

## INTRODUCTION

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### **AUDIT AUTHORITY**

Audits of lobbyist registration statements are initiated pursuant to T.C.A. § 3-6-308(a)(7) which requires the Commission to randomly audit no more than four percent of all lobbyists each registration year.

### **AUDIT SCOPE**

As directed by statute, 2017 lobbyist registration statements and applicable amendments were selected for audit on February 13, 2018, under the supervision of the Attorney General's Office. The audit covers lobbying activities for the 2017 calendar year.

### **AUDIT OBJECTIVE**

The objectives of these audits are to determine lobbyist compliance with certain provisions of lobbying disclosure laws and regulations; accuracy and completeness of their 2017 registration statements and applicable amendments; accuracy and completeness of in-state event reporting by lobbyist or employer, as applicable; and to recommend appropriate actions to correct any deficiencies.

### **AUDIT METHODOLOGIES**

#### *REGISTRATIONS*

T.C.A. § 3-6-302(a)(2) requires a lobbyist to electronically register within seven days of becoming a lobbyist and each year thereafter. A lobbyist must register within seven days after entering into an agreement or arrangement with an employer to provide lobbying services whether that agreement or arrangement is formal or informal, or written or unwritten. See Tennessee Ethics Advisory Opinion No. 06-01. The lobbyist registration system created for the Tennessee Ethics Commission requires the Bureau of Ethics and Campaign Finance staff to activate each registration year before a lobbyist can register. Staff activates the system for each registration year in December of the prior year to reduce the volume of registrations at the start of the year. The December availability of the system allows lobbyists with continuing agreements to timely register for the new lobbyist registration year prior to the commencement of the year. Therefore, the audit considers any lobbyist with continuing relationships with an employer, who registers on or before January 8, 2017, as having timely registered.

The audit reviewed lobbyist registration statements, contracts, payroll documents, and statements from lobbyists and employers of lobbyists. The auditor then determined the earliest date that it appeared a lobbying agreement occurred. Any registrations filed within 7 days of the earliest date determined by audit are considered timely filed.

## *COMPENSATION*

T.C.A. § 3-6-304(k) restricts a lobbyist from soliciting or accepting compensation that is contingent upon successfulness of the lobbying activity. The audit reviewed compensation documentation, including contract, payroll records, and statements from lobbyists and employers of lobbyists, to determine that contracts and compensation did not include contingency payments based on lobbying success.

## *FAMILY OR BUSINESS ARRANGEMENTS WITH PUBLIC OFFICIALS*

The lobbyist registration statements require disclosure of business or familial relationships with persons who are officials in the legislative branch or officials in the executive branch. The audit obtained additional statements from each lobbyist to ensure that all arrangements have been disclosed.

## *TRAINING & FEES*

Each lobbyist is required to pay a registration fee for each employer for whom the lobbyist provides lobbying services. In addition, the lobbyist is required to complete a lobbyist training session during the registration year and to pay a related training fee. The audit reviewed the Bureau of Ethics and Campaign Finances lobbyist records to determine that the lobbyist completed the required lobbyist training for the 2017 registration year and paid the associated registration and training fees.