NORTH CAROLINA
STATE BOARD OF ELECTIONS

Compliance Audit Memorandum

Auditor	David Quong
Committee Name	Asheville Tea PAC
Committee Status	Active
Date	6/19/19

Scope

Candidate campaign committees, political committees and referendum committees registered with the North Carolina State Board of Elections are audited to determine whether reports filed with the State Board conform to state law and to the truth. N.C.G.S. § 163A-1442.

This memorandum summarizes findings made by auditors. All committees are notified prior to publication of this memorandum of any prohibited transactions or reporting errors identified during the audit. N.C.G.S. § 163A-1441(1).

The scope of any audit is limited to a review of the actual reports filed with the North Carolina State Board of Elections. As part of an audit, an auditor may request to inspect bank statements or other account information maintained by the committee's treasurer in order to determine conformity with state law and the accuracy of the report. N.C.G.S. § 163A-1414(a).

Reports included in audit:

- 2017 Mid-year, Year-end
- 2018 Quarter 1 - 4

Auditors evaluate each report for prohibited transactions, reporting errors and informational items. Issues identified during the audit are noted below.

Prohibited Transactions

Reports were checked for possible prohibited transactions. These are transactions that involve unlawful contributions or expenditures under North Carolina law. The State Board will seek a forfeiture of all prohibited transactions. The State Board may also pursue civil penalties pursuant to N.C.G.S. § 163A-1451(b).

Issue	Statutory Citation
Business Contributions	G.S. 163A-1430(a)
Transactions Identified	None
Required Action	Research each transaction to determine if the contributor was reported correctly. If the committee accepted a contribution made by a corporation, business entity, labor union, professional association or insurance company prohibited by G.S. 163A-1430(a), the State Board will seek a forfeiture of the contribution. If the incorrect name is recorded, the committee must provide documentation that supports a change to the contributor name, such as a copy of a check.
Resolution	

SC 6/20/19

Issue		Statutory Citation
Cash contributions over $50.00		G.S. 163A-1428(b)
Transactions Identified	Yes • $100 cash contribution – should have been reported as coming from husband and wife 50/50 (William & Marilyn Brown). Documentation verified. • $500 cash contribution from Susan Googe reported as cash and should be check. Documentation verified.	
Required Action	Research each transaction to determine if the contribution was made in cash. If a cash contribution in excess of $50.00 was made, the State Board will seek a forfeiture in the amount in excess of $50.00. If an incorrect form of payment was recorded on the report, documentation must be provided to support a change, such as a copy of a check, a recording of an electronic funds transfer, etc.	
Resolution	Reports corrected	

Issue		Statutory Citation
Aggregate Contributions over $50.00		G.S. 163A-1422(a)(1)
Transactions Identified	None	
Required Action	Aggregate contributions appear to have been recorded in lump sum amounts. If these contributions are appropriate to report in aggregate, they must each be listed separately on the Aggregate Contributions form. If these contributions are from a single contributor, or multiple contributors in excess of $50.00 each, they must be reported on the Contributions from Individuals form. All documentation supporting either of the above changes must be provided.	
Resolution		

Issue		Statutory Citation
Anonymous Contributions		G.S. 163A-1428(a)
Transactions Identified	None	
Required Action	Reported contributions give the appearance of being from an anonymous contributor, either by direct, reported language or by the absence of a contributor name. Research each transaction to determine if the contributor was reported correctly. All anonymous contributions must be forfeited pursuant to G.S. 163A-1428(a). If the contribution was not anonymous, documentation must be provided that discloses the contributor name and address, such as a copy of a check, a recording of an electronic funds transfer, etc.	
Resolution		

Issue		Statutory Citation
Contributions Over the Maximum Limit		G.S. 163A-1425(c)
Transactions Identified	None	
Required Action	Reported contributions appear to cause the contributor's sum to date for an election cycle to exceed the maximum contribution limit. If the contribution limit was exceeded, the State Board will seek a forfeiture of the amount contributed over the limit. If limits have not been exceeded, documentation related to the receipt of these contributions must be provided.	
Resolution		

Issue	Statutory Citation
Contributions from Non-Registered Committees	G.S. 163A-1411(74), G.S. 163A-1413, G.S. 163A-1430(a)
Transactions Identified	None
Required Action	Research each transaction to determine if the correct name was reported. If contributions were received from a political committee that is not registered with a Board of Elections, the State Board will seek a forfeiture in the amount of the contribution. If the incorrect name is recorded, documentation supporting a change to the transaction name must be provided.
Resolution	

