

## **FAQs Related to Audits of Lobbying Firm Compensation Reports**

[Note: These FAQs should be read in conjunction with the [Guidelines for Attestation Services Relating to Quarterly Lobbying Firm Compensation Reports](#) adopted by the Joint Legislative Auditing Committee (Committee).]

### **I am a CPA interested in being included on the list of auditors that are approved to conduct audits of the lobbying firm compensation reports, what do I need to do?**

You will be required to submit a proposal in response to the Request for Proposal (RFP). The RFP is accessible in the following ways:

- (1) Online, from the State of Florida's [Vendor Bid System](#) website:
  - Select "Search Advertisement"
  - On the VBS Search Page, select "Fla Legislature Office of Legis Svcs" from the Agency drop down list and then select "Advertisement Search"
  - All active advertisements will appear. Select the field under the heading labeled "Number" and you will be directed to the Advertisement Detail page. The website for the RFP will be listed in the Advertisement Detail Page.
- (2) Online, from the Committee's [website](#).
- (3) Although, in order to submit a proposal, individuals and firms are not required to register with MyFloridaMarketPlace, those that are [registered as a vendor](#) and signed up to receive [solicitations electronically](#) will be notified via e-mail of any bid advertisements that request any of your services (for example, Accounting/Auditing/etc. Services).

Once the deadline for submitting proposals has passed, evaluators will rate the proposals and select a minimum of 10 CPAs / CPA firms to be included on the list of auditors approved to conduct the audits.

Please note, there is no guarantee that a CPA / CPA firm on the list of approved auditors will be selected to conduct one or more audits. The law provides that the lobbying firm selected for audit designates an auditor from the list to conduct the audit. Once a lobbying firm designates a CPA / CPA firm, Committee staff will notify the CPA / CPA firm regarding the schedule for the audit.

### **When will the audits be conducted?**

Audits are anticipated to be conducted each calendar year on the preceding calendar year's compensation reports.

The Committee's website will be updated to indicate when the RFP is issued, the list of CPA / CPA firms that have been approved to conduct the audits, the schedule and location for the random selection of the lobbying firms to be audited, the results of the selection of lobbying firms, and other developments. The intent is to have the audits begin on or after May 1, 2015, and be completed by June 30, 2015.

**Our lobbying firm has a verbal contract with one or more principals, how do we document the contract terms?**

If a lobbying firm does not have a written contract or other form of written agreement with a principal, it should prepare a written statement indicating the terms of any verbal contracts that were in effect from January 1, 2014 forward. The contents of the written statement should contain information to satisfy what is required under section C of the Guidelines.

**If a lobbying firm is selected for an audit of its legislative lobbying compensation reporting, will the auditor need to look at the firm's records related to executive branch compensation reporting?**

Not necessarily. If the records for legislative branch lobbying compensation reporting and executive branch lobbying compensation reporting are kept separately, there will be no need for the auditor to review the executive branch records. However, if some or all of the records are combined, the auditor will need to review all records that include information related to legislative branch lobbying compensation. See sections C.6. and F.2.d of the Guidelines.

**A contract between a lobbying firm and a principal includes language related to the terms of service. Will the auditor verify that the lobbyist met such terms of service?**

The intent of the audit is to determine whether the compensation reported on the quarterly compensation reports filed by a lobbying firm is accurate and consistent with the terms of the contract. If there are differences, the auditors can request clarification in accordance with section F.2.c of the Guidelines. Any issues related to the performance of a lobbyist is between the principal and the lobbying firm.

**I am a lobbyist that is expected to represent a principal only during the Legislative Session; however, I am paid a monthly fee over a 12-month period. How do I report the compensation?**

See sections C.6. and F.2.d of the Guidelines for information relating to the allocation of compensation received from or owed by a principal.

**Our lobbying firm has a contract with a principal to lobby both the legislative branch and the executive branch. We are paid \$5,000 per month. The contract does not provide any specifics as to the percentage of time we are to spend on each branch. For our quarterly compensation report, should we report \$15,000 on both our legislative branch report and on our executive branch report or should we report \$15,000 for one branch and report \$0 for the other branch?**

See sections C.6. and F.2.d of the Guidelines for information relating to the allocation of compensation received from or owed by a principal. There must be no double reporting of compensation on the quarterly compensation reports.

**As part of our contract with a principal, our lobbying firm provides both lobbying and non-lobbying services. We are paid a flat amount per month. How do we document the method and any percentages used to allocate the compensation between the two types of services?**

See sections C.6. and F.2.d of the Guidelines for information relating to the allocation of compensation received from or owed by a principal.

**If our lobbying firm reports compensation that is owed to us by a principal on a quarterly compensation report, but it is never paid, when do we write off the debt? Does the write off have to be reported?**

Your firm's debt write-off policies should be established in consultation with your own accountant/CPA. The write-off does not have to be reported; however, documentation related to the write-off should be maintained and provided to the auditors to support why the compensation amount that was previously reported as owed was adjusted.

**After reading the guidelines and the responses to some of these questions, I realize that our lobbying firm has been incorrectly reporting some compensation for the 2014 calendar year. What should we do?**

If you have been recording compensation in your records in a manner different than described in the Guidelines and FAQs, it is recommended that your firm review your records and quarterly compensation report(s) filed for the period from January 1, 2014, forward to determine if any amended quarterly compensation reports need to be filed.

Note: You may also wish to refer to the [FAQs for Lobbyists Before the Florida Legislature](#), and [FAQs for Lobbyists before Executive Branch Agencies](#) for additional information.