



# 2012 Guidelines for Treasurers of Committees & Clubs

[ THIS PDF DOCUMENT INCLUDES A HYPERLINKED TABLE OF CONTENTS, AND URLS. ]

The California Democratic Party (CDP) offers these guidelines to encourage the responsible adherence to Federal Election Campaign finance law. The CDP is not responsible for any of the choices or decisions made by any Treasurer, Bookkeeper or Committee member, regardless of their use of these guidelines.

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The Federal Election Campaign Act (FECA) is very complicated and the laws change annually. The consequences for making a mistake — even if its unintentional — can be extremely costly.\*

Your Committee or Club may need the services of a professional bookkeeper, that specializes in campaign finance law, to keep you safe.

These services are often reasonably priced, commensurate with the amount of work required, and always less expensive than a fine.

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## Your Committee or Club may need a competent professional bookkeeper if you answer “yes” to any of the questions below:

1. Will you (or do you) give money to candidates?
2. Will you (or do you) print and/or distribute your endorsements to the general public?
3. Will you (or do you) pay for space where any of the following activities will take place:
  - Phone banks?
  - Precinct walks?
  - Candidate events?
4. Will you (or do you) receive funds from both unions and individuals?

Will you (or do you) work on a campaign with any labor organization, ie the Central Labor Council, Building Trades, etc.?

5. Will you (or do you) work with the Senate President pro Tem or Assembly Speaker on any campaign?
6. Will your committee (or does your committee) file State or Federal disclosure statements?

The following information is intended to help you find and hire a professional treasurer/bookkeeper, develop your contract and understanding with your professional, and build internal controls to help keep your Committee or Club legal and safe. We've provided sample forms at the end of the document.

\*You will find examples of organizations, violations and fines in the FPPC's past meeting agendas. <http://www.fppc.ca.gov/agenda.php?view=past>

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## FINDING A TREASURER

Be prepared for the fees to increase as your fundraising becomes more successful. Having money will invigorate your Central Committee and help you elect more Democrats. But it will also cost you in the paid treasurer department. It will net out to the positive for you over time.

## HOW DO YOU KNOW IF YOU'RE INTERVIEWING A COMPETENT, PROFESSIONAL TREASURER?

You may find an available professional Treasurer or Bookkeeper through the California Political Treasurers Association.

<http://www.californiapoliticaltreasurers.org>

### Adequate bookkeeper services will have:

- Professional liability insurance
- Access to analysts and monitors at the Federal Election Commission (FEC) and the California Fair Political Practices Commission (FPPC)
- Resources, background and continuing education requirements to effectively follow the ever-changing developments in campaign finance reporting and compliance requirements
- Current and up-to-date understanding of the very complex rules for FECA (which change regularly)

Professionals put their livelihood and professional reputation on the line. Their continuing business depends on timely and accurate client service. They must stay current with changes in order to maintain their clients.

However, the organization's listed Treasurer is still responsible for ensuring that the organization's finances are in legal order and reports are properly filed. You will find "*Safe-Harbor Practices*" to help you with this.

The FPPC provides a lot of help as well, and we have included hyperlinks to help you take advantage of their tutorials, webinars and regional trainings.

## HOW DO YOU FIND A PROFESSIONAL TREASURER/BOOKKEEPER?

Ask for recommendations from other Clubs, Committees, or candidates.

Look on the member directory of the California Political Treasurers Association

<http://www.californiapoliticaltreasurers.org>

## HIRING A TREASURER

Fees may be monthly, quarterly, per report or based on a percentage of the amount deposited in a transaction.

Some will charge by the report and/or by the supporting schedule.

If you are getting donations from individuals AND unions and/or corporations and businesses, it's better to have all donations and other income mailed directly to your treasurer's office so that the funds can be deposited in the correct account. The added up front cost will be so much less than the late fees and incorrect filing fines.

Be prepared for the fees to go up as you get to be more successful fundraisers. Having money will invigorate your Central Committee and help you elect more Democrats. But it will also cost you in the paid treasurer department. It will net out to the positive for you over time.

To save money, your committee may have a volunteer deposit incoming checks and cash, and send a regular summary to the paid professional. But ONLY if that volunteer is INTIMATELY aware of the 24 hour filing triggers, and the special filing dates leading up to elections.