Issue	Statutory Citation
Cash Expenses over $50.00	G.S. 163A-1414(d)
Transactions Identified	None
Required Action	Research each transaction to determine if the correct form of payment was reported. If a cash expenditure in excess of $50.00 was made, the State Board will seek a forfeiture in the amount in excess of $50.00. If not made in cash, documentation supporting a change to the form of payment must be provided, such as a copy of a check, a recording of an electronic funds transfer, etc.
Resolution	

Issue	Statutory Citation
Media Expense in Cash	G.S. 163A-1414(c)
Transactions Identified	None
Required Action	Research each transaction to determine if the correct form of payment was reported. If the expense was paid in cash, the State Board will seek a forfeiture equal to the amount of the expense. If expense was paid by an alternate form of payment, documentation supporting a change to the form of payment must be provided, such as a copy of a check, a recording of an electronic funds transfer, etc.
Resolution	

Issue	Statutory Citation
Contributions from Lobbyists	G.S. 163A-1427(a)
Transactions Identified	Not applicable
Required Action	Research each transaction to determine if the contributor was reported correctly. If the committee accepted a contribution from a registered lobbyist, the State Board will seek a forfeiture of the contribution. If the incorrect name is recorded, provide any documentation that proves the contribution was not from a registered lobbyist.
Resolution	

Issue		Statutory Citation
Contributions from PAC's with a registered lobbyist, made during Legislative Session (NC Senate, NC House, Council of State only)		G.S. 163A-1426(c)
Transactions Identified	None	
Required Action	Research each transaction to determine the actual receipt date. If the committee accepted a contribution from a limited contributor during regular session, the State Board will seek a forfeiture of the contribution. If the incorrect date is recorded, any change to dates must be supported by documentation. A copy of each check must be provided.	
Resolution		

Reporting Errors

Reports were checked for the following reporting errors. Dependent on the extent of the error, the committee may be required to file amended reports.

Issue		Statutory Citation
Mathematical Errors		G.S. 163A-1422(a)
Transactions Identified	None	
Required Action	This issue covers any error with totals, and beginning or ending balances. All noted transactions must be investigated, and reports amended when appropriate. Balances must track from one report to the next, with the end balance of one report carrying forward to be the beginning balance of the next report.	
Resolution		

Issue		Statutory Citation
Transaction Omissions		G.S. 163A-1422(a)
Transactions Identified	None	
Required Action	The noted transactions appear to have been omitted from report(s). Investigate committee records to determine if these transactions occurred.	
Resolution		

Issue		Statutory Citation
Expense Purposes are not Complete		G.S. 163A-1422(a)(2)
Transactions Identified	None	
Required Action	Expense purposes do not include enough information to determine how Committee funds were used. Additional information must be provided.	
Resolution		

Issue		Statutory Citation
Expense Purposes are not Justified (candidates only)		G.S. 163A-1422(a)(2)
Transactions Identified	Not applicable	
Required Action	The noted expenditures must be justified under statute. The justification must include the purpose of the expense, how the purpose complies with G.S. 163A-1433, and must be signed by the candidate under oath.	
Resolution		

Issue		Statutory Citation
48 Hour Notices were not filed		G.S. 163A-1418(a)(2), G.S. 163A-1419(a)(3) (*if auditing referendum committees*)
Transactions Identified	None	
Required Action	The noted transaction(s) was recorded as received during a 48 Hour Notice period, but was not reported on a 48 Hour Notice.	
Resolution		

Issue		Statutory Citation
Information on 48 Hour Notice was not included on subsequent report		G.S. 163A-1418(a)(2), G.S. 163A-1419(a)(3) (*if auditing referendum committees*)
Transactions Identified	None	
Required Action	The noted transaction(s) was reported on a 48 Hour Notice, but was not included on subsequent reports. Reports must be amended to include all transactions reported in a 48 Hour Notice period.	
Resolution		

Issue		Statutory Citation
Joint Contributions		G.S. 163A-1428(a)
Transactions Identified	None	
Required Action	Contributions received from a joint account must be attributed to one individual. If the contribution is to be split, each individual must be listed separately with their own address and occupation information and the amount of their portion of the contribution. The contribution should be attributed to the person who signed the check, unless the treasurer has specific authorization from both persons whose names appear on the check to split the contribution.	
Resolution		

Issue		Statutory Citation
Occupation Information for Contributor Missing		G.S. 163A-1422(d)
Transactions Identified	None	
Required Action	Best efforts must be made to secure occupation information for all individual contributions recorded on a report by name and address. Note: For retired persons, the name of the business or business field that the individual retired from should be provided.	
Resolution	Best efforts were made to collect occupational information.	

