



## TENNESSEE REGISTRY OF ELECTION FINANCE

---

### Contribution Audit of Julie Byrd Ashworth's 2017 Pre-General Campaign Finance Disclosure



#### **Audit Team:**

Jay Moeck, CPA, CFE  
Audit Director

# STATE OF TENNESSEE



## BUREAU OF ETHICS AND CAMPAIGN FINANCE REGISTRY OF ELECTION FINANCE

404 James Robertson Parkway, Suite 104  
Nashville, TN 37243-1360  
(615) 741-7959  
Fax: (615) 532-8905  
[www.tn.gov/tref](http://www.tn.gov/tref)

REGISTRY MEMBERS  
Tom Morton, Chairperson  
Tom Lawless, Secretary  
Henry Fincher  
William J. (Paz) Haynes, III

EXECUTIVE DIRECTOR  
Drew Rawlins

March 14, 2018

Members of the Registry of Election Finance  
404 James Robertson Parkway, Suite 104  
Nashville, TN 37243-1360

Ladies and Gentlemen,

Transmitted herewith is the agreed upon procedures for the un-itemized contribution audit of Ms. Julie Byrd Ashworth's 2017 Pre-General Campaign Financial Disclosure Statement for the 2017 special election campaign for the House of Representatives. This audit was conducted pursuant to the requirements of T.C.A. §2-10-212.

The audit procedures developed are to aid the Registry of Election Finance in its responsibilities to monitor and enforce Tennessee's Campaign Financial Disclosure Laws and Campaign Contribution Limit Laws. The candidate is responsible for complying with campaign finance laws and the accuracy of campaign financial disclosures. The sufficiency of these procedures is solely the responsibility of the Bureau of Ethics and Campaign Finance's internal audit group. Consequently, we make no representation regarding the sufficiency of the agreed upon procedures described in the report for any other purpose than aiding the Registry.

This report is for the information and use of the Members of the Tennessee Registry of Election Finance as outlined; and is not intended to be and should not be used by anyone other than the Registry without understanding the objectives, purposes, and underlying assumptions. This report, however, is a matter of public record.

Sincerely,

Jay Moeck, CPA, CFE  
Audit Director

STATE OF TENNESSEE  
REGISTRY OF ELECTION FINANCE

**Audit Highlights**

Julie Byrd Ashworth  
2017 Pre-General Contribution Audit

**AUDIT OBJECTIVES**

The objectives of the audit were to determine Ms. Julie Byrd Ashworth's compliance with certain provisions of campaign finance disclosure laws and regulations; compliance with certain provisions of campaign contribution limit laws and regulations; accuracy and completeness of the un-itemized contribution disclosures on her 2017 Pre-General Campaign Financial Disclosure Statement; and to recommend appropriate actions to correct any deficiencies.

**FINDING(S)**

- 1. Ms. Ashworth violated T.C.A. §2-10-105(a) by failing to report \$320 in cash campaign contributions as well as failing to maintain contributor data for those contributions.**
- 2. Ms. Ashworth violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$1,820 in campaign contributions from fourteen contributors who contributed in excess of \$100 during the 2017 Pre-General reporting period.**

## **TABLE OF CONTENTS**

---

	<b><u>PAGE</u></b>
<b>INTRODUCTION</b>	
Audit Authority	1
Audit Purpose	1
Audit Scope	1
<b>CAMPAIGN OVERVIEW</b>	
Campaign Organization	2
Overview of Financial Activities	2
<b>CHARTS</b>	
2017 Pre-General Campaign Contributions	3
2017 Election Contributions by Source	3
<b>OBJECTIVES, METHODOLOGIES, CONCLUSIONS</b>	
Contributions and Receipts	4
Findings	5
Recommendation to Candidate	6
Recommendation to Registry	6
<b>RESOLUTIONS</b>	
Candidate's Corrective Actions	7
Registry of Election Finance Actions	7

## INTRODUCTION

---

### **AUDIT AUTHORITY**

*Tennessee Code Annotated* (T.C.A.) §§2-10-206 and 2-10-212 authorize the Registry of Election Finance (Registry) to conduct audits of campaign financial disclosure statements filed with the Registry. The audit was initiated based on T.C.A. §2-10-212(i), which requires the Registry to audit any candidate that files a disclosure statement with more than 30% of the candidate's contributions reported as un-itemized contributions and the aggregate un-itemized contributions reported are greater than \$5,000.

