

RECORDKEEPING

A recordkeeping system must ensure the accuracy and reliability of all information in connection with lobbying activities. Records must be maintained in accordance with accepted accounting principles.

The following recordkeeping guidelines conform with FPPC regulations. The guidelines address the most common transactions and will assist in keeping adequate records of payments received and payments made for lobbying activities. An electronic or paper recordkeeping system may be used as long as hard copies can be provided.

Lobbyists, lobbying firms, and lobbyist employers/lobbying coalitions are required to keep financial records and substantiating documents for a period of five years from the date of the filer's final report for the calendar year for which activities were reported.

Lobbying firms and lobbyist employers have the same recordkeeping requirements related to payments received for lobbying and non-lobbying activities, activity expenses and campaign contributions.

For information about allocating payments, see Chapter 5.

A. Transaction Records

Sample Recording Journal:

Check No.	Cash	Date	Name and Address of Payee	Description	Total Amount	Percent Lobbying	Amount
Other Payments:							
150		20XX 1/24	Mid-Town Rentals 200 C Street Sacramento, CA	Office Space	\$6,000	50%	\$3,000
180		2/8	Rental Cars Express 100 Broadway Sacramento, CA	Lobbyist Travel to S.F.	186	100%	186
Activity Expenses:							
	X	1/19	Sam's Sandwiches 900 Capitol Avenue Sacramento, CA	Lunch Sen. King \$9.98 Dan D. Jordan \$14.32	24.30	100%	24.30
210		3/23	Bank of Tree City Visa Mom's Café 9 Front Street Sacramento, CA	Lunch Trevor Green Consultant to Assemblymember Amelia Tiburon \$9.56 Emmelyn Silva \$12.96	22.52	100%	22.52
Campaign Contributions:							
340		3/6	Kamille Cline for Senate 103 Malton Blvd. Shasta, CA	Campaign Contribution ID# 952468	250	N/A	250
345		3/10	Snazzy Buttons 703 Broadway Sacramento, CA Committee to Elect Cason Landon for Assembly	Campaign Contribution (Nonmonetary) ID# 958899 Election Buttons	632	N/A	632
Payments to Lobbyists:							
348		3/1	Dan D. Jordan 3600 Sandpiper Drive Sacramento, CA	Salary Reimbursement of Expenses	5,000 800	50% 100%	2,500 800
Payments Received:							
1369		3/5		SR Services, Inc. December Retainer Reimbursement of Expenses	9,000 600	100% 100%	9,000 600

In the event of an audit, provide the cash disbursements records, cash receipt records and supporting documentation so the auditor can verify the accuracy of the reported expenses and receipts. Specific records required are identified in the following pages.

B. Activity Expenses

Maintain a cash disbursements journal or other record that shows all activity expenses incurred, paid, or reimbursed.

Maintain substantiating documentation including restaurant or credit card receipts, invoices, or canceled checks (upon request) for each activity expense.

The substantiating documentation must contain the following information:

- The full name of the payee;
- A description of the goods or services for which the payment was made;
- The date and amount of the payment;
- A breakdown of the total amount showing the amount of benefit each person received;
- The full name and official position of each elected state official, legislative official, state candidate or member of the immediate family of one of those individuals who was a beneficiary. Do not list non-reportable individuals; and
- The total number of all beneficiaries.

Ex 6.1 - Six individuals, including two legislators, attended a dinner party a lobbyist employer hosted. The two legislators' names and position titles and the total number of individuals in attendance must be documented.

If it is not possible to get a receipt or invoice to support an expenditure, you must prepare a written voucher to support the expenditure.

Prepare the voucher in a timely manner and include the information listed above.

C. Campaign Contributions

Maintain records of all monetary (including loans) and nonmonetary contributions of \$25 or more made to a state candidate, an elected state officer, a committee controlled by an elected state officer or state candidate, or a committee primarily formed to support such an officeholder or candidate.

The cash disbursements records must contain the following information:

- The full name of the payee and the full name of the recipient of the contribution if other than the payee;
- The date of the contribution;
- The amount of the contribution;
- In the case of a nonmonetary contribution, a description of the goods or services or other consideration provided; and
- In the case of a contribution personally delivered by a lobbyist on behalf of another person, the name of the contributor.

Maintain substantiating documentation, including canceled checks and other bank records supporting the monetary contributions. Such documentation may also include correspondence and fundraising invitations.

Important Notes:

- Lobbyists may not make contributions to certain state candidates, officeholders, committees controlled by them or committees primarily formed to support or oppose certain state candidates or officeholders.
- Lobbying firms and lobbyist employers/lobbying coalitions that are required to maintain records as campaign committees are not required to keep separate records for lobbying disclosure. The records required for campaign disclosure statements meet the lobbying recordkeeping requirements for the campaign contributions reported on a lobbying disclosure report. This documentation may be requested in an audit.

Ex 6.2 - A lobbyist employer sponsors a general purpose committee ("PAC") and regularly files campaign statements (Form 460). As long as the PAC maintains the required supporting documentation, separate documentation is not required in the lobbying records.

