

# Filing an FEC or LDA Report This Month? 12 Common Mistakes and How You Can Avoid Them

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As the July filing deadlines approach for federal political committees and entities that employ federal lobbyists, filers should begin preparing to generate and file their reports. Below are some common errors that federal political committees and Lobbying Disclosure Act (LDA) filers make on their reports as well as strategies for avoiding these errors:

## Common Errors on FEC Reports

- **Election Designations.** Often, political action committees (PACs) disclose contributions for elections that have already occurred or elections in which the recipient candidate is not a participant. Political committees should ensure that the election designation listed for each contribution on a Federal Election Commission (FEC) report is for an election in which the candidate is a participant, for an election that has not yet occurred (unless the candidate has net debts outstanding) and is in compliance with the applicable contributor limits.
- **Inadequate Purpose of Disbursement.** Political committees should ensure that all "purposes of disbursement" on an FEC report sufficiently describe the nature of the goods or services purchased. For examples of purposes of disbursement that are considered sufficient or insufficient, political committees can consult FEC policy statements on purposes of disbursement, which are available at <http://fec.gov/law/policy.shtml>.
- **Inadequate Employer/Occupation.** Political committees are required to use "best efforts," as defined in FEC regulations, to

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obtain and report contributor information, including the contributor's occupation and employer, for certain contributions. Many connected PACs use abbreviations or terms specific to their employer or industry, which may not be sufficiently descriptive for the public record. Whenever possible, political committees should avoid using abbreviations or industry-specific terms in the occupation and employer fields.

- **Summary and Detailed Summary Page Math Errors.** These errors are typically caused by making changes to previous reports without filing amendments to reflect those changes. Each time a change is made to a previously filed report, amendments to that report and all subsequent reports should be filed. Filers should manually check the Summary and Detailed Summary Page totals before filing each report.
- **Increase in Activity on Amended Reports.** Many FEC enforcement cases and audits in recent years involve political committees that disclosed activity on an amendment to a report that was not disclosed on the original report. Many of these increases involved wire transfer transactions or vendor refunds that were not disclosed on an original report. In order to ensure that each original report includes all activity, the committee's bank statement, accounting records and FEC reports should be reconciled prior to each filing.
- **Debt Reporting.** Another area that has been a focus of recent FEC enforcement cases and audits is debt reporting. To ensure that all debts are properly disclosed, political committees should establish procedures for timely processing of invoices. Compliance personnel should review all invoices received or paid between the close of the reporting period and the last few days before the reporting deadline to determine whether any should be reported as debt. In addition, we recommend reviewing ongoing vendor contracts/terms to identify any debts that have not yet been invoiced.

### Common Errors on Quarterly LDA Reports

- **Not Properly Terminating Lobbyists.** If a lobbyist is no longer employed by the filer, he or she should be terminated as a lobbyist on Line 23 of the report covering the period in which his or her employment with the filer ended. Omitting a lobbyist's name from a report is not sufficient to terminate the lobbyist. Once a lobbyist is terminated on a quarterly report, his or her LD-203 account also should be deactivated or transferred to his or her new employer.
- **Providing Insufficient Detail on Issues Lobbied.** Quarterly lobbying reports should include information on lobbying issues that informs the public without requiring further research. Bill numbers alone are not sufficient. If a filer lobbies on a specific bill, we recommend listing the bill number, title and specific provisions lobbied. Similar information should be provided for executive branch activity.
- **Not Maintaining Detailed Records for an Audit.** Under the Honest Leadership and Open Government Act, the comptroller general's office conducts random audits of LDA reports. For each LDA report, detailed written records should be retained to support information disclosed on the report.
- **Underestimating Lobbying Costs for the Quarter.** Filers' calculations of the cost of lobbying expenses should include the value of employee time spent on lobbying, out-of-pocket employee costs incurred in connection with lobbying such as travel costs, administrative costs, the portion of payments to outside

firms attributable to lobbying and the portion of trade association dues attributable to lobbying.

- **Listing the Exact Amount of Lobbying Costs for the Quarter.** Lobbying costs for the quarter should be rounded to the nearest \$10,000 for reporting purposes.
- **Listing an Incorrect Senate Identification Number.** Filers can download LD-2 forms that are pre-populated with the filer's address and House identification number. Because these forms do not include the filer's Senate identification number, it must be entered manually. A report that is filed with an incorrect Senate identification number is not considered filed by the Senate.