### **AUDIT PURPOSE**

The Registry's contribution audits are to assist and encourage candidate compliance with campaign disclosure laws. The audit process assists the Registry in providing timely and accurate campaign information to government officials and the public. The Registry's audits provide a tool to the Registry to evaluate the effectiveness of the campaign financial disclosure process. In addition, the audits assist the Registry with the enforcement of campaign finance limit laws and campaign finance disclosure laws. Finally, the audit reports are prepared to assist the candidate and the State of Tennessee with promoting governmental accountability and integrity.

### **AUDIT SCOPE**

Tennessee's campaign financial disclosure law requires candidates to make biannual financial disclosures as of the date of the first contribution or first expenditure, whichever occurs earlier. The biannual report periods are from January 16 to June 30 and July 1 to January 15 of each year. During an election year, the disclosures expand to quarterly reports, pre-primary reports, and pre-general reports. This audit relates to only disclosure reports that meet the requirements listed in T.C.A. §2-10-212(i). Therefore, the audit only relates to disclosure on Julie Byrd Ashworth's 2017 Pre-General report.

## CAMPAIGN OVERVIEW

---

### CAMPAIGN ORGANIZATION

Julie Byrd Ashworth was a candidate in the June 15, 2017 special election for the House Representative for District 95. Ms. Ashworth filed an Appointment of Political Treasurer Statement with the Registry on March 3, 2017 appointing Vincent J. Miraglia as political treasurer.

The candidate's first financial disclosure for the 2017 campaign was the 2017 First Quarter report filed on April 10, 2017. The candidate's latest financial disclosure report for the 2017 special election was the 2017 Fourth Quarter report filed on February 7, 2018. The 2017 Fourth Quarter report indicated \$1,696.83 cash on hand, no outstanding obligations and no outstanding loans. The candidate has not completed her 2017 election campaign reporting requirements.

### OVERVIEW OF FINANCIAL ACTIVITIES

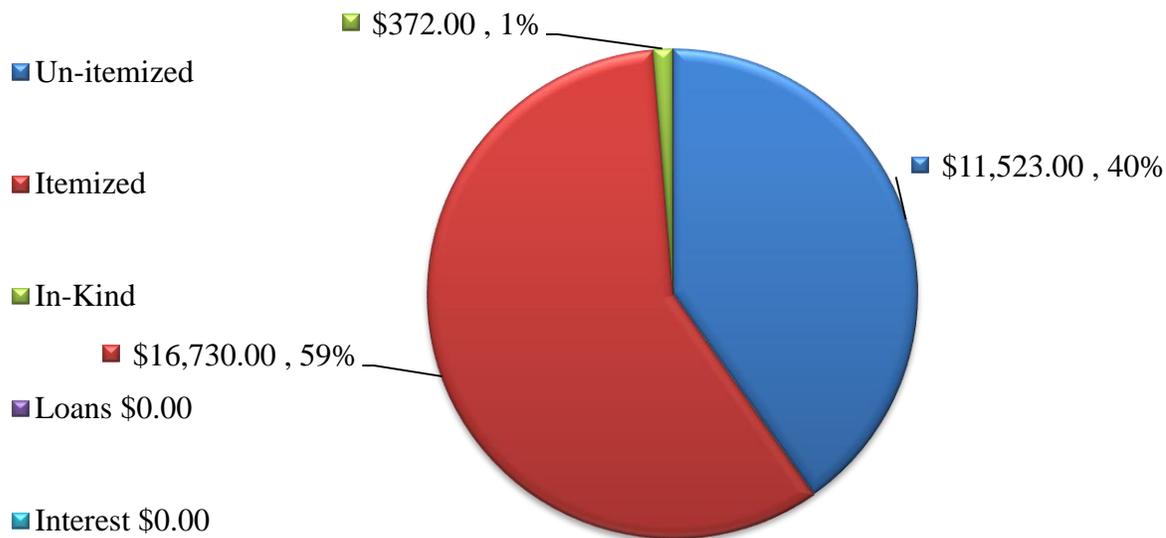
The following financial amounts are a summary of the financial disclosures made by the candidate. The summarized amounts are from the following disclosure reports: 2017 First Quarter, 2017 Pre-Primary, and 2017 Pre-General reports. As noted in the audit scope, we only audited un-itemized contributions from disclosures for the 2017 Pre-General report. The amounts displayed are for informational purposes only.