D. Payments Received and Made by Lobbying Firms

Maintain a cash receipts journal or other form of record showing all payments received for lobbying services (e.g., fees, retainers, and reimbursements). The records must contain the following information:

- The date and amount of each payment the lobbying firm received;
- The full name of each person who makes payments to the lobbying firm and if the payment was made on behalf of another client, the full name of both parties;
- The calendar quarter during which the services were rendered.

If a lobbying firm subcontracts with another lobbying firm, including an independent contract lobbyist, for lobbying services, the cash disbursements records must contain the payments made to the subcontractor, including:

- The full name of the client/lobbyist employer;
- The full name of the subcontractor;
- The date and amount of each payment.

Maintain substantiating documentation, including copies of contracts or correspondence, canceled checks, bank statements, and invoices.

E. Payments Made by Lobbyist Employers/Lobbying Coalitions

Record all payments, such as salaries, fees, reimbursements of expenses, advances, or other payments made to an in-house employee lobbyist in the disbursements records. Salary includes gross wages paid plus any fringe benefits that are in lieu of wages but does not include routine fringe benefits such as the employer's contributions to a health plan or retirement plan or payroll taxes. The disbursements records must include:

- The full name of the lobbyist;
- The date of the payment; and
- The amount of the payment.

For each payment made to a lobbying firm (including an independent contract lobbyist) for lobbying services, the disbursements records must show:

- The full name of the lobbying firm that received the payment;
- The date and amount of the payment; and
- The calendar quarter during which the services paid for were rendered.

Maintain substantiating documentation, including canceled checks, receipts or invoices, and bank statements.

F. Other Payments to Influence Legislative or Administrative Action

See Chapter 5 to determine what is included in the definition of “other payments to influence legislative or administrative action.”

For other payments, the disbursements records must include:

- The full name of the payee;
- The date of the payment;
- The amount of the payment; and
- A description of the goods or services or other consideration for which the payment was made.

Following is a list of some of the types of payments that are required to be disclosed under “Other Payments to Influence”:

- Bill service;
- Bill monitoring services;

- Payments made directly to a vendor for the lobbyist's air travel, meals, and automobile expenses;
- Conference fees for a lobbyist;
- Payments to a public relations firm for advice, goods or services in connection with influencing legislative or administrative action;
- Payments to a law firm for drafting or analyzing legislation when the firm does not engage in direct communication on behalf of the lobbyist employer/lobbying coalition;
- Payments for informational brochures, videos, pamphlets and similar materials specifically designed for lobbying purposes; and
- Payments in connection with soliciting or urging persons other than employees to enter into direct communication with a reportable person for the primary purpose of influencing legislative or administrative action.

G. Payments in Connection with Administrative Testimony in Proceedings Before the California Public Utilities Commission

Filers reporting expenses they incur in connection with proceedings before the California Public Utilities Commission must maintain records of compensation paid to attorneys for time spent appearing as counsel in those proceedings and compensation paid to witnesses for time spent testifying at those proceedings.

For each payment, the disbursements records must include:

- The full name of the payee;
- The date and amount of the payment; and
- A description of the payment.

Ex 6.3 - A lobbyist employer sends a special mailing asking the public to call their legislators and request a "yes" vote on Assembly Bill 1010. The mailing also includes non-legislative material. For reporting purposes, any reasonable allocation method made in good faith may be used to determine the amount reported under "Other Payments."

H. Audits

The Franchise Tax Board (FTB) conducts mandatory audits. The FTB performs the audits on a biennial basis and the audits cover reports filed during a period of two years. A public draw is held in February of each odd-numbered year to randomly select 25% of the lobbying firms and 25% of the lobbyist employers. When a lobbying firm or lobbyist employer is selected for audit, the individual lobbyist(s) employed by that organization is also subject to audit. As long as a lobbying firm or employer keep a separate record of all receipts and payments for lobbying activity, no additional records are required for the audit. The FTB and the Commission may also conduct discretionary audits.

Authority

The following Government Code sections and Title 2 regulations provide authority for the information in this chapter:

Government Code Sections

- 82002 Administrative Action.
- 82032 Influencing Legislative or Administrative Action.
- 82037 Legislative Action.
- 82045 Payment to Influence Legislative or Administrative Action.
- 85702 Contributions from Lobbyists.
- 86110 Recordkeeping.
- 90000 Responsibility.
- 90001 Mandatory Audits and Investigations.
- 90002 Audits and Investigations; Time.
- 90003 Discretionary Audits.
- 90008 Preelection Auditing.

Title 2 Regulations

- 18610 Lobbyist Accounting.
- 18611 Lobbyist Reporting.
- 18612 Accounting by Lobbying Firms.
- 18613 Reporting by Lobbying Firms.
- 18614 Payments for Lobbying Services.
- 18615 Accounting by Lobbyist Employers and Persons Spending \$5,000 or More to Influence Legislative or Administrative Action.
- 18616 Reports by Lobbyist Employers and Persons Spending \$5,000 or More to Influence Legislative or Administrative Action.