

Post-Election: Time to Review Your PAC and Political Operations

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Depending on when you read this issue of *Election Law News*, the 2004 elections may have been completed and the winners and losers known. Regardless of the outcome of the election, however, the post-election period presents every corporation and trade association and their PACs with a perfect opportunity to start anew and to put their house in order. Below are three ideas for starting the new election cycle off right.

1. PAC Audit

Every PAC should be audited at least once every election cycle so that a disinterested person can ensure that all monies have been accounted for and that the PAC is on solid financial footing. Not only can an audit ensure that there has been no wrongdoing, inadvertent mathematical mistakes and discrepancy between the bank accounts and the FEC reports, but the PAC can use the results of the audit to refine its financial and money-handling processes. An audit also gives additional reassurance to a PAC's very important constituency—its contributors.

The connected corporation or trade association may pay all of the costs of this audit, which can be undertaken by inside or outside auditors.

2. Legal Process Audit

An audit of the legal and ministerial processes related to the PAC, and to other corporate activities in the political realm such as lobbying, gift giving and charitable contributions, can complement a PAC audit at the beginning of the election cycle. Every corporation and trade association should examine its procedures for soliciting contributions to the PAC, operation of the PAC and use of funds to ensure that corporate operations comply with applicable legal requirements. Moreover, entities should clarify that lobbyists are tracking their lobbying time correctly, state lobbyists are complying with applicable state laws and the entity is observing all of the relevant ethics rules when entertaining government officials. Other areas ripe for review are local lobbying and gift rules, corporate contributions in the states, tax-related questions and changes in state lobbying and gift laws. With high-profile corruption cases in Connecticut and New Jersey this past year, many states may attempt to tighten their lobbying and gift rules in the coming year.

3. Training

The beginning of a new election cycle and a new calendar year both present corporations and trade associations with an opportunity to focus on training—especially before Congress and the state legislatures convene for new sessions. Proper training encompasses three areas of political involvement: campaign finance, lobbying and ethics. Training doesn't have to be dry and boring—a mere recitation of the rules—but can be an interactive and interesting process that informs the employees and lets them know about their employer's commitment to proper behavior. Knowledge about the applicable law is the first defense against problems down the road.