Issue		Statutory Citation
Addresses Missing		G.S. 163A-1422(d)
Transactions Identified	None	
Required Action	Best efforts must be made to secure addresses for all contributions and expenditures.	
Resolution		

Issue		Statutory Citation
Dates Missing		G.S. 163A-1422(a)
Transactions Identified	None	
Required Action	The date a contribution was received must be recorded. Dates of checks, or deposit dates must not be used. The date an expense was incurred must be recorded.	
Resolution		

Issue		Statutory Citation
Forgiven Loan Statement Missing		N.C.G.S. § 163A-1422(a)
Transactions Identified	None	
Required Action	All forgiven loans must be accompanied by a Forgiven Loan Statement (CRO-6200) that is signed by the person making the original Loan.	
Resolution		

Issue		Statutory Citation
Refunds are Missing the Original Date and/or Amount		N.C.G.S. § 163A-1422(a)
Transactions Identified	None	
Required Action	All refunds must include information about the original transactions, so that auditors can determine that no overpayment was made, and that the refund was appropriate.	
Resolution		

Informational Items

The following issues may appear on reports, but are deemed minor and do not require reports to be amended. The committee officer was advised of these items, so that errors do not occur on future reports.

Issue		Statutory Citation
Election Cycle Totals are Incorrect or Missing		G.S. 163A-1422(a)
Transactions Identified	None	
Required Action	The Election Cycle column on the Detailed Summary shows an accumulation of totals from report to report, through the entire Election Cycle. Totals were either incorrect, or were not carried forward.	
Resolution		

Issue	Statutory Citation
Sum to Date Totals Incorrect or Missing	G.S. 163A-1422(a)
Transactions Identified	None
Required Action	The sum to date should accumulate per entity through a primary or general election period.
Resolution	

Issue	Statutory Citation
Loan Proceeds Statement Missing	G.S. 163A-1422(a)(3)
Transactions Identified	None
Required Action	Each Loan Proceed must be accompanied by a signed Loan Proceeds statement (CRO-6100). This is only required to be filed once, with the report on which the Loan Proceed is recorded.
Resolution	

Issue	Statutory Citation
Bank Account Code Missing	G.S. 163A-1422(a)
Transactions Identified	None
Required Action	Each transaction listed on a report must include the code for the bank account to which the receipt was deposited or from which the expense was paid.
Resolution	

Issue	Statutory Citation
Page Totals Missing	G.S. 163A-1422(a)
Transactions Identified	None
Required Action	A correct page total helps to determine if overall totals and balances are correct, and helps to identify issues with totals and balances.
Resolution	

Issue	Statutory Citation
Expense Purpose Code Missing	G.S. 163A-1422(a)(2)
Transactions Identified	None
Required Action	The expense purpose code helps to determine into which category an expense should be reported. If no code is present, the required remarks field must include enough description to be able to determine what was purchased.
Resolution	

Issue	Statutory Citation
Transactions on the Wrong Forms	G.S. 163A-1422(a)
Transactions Identified	None
Required Action	Noted transactions were recorded incorrectly on reports. The forms page on the State Board of Elections website includes instructions for completing each form. This will help to determine which forms are needed.
Resolution	

Issue		Statutory Citation
In-Kind Contribution Entry is Missing One Side of the Transaction		G.S. 163A-1422(a)(2)
Transactions Identified	None	
Required Action	In-Kind contributions must be reported as both receipts and expenses, so that the ending cash balance is not affected.	
Resolution		

Issue		Statutory Citation
Outstanding Loans are Missing		G.S. 163A-1422(a)(2)
Transactions Identified	None	
Required Action	All outstanding loans must be recorded on each report filed, until the loan is either repaid or forgiven.	
Resolution		

Contacts made with Committee:

6/10/19 made phone call & sent email
6/10/19 received email
6/11/19 sent email
6/11/19 received phone call
6/11/19 received email
6/11/19 sent email
6/18/19 received email
6/19/19 sent email
6/19/19 sent email

Audit Conclusion

No outstanding issues to report.

Additional Review

The North Carolina State Board of Elections may re-open any audit or conduct additional audits of any committee in response to any complaint or other information made available to the State Board of Elections. N.C.G.S. § 163A-1440(7).