



State of Tennessee
Bureau of Ethics and Campaign Finance

Tennessee Ethics Commission

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GUIDELINES FOR LOBBYISTS ON PREPARING FOR AUDITS

It is the Commission's goal to provide accurate and timely lobbyist registration information to the citizens of the State of Tennessee and its other clients. The Commission's audits and reviews provide a tool to the Commission to evaluate the effectiveness of the lobbyist registration process. In addition, the audit assists the Commission in its enforcement of lobbying laws. Finally, the audits are designed to assist lobbyists and employers of lobbyists in complying with lobbying laws.

The audits are performed under the statutory authority in the Comprehensive Government Ethics Reform Act of 2006, as outlined in T.C.A. § 3-6-308(a)(7). The statute states that it is the duty of the Commission to "audit each year the registration statements, amendments to registration statements and reports of no more than four percent (4%) of all lobbyists."

Audits are conducted by Bureau of Ethics and Campaign Finance audit staff. The auditors will review any audit information that the auditor determines is reasonably needed to validate compliance with the law as defined in T.C.A. § 3-6-301(23), which defines random audit information as:

'Random audit information' means information obtained pursuant to an examination of a lobbyist's employment contract, job description or other documentation in order to determine that no contingency fee arrangement prohibited under § 3-6-304(k) is included and that the date of employment as a lobbyist is consistent with the registration statements filed by both the lobbyist and employer. 'Random audit information' also means information obtained pursuant to a review of the total lobbying and lobbying-related compensation and expenses paid to the lobbyist by an employer that will be checked against the range of expenditures reported by the employer in a random audit.

All documents provided will remain confidential as provided by T.C.A. § 3-6-308(c), and will be returned upon completion of the audit. The audit staff will retain questionnaires and other workpapers to support the report and findings reported to the Commission. In addition, the auditor may keep photocopied documents that support specific violations of ethics statutes.

At the conclusion of the audit, the results will be presented in a report to the Commission along with recommendations for appropriate actions to correct any deficiencies. The Commission will then approve the audit without further consideration or issue a show-cause notice for the lobbyist to respond. The final report will be public record under T.C.A. § 10-7-501, *et al.* Finally, in accordance with T.C.A. § 3-6-308(a)(8)(B) and upon completion and approval of the audit by the Commission the report will be posted to the Commission's website.

The audit will examine each of the following areas that are applicable to the lobbyist:

A. Lobbyist Registration filed pursuant to T.C.A. § 3-6-302(b)(2): The Commission will verify the following from the lobbyist's registration statement(s):

1. The lobbyist and employer of the lobbyist registered timely pursuant to T.C.A. § 3-6-302(a)(2).
2. The lobbyist accurately completed the Lobbyist Registration Form.
3. The lobbyist entered into an agreement with regard to his/her lobbying services that was free of prohibited terms [e.g., agreements or contracts based on contingent fees, which are prohibited pursuant to T.C.A. § 3-6-304(k)].

B. In-State Event Form filed pursuant to T.C.A. § 3-6-305(a)(8): The Commission will verify the following information from the In-State Event Form(s):

1. The lobbyist timely filed with the Commission a copy of the invitation to an in-state event sponsored or co-sponsored by the lobbyist.
2. The invitation was sent to all members of the Legislature.
3. Documentation of the per-person cost was timely sent to the Commission.
4. The per-person cost was properly calculated and reported.

NOTE: WHEN AUDITS ARE PERFORMED ON A LOBBYIST WITH MULTIPLE EMPLOYERS, THE AUDIT WILL COVER EACH EMPLOYER OF THE LOBBYIST.