## QUALITIES TO LOOK FOR IN A PROFESSIONAL TREASURER & QUESTIONS TO ASK DURING AN INTERVIEW:

How will account information be shared with you?  
Some examples are:

- Monthly bank statements provided to your Committee Treasurer
- Paper copies of all reports filed to the FPPC and the FEC provided to your Committee Treasurer
- Access to monthly balance sheet and Income Statements (sample form in "samples" section *page 13*)

Do they carry Professional Liability Insurance?  
Professionals should have insurance.

Do they primarily service Democratic or Republican clients?

Remember, you are handing over sensitive financial information. Who do you want to have access to that information?

Ask for a fee schedule

They should provide a written fee schedule. Some fee schedules are based on a monthly rate (which amortizes costs for the year), some are based on filing schedules and actual time spent.

Will they provide your Club/Committee Treasurer with access to "read-only-reports" from the bank account.

We suggest you make an agreement to receive monthly bank statement directly from the bank account, and have on line "read-only" access to your account.

It is not at all inappropriate to interview more than one potential bookkeeper vendor to find the best fit for you.

If you would like consistency, then maybe a monthly schedule works best, but if you only have occasional work, then a schedule that reflects an hourly rate for actual work done may be best.

Will they provide a written service agreement?

Make sure that you and the service have clear, written agreements defining what is expected of each of you .

Make sure there are timeline agreements as well. For instance, when do they expect information from you for reports and when should you expect monthly or month-end reports from them.

Agree on how disbursements are made and how long it will take to get checks written, signed and out to a vendor or for reimbursement?

Define a timeline expectation for getting receipts and check requests to the bookkeeper, and getting payment from the bookkeeper. This builds a better working relationship between you and the vendor.

Part of a formal agreement should include expected turn-around time for getting bills paid and checks cut. This will ensure that your committee turns in receipts/ check requests in time for bills to be paid promptly — without causing the vendor distress, and gives you a way to follow-up with payees.

Campaign/Club treasurer and/or designated representative should approve all expenses (see “safe harbor” practices in the following chapter).

Agree on who signs checks?

Over a pre-determined amount there should be two (2) check signers, one of whom should be a representative of the organization or campaign.

What program is the professional using to track payments and what program will the professional bookkeeper use?

There are several, like QuickBooks, that may make information-sharing easier.

## BANK RECONCILIATION

Your books may be as simple as a check register where you record all the checks you write and all the deposits you make, to full fledged double entry general ledger system like QuickBooks.

QuickBooks and similar software applications offer the protection of double entry bookkeeping which provides a level of internal control not available with a check register, a series of interlocking spreadsheets, or some other Do It Yourself system that doesn't build up into a double entry general ledger.

Unless your paid professional treasurer is using a product that stores the contribution and expenditure data and builds it up into the proper report format for the FEC and FPPC, they should be using a product like QuickBooks or another pre-packaged general ledger system.

Only a large, reputable firm with a comprehensive IT department may be using a made to order bookkeeping system. EVERYONE else should be using a pre-packaged product.

## LOOKING AT BANK STATEMENTS AND BANK RECONCILIATIONS (BANK RECs)

On your statement, the cash in the bank doesn't include any of the deposits made after the close of business (COB) on the last day covered by the bank statement, and doesn't include any checks which hadn't reached the bank by COB on the last day. Add the Deposit(s) in Transit (DIT) and subtract the outstanding checks from the statement ending balance.

To know how much cash you really have available, as of a certain date, you must reconcile the cash balance on the bank statement with the cash balance in your books. That's why we call this step the "Bank Reconciliation" (Bank Rec). (sample form can be found in "samples" section page 13)

To ascertain that your cash is being properly reconciled, perform the following steps:

- Make sure that the ending balance on the bank statement (balance as of the final day of the period covered by the statement) is the same amount as the balance shown in the bank account.
- Make sure the total of the list of Deposits in Transit (DIT) is correct.
- Make sure the total of the list of outstanding checks is correct.
- Make sure the result of the Balance per Bank, plus DIT, minus outstanding checks is the amount in your check register, general ledger, or your books.
- Review the list of DIT to make sure that the dates are current; there should not be any deposits in transit that are more than two-three days old.

Additional steps for proper reconciliation:

- Review the list of outstanding checks to make sure there are no checks older than 90 days, and that the date sequence and check number sequence is chronological.
- Review all bank statements for large or odd amounts, and make sure all items such as interest, bounced check charges, bank transfers, etc. are properly accounted for.
- The original bank statements should be available and reviewed regularly by both the professional bookkeeper and the Committee Club/Treasurer, both online and in hardcopy.

