealed that disbursements were understated by \$106,674 for calendar years 2017 and 2018. The Audit staff recommends that GVP provide any additional comments it deems necessary with respect to this matter.

Legal Standard

Contents of Reports. Each report must disclose:

- The amount of cash on hand at the beginning and end of the reporting period;
- The total amount of receipts for the reporting period and for the calendar year;
- The total amount of disbursements for the reporting period and for the calendar year; and
- Certain transactions that require itemization on Schedule A (Itemized Receipts) or Schedule B (Itemized Disbursements). 52 U.S.C. §30104 (b)(1),(2),(3),(4) and (5).

Facts and Analysis

A. Facts

During audit fieldwork, in addition to examining GVP's most recent reports filed prior to the audit notification, the Audit staff compared GVP's originally filed reports with its bank records. The purpose of this additional reconciliation was to identify the degree to which GVP had misstated its original filings.

The Audit staff calculated that GVP understated its disbursements by \$106,674 on the original reports filed over the two-year period ending December 31, 2018. Most of the understatement (\$98,342) was due to GVP not reporting any disbursements from May 2017 through November 2017. GVP subsequently amended its reports to disclose the disbursements that took place during this time.

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter with GVP representatives during the exit conference and provided the relevant schedule. In response to the exit conference, GVP stated that the finding confirms that it had unreported disbursements for calendar years 2017 and 2018. GVP further stated that it made proactive efforts, prior to Commission action, to correct the public record by amending its reports in August 2018 to disclose the unreported disbursements. GVP also stated that it is unclear why the Audit staff compared its bank activity to its original reports given that GVP amended its reports in August 2018. As noted above, the Audit staff compared GVP's original reports to its

bank records to identify the degree to which GVP misstated the activity disclosed on its original filings. GVP underreported its disbursements by \$106,674 between the time the original reports were filed on or near their respective due dates and when the amendments were filed in August 2018.

The Audit staff recommends that, within 30 calendar days of service of this report, GVP provide any additional comments it deems necessary with respect to this matter.