

RECORDKEEPING REQUIREMENTS

A. Records

The Political Reform Act (the “Act”) requires accurate and organized records to be kept of all slate mailer organization payments received and made. All individuals who handle receipts and make payments must be aware of and practice the recordkeeping procedures required by the Act and FPPC regulations that are outlined in this manual. While others may be involved, the treasurer and responsible officer, as listed on the committee’s Statement of Organization (Form 400), remain legally responsible for the accuracy of the records.

Four year retention: Slate mailer organizations have a duty to maintain detailed accounts, records, bills, and receipts as necessary to prepare campaign statements, including original source documentation, for a period of four years from the date the statement relating to the records was filed.

Documentation: All bank and credit card records for payments must be kept. Records include cancelled checks, or copies of cancelled checks containing legible images of the front and back of the checks obtained from a financial institution, wire transfers, credit card charge slips, bills, receipts, invoices, statements, vouchers, and any other documents reflecting the receipt of payments or obligations incurred by the organization relating to state mailers.

Slate Mailers

The organization must, for each distinct slate mailer, maintain the following:

- An original sample of the mailer, an electronic copy of the mailer, or a copy of the database from which the mailer was produced so that the mailer may be printed;
- The date of each mailing;

- The number of pieces mailed; and
- The method of postage or delivery used.

B. Audits

The Act authorizes audits of slate mailer organizations by the Franchise Tax Board and the Fair Political Practices Commission.

C. Treasurer Duties

Every slate mailer organization must have a treasurer. There are no restrictions on who may be treasurer; however, no individual should accept the position as a mere figurehead. If the treasurer is unavailable to carry out his or her duties for an extended time, a new treasurer should be designated and the Statement of Organization (Form 400) amended.

A treasurer is required to: Establish a system of recordkeeping sufficient to ensure that receipts and payments are recorded promptly and accurately in compliance with the Act's recordkeeping and disclosure requirements. Following the recordkeeping guidelines in this manual ordinarily constitutes compliance with this requirement. In addition, the treasurer is required to:

- Maintain records personally or monitor records kept by others.
- Take steps to ensure all of the Act's requirements are met regarding receipts, payments, and reporting.
- Prepare statements personally or carefully review statements and underlying records prepared by others.
- Correct any inaccuracies or omissions, and inquire about any information that would cause a reasonable person to question the accuracy of the statements.

Answering Your Questions

- A. If a slate mailer organization is fined by the FPPC for violations of the organization's duties under the Act regarding a particular slate mailer, are candidates who paid the organization for inclusion in the slate mailer potentially liable for payment of all or part of the fine?**

So long as a candidate who paid the slate mailer organization for inclusion in the slate mailer does not own or act on behalf of the slate mailer organization, the candidate is not liable or potentially liable in any way for the slate mailer organization's violations of the Act in relation to the mailer.

- B. Are there any specific accounting qualifications for someone to be able to serve as treasurer, or any conditions which would disqualify someone from being able to serve as treasurer?**

No. However, treasurers must comply with all statutory and regulatory requirements.

- C. Are records and source documentation required to be kept on paper, or may the slate mailer organization use an electronic recordkeeping system?**

Electronic records are permitted, provided that all of the required information is collected and recorded in a timely and uniform manner that ensures the accuracy and reliability of the information. Slate mailer organizations are responsible for ensuring that electronic records can be read and/or printed for auditing purposes during the applicable retention period.

D. The owners of a slate mailer organization advance their own funds to pay the operational costs of preparing, producing, promoting, and ultimately distributing a slate mailer. They also advance funds to cover overhead costs and attorney and accountant fees. Are these payments reportable by the organization as “receipts” since they are advanced by the owner?

Payments, when made by owners and promoters of a slate mailer organization whose only business is production and distribution of slate mailers, are reportable “receipts.” However, when a slate mailer organization engages in business activities unrelated to slate mail, payments for administrative and overhead costs not attributable to slate mail will not be reportable as “receipts.” Organizations are advised to e-mail the FPPC at advice@fppc.ca.gov for questions on reportable expenses.

Authority

The following Government Code sections and Title 2 regulations provide authority for the information in this chapter:

Government Code Sections

- 82041.5 Mass Mailing.
- 84100 Treasurer.
- 84104 Recordkeeping.
- 90000 Responsibility.
- 90001 Mandatory Audits and Investigations.
- 90002 Audits and Investigations; Time.
- 90003 Discretionary Audits.
- 90006 Audit and Investigation by Commission.
- 90007 Auditing Guidelines and Standards.

Title 2 Regulations

- 18401.1 Required Recordkeeping for Slate Mailer Organizations.
- 18994 Auditing and Investigations.
- 18995 Standards and Guidelines for Auditing Statements and Reports.