

PAC and Political Operations: Financial and Process—Audit Now, Breathe Easier Later

November 2016

Now that the two-year election cycle is over (not to mention the four-year Presidential cycle), PACs and political operations should begin preparing for an audit once their year-end reports are filed on January 31, 2017. We recommend that all PACs have a financial audit every two years—either by internal auditors, by their regular outside auditors, or by specialized outside auditors who will audit against the PACs' federal and state filings.

Corporations and trade associations also should consider a process audit or review in order to ensure that their procedures are in compliance with the Federal Election Commission's and any applicable state's rules, and to ensure that they are benchmarked against industry standards. Documents that are part of such reviews are the bylaws, the PAC handbooks, and PAC operating procedures. Among other processes, these reviews should cover how the PAC solicits contributions, how the PAC handles and reports the contributions that it receives, and how the PAC makes disbursements. Compliance with IRS rules also comes into play, as does compliance with pay-to-play rules applicable to current and prospective government contractors.

Many organizations also use this opportunity to audit the financials and processes related to corporate political expenditures—such as corporate contributions in the states. Other organizations also expand the reviews to focus in on their procedures related to lobbying at the federal, state, and local levels, and political activity such as communications with employees about candidates and visits by officeholders and candidates to business sites.

Authors

D. Mark Renaud
Partner
202.719.7405
mrenaud@wiley.law
Andrew G. Woodson
Partner
202.719.4638
awoodson@wiley.law

Practice Areas

Election Law & Government Ethics

Whatever the scope of your review, Wiley Rein can help you get the audit and reviews finished and help you breathe easier going forward. We have decades of experience making sure that corporations, trade associations, and political organizations run their political and lobbying operations in a clear, transparent, and compliant manner.

For more information, please contact one of the authors listed.