## BANK RECONCILIATION

### CONTINUED

- Original bank statements should be mailed — directly from the bank — to the Committee Treasurer and the professional treasurer.
- If this bank statement is for a period ending when you have a report to file, make sure the ending cash balance on the report is the same as the reconciled cash balance.
- Periodically you should ask to see all the bank recs for the year and make sure the opening balance on each one is the same as the closing balance of the previous one, and that DIT's and O/S checks aren't carried forward with just the dates changed. This is very easy to do in an Excel spreadsheet, but can also be done in a pre-packaged "General Leger" system like QuickBooks.
- Every check should be accounted for, which means check numbers shouldn't be missing. Ask for a check register. Periodically (we suggest monthly or quarterly depending on activity), and make sure each check is listed. (It's important that voided checks also be included.)
- Make sure that the total for the receipts that you sent in to your professional treasurer match the totals on the bank statement.
- The Committee Treasurer can look at the FEC ([www.fppc.ca.gov/index.php?id=359](http://www.fppc.ca.gov/index.php?id=359)) website at any point to review report submitted by the bookkeeper. This should be done to ensure that the reporting is in line with what the committee believes it has received, and spent.



## SAFE-HARBOR PRACTICES

Misappropriation of committee funds is not common, but the FEC Commission has had cases where political committee staff has misappropriated funds. In addition to the difficulties committees face in discovering that funds are missing, misappropriations are often accompanied by the filing of inaccurate disclosed reports with FEC, leaving committees vulnerable to FEC enforcement action (including fines) for those reporting errors.

To help protect committees, the FEC created a “safe harbor” for political committees that have certain internal controls in place to prevent misappropriations and associated misreporting. Under this provision, if these internal controls are in place at the time of a misappropriation, and the committee follows the post-discovery steps described below, the FEC will not seek a civil penalty against the political committee for filing incorrect reports due to the misappropriation of committee funds.

## MINIMUM INTERNAL CONTROLS REQUIRED FOR “SAFE-HARBOR” PRACTICES:

### Bank Accounts

All bank accounts must be opened in the name of the committee using the committee’s Employer Identification Number (EIN). (The IRS can provide you with an EIN at no charge: <http://www.irs.gov/businesses/small/article/0,,id=98350,00.html>.)

### Deposits

- An individual who does not handle the committee’s accounting or have banking authority should receive incoming checks and monitor all other incoming receipts.
- The same individual should make a list of all committee receipts and place a restrictive endorsement, such as “For Deposit Only to the Account of the Payee,” on all checks.
- Cash should be counted at the immediate conclusion of an event.
- Two Committee members should each count the cash individually to make sure they agree on the deposit total.
- Reconcile cash deposits, using the bank statements provided by the professional bookkeeping service.

### Expenses

- We suggest checks over a certain amount — for instance in excess of \$1,000 — must be authorized in writing and/or signed by two individuals.
- Wire transfers must be authorized in writing by two individuals.
- Individuals who authorize disbursements or sign checks should be identified in writing in the committee’s internal policies.
- Committee bylaws should precisely dictate what expenditures need to be approved, and by what entity. For instance, expenditures below a certain amount may be approved by the Executive Committee alone, but above that amount may need approval by the entire Committee.

- The Committee Treasurer should keep copies of received checks and disbursement forms for reconciliation. ([sample form can be found in “samples” section page 13](#))
- Committee Boards should regularly see Bank Statements, with the Income Reports included.

### PETTY CASH

Petty Cash is sometimes expedient, but it has great potential to lack accountability and be misused. If you decide that the convenience of a petty cash system is worth the risk, follow the safeguards below.

- Petty Cash should never be used for a single expense greater than \$100.
- The total Petty Cash allocation shouldn't be greater than \$500.
- The amount of cash in the Petty Cash box and the outstanding expenses should always add up to the total Petty Cash allocation.
- Only one person should be in charge of distributing the funds.
- The Petty Cash box should be balanced weekly, using a written form, and by someone other than the person distributing the cash allocations.  
([sample form in “samples” section page 13](#))

### Bank Statement(s) Reconciliation

- Review bank statements for unauthorized transactions and reconcile the statements with accounting records each month.
- Bank records must be reconciled with disclosure reports prior to filing.
- Reconciliations must be done by someone other than a check signer or an individual responsible for handling the committee's receipts.

