

Alert | Political Law & Compliance



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CA Bill Would Shift Lobby Filer Audits to Fair Political Practices Commission

The Fair Political Practices Commission (FPPC), the nonpartisan independent commission that regulates campaign finance, conflicts of interest, lobbying, and governmental ethics in California, recently released an [update on the auditing of lobby filers](#).

The FPPC directed its audit team to complete a small number of lobbying audits. It discovered that four of the five completed audits had material findings. The most common findings were failure to file or failure to file statements timely, including failure to file both via paper/digital and electronically; conducting lobbying activities prior to registering to lobby; under or overreporting payments or expenses received; and over or underreporting of activity expenses. The Commission also noted failure of accurate recordkeeping, including records of reportable staff time and records to show the amounts being reported were accurate.

Concurrent with this update, the state legislature is considering a [bill](#) that would shift the responsibility of conducting the audits from the Franchise Tax Board (FTB) to the FPPC. The bill would also charge lobbying firms and employers to offset the cost of the auditing process.

State campaign finance law requires that the FTB conduct random audits of 25% of lobbying firms and lobbying employers every two years. However, due to staffing shortages and lack of funding, the FTB has only completed four out of about 600 random audits required between 2017 and 2020. This was the catalyst for the proposed bill, which the FPPC has endorsed.

Whether the bill will move forward during this session will be determined in the next week.

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