



Under the Hood: Best Practices for Conducting an Internal PAC Audit

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- Why should you do a PAC and lobby legal compliance audit?
 - Compliance with laws
 - Protect from liability
 - Stay ahead of Internal Audit
 - Report to Board of Directors and senior management
 - Buy-in for PAC
 - Increase effectiveness and efficiency
 - Shareholder proposals
- When should you do a PAC and lobby audit?
 - Routine
 - Special circumstances



- **Components of PAC Audit**

- Review PAC organizational documents (Bylaws, Minutes/Resolutions)
- Review Policies and Procedures
- Review Solicitation Materials
- Review state PAC registration/reports (if applicable)
 - » Compliance with special state laws, including specific PAC requirements and pay-to-play laws
- Conduct interviews
- Review PAC contribution requests/approvals
- Conduct financial audit
 - » Bank statements
 - » FEC/state reports
 - » Disbursement records/copies of checks
 - » Political tax filings



- **Components of Lobby Audit**

- Review internal procedures for tracking lobbying time/expenses
- Review LD-2 and LD-203 surveys/questionnaires and reports
- Review lobby documentation
 - » Records of dues payments to trade associations and coalitions
 - » Records showing lobbyist compensation
 - > Methods of computation
 - » Travel and entertainment expenses
 - » Gift law compliance
 - » Documentation of the issues and agencies lobbied
 - » LD-203 reportable expenditures documentation
 - > Payments to non-profits
- Review contracts with outside lobbyists
- Review lobby policies and procedures
- Conduct interviews



- Results of Political Audit
 - Evaluate need for external legal audit
 - » Formal recommendations provided in Audit Memo
 - Make recommendations for changes in policies, procedures and practice
 - > Addressing shareholder proposals
 - Edit documents as needed
 - Implementation of changes
 - » Increased legal compliance
 - » Following best practices