You can find more information on best practices here:

<http://www.fec.gov/pages/brochures/bestpractices.shtml>

## FEDERAL ELECTIONS COMMISSION (FEC) & THE (CALIFORNIA) FAIR POLITICAL PRACTICES COMMISSION (FPPC) RESOURCES

More information can be found on-line at either  
[www.fec.gov](http://www.fec.gov) or [www.fppc.ca.gov](http://www.fppc.ca.gov)

How/where/when to apply for an FPPC  
and/or FEC number:

<http://www.fppc.ca.gov/forms/2011/410.pdf>

<http://fec.gov/pdf/partygui.pdf>

What is “federal election activity”:

<http://fec.gov/pdf/partygui.pdf>

When/why you may need two banks accounts:  
non-Federal funds (union, corporate, or from State  
and local candidate pacs):

<http://fec.gov/pdf/partygui.pdf>

Why/when do you handle donations from labor  
separately from member donations, etc.

<http://fec.gov/pdf/partygui.pdf>

Helpful links (including FAQs):

[www.fppc.ca.gov/index.php?id=505](http://www.fppc.ca.gov/index.php?id=505)

FPPC Education & Training Opportunities:

[www.fppc.ca.gov/index.php?id=359](http://www.fppc.ca.gov/index.php?id=359)

## WHY THE FEC RECOMMENDS USING A PAID TREASURER & RESOURCES TO PROTECT YOURSELF?

Best Practices for Committee Management

<http://www.fec.gov/pages/brochures/bestpractices.shtml>

## RESOURCES

CONTINUED

Best Practices: Internal Controls and Recordkeeping  
(Video)

<http://www.youtube.com/watch?v=c46BW9VUyto>

Internal Controls for Political Committees  
(Audit Division Handout)

[www.fec.gov/law/policy/guidance/internal\\_controls\\_polcmtes\\_07.pdf](http://www.fec.gov/law/policy/guidance/internal_controls_polcmtes_07.pdf)

Policy Statement: Safe Harbor for Misreporting  
Due to Embezzlement

[http://www.fec.gov/law/cfr/ej\\_compilation/2007/notice\\_2007-9.pdf](http://www.fec.gov/law/cfr/ej_compilation/2007/notice_2007-9.pdf)

Record Summary of Policy Statement

<http://www.fec.gov/pdf/record/2007/may07.pdf>

**BASIC BANK RECONCILIATION FORM**

<b>Balance per bank on Feb. 17, 2012</b>					\$ 2,506.33	<b>This number should agree with the closing balance on the bank statement</b>	
<b>Deposits in transit (DIT)</b>							
		<b>Date</b>	<b>Description</b>	<b>Amount</b>			
These dates should be no earlier than two days before the ending date on the bank statement	}	2/16/12	Proceeds from pitch at meeting	166.00			
		2/17/12	Refund from hotel	833.33			
			<b>Make sure this total is really the total of all the Deposits in Transit</b>		999.33		
			If you don't want to add them up yourself, have the bookkeeper attach an adding machine tape				
<b>Uncleared checks (O/S checks)</b>							
		<b>Check No.</b>	<b>Date</b>	<b>Description</b>	<b>Amount</b>		
These dates should be no earlier than three months before the ending date on the bank statement	}	1801	12/29/11	Refill imprest petty cash	173.55		
		1802	1/3/12	Website for 2012	99.00		
		1818	1/23/12	Reimburse chair for postage	44.00		
		1823	1/28/12		27.33		
		1839	1/31/12	COD for ice for event	37.88		
			<b>Make sure this total is really the total of all the Outstanding checks</b>		(381.76)		
			This number should be the same as the amount remaining in your check register or G/L balance for this account				
Cash per books					Total	\$ 3,123.90	



EVENT INCOME FORM

Sample Committee

EVENT RECEIPTS

Event: \_\_\_\_\_

Date(s): \_\_\_\_\_

Amount used to "seed" the cashbox: \_\_\_\_\_

CASH FOR DEPOSIT

DENOMINATION	TOTAL NUMBER OF BILLS	SUBTOTAL AMOUNT
1		
5		
10		
20		
100		
<b>TOTAL CASH DEPOSIT</b> ➔		

INITIALS (1) \_\_\_\_\_ (2) \_\_\_\_\_

DATE (1) \_\_\_\_\_ (2) \_\_\_\_\_

CHECKS FOR DEPOST

DATE	TOTAL NUMBER OF CHECKS	TOTAL AMOUNT OF CHECKS	INITIALS

1. Make sure you make copies of the checks before you send them to the professional bookkeeper.
2. You can keep a copy of the cash as long as you DO NOT copy any whole bills; you can fan them out to copy them.