<u>Summary of Financial Activity</u>		
<u>(Un-audited Amounts)</u>		
Cash on hand at March 3, 2017		\$0.00
Receipts		
Un-itemized	\$16,116.00	
Itemized	25,405.00	
Interest	0.00	
Loans receipted	0.00	
Total receipts		<u>\$41,521.00</u>
Disbursements		
Un-itemized	542.71	
Itemized	34,372.71	
Loans principal payments	0.00	
Total disbursements		<u>\$34,915.42</u>
Cash on hand at June 5, 2017		<u>\$6,605.58</u>
Loans outstanding at June 5, 2017		\$0.00
Obligations June 5, 2017		\$0.00
Total in-kind contributions received		\$372.00

## CHARTS

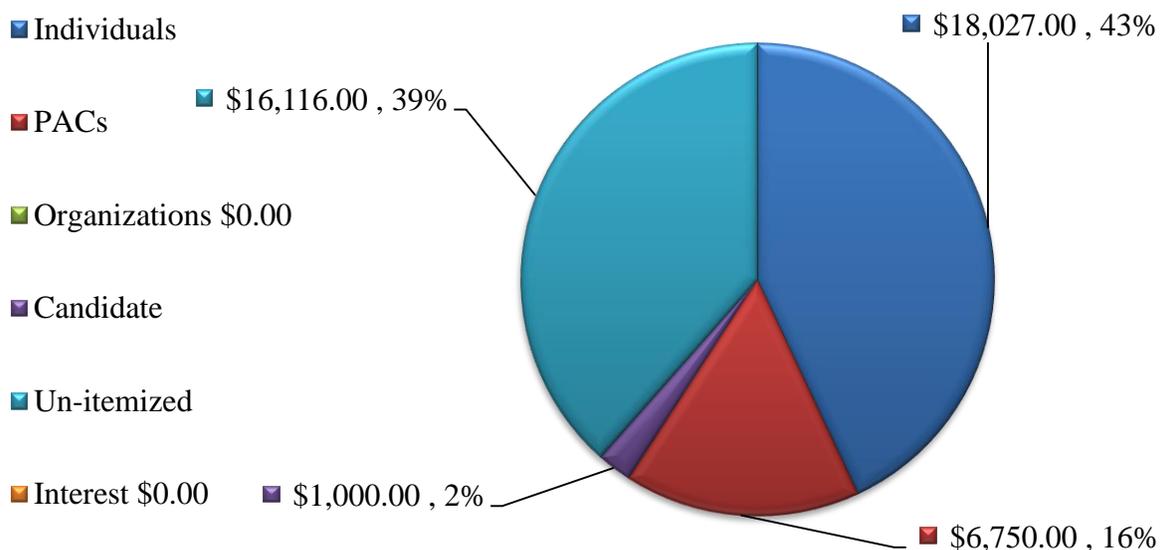
### 2017 PRE-GENERAL CAMPAIGN CONTRIBUTIONS

The following chart shows the contributions reported by the candidate in the 2017 Pre-General report.



### 2017 ELECTION CONTRIBUTIONS BY SOURCE

The following chart shows the contributions reported by the candidate for the 2017 election campaign through the 2017 Pre-General disclosure report. Organizations in this chart represent non-profit organizations, non-PAC campaign organizations, or businesses.



## **OBJECTIVES, METHODOLOGIES, CONCLUSIONS**

---

### **CONTRIBUTIONS AND RECEIPTS**

#### ***Audit Objectives:***

The objectives of the audit of un-itemized contributions were to determine whether:

- campaign contributions from individuals and Political Action Committees (PAC) were within limits;
- all contributions were from non-prohibited sources;
- all contributions received were reported, reported in the proper period, reported in compliance with T.C.A. §§2-10-105 and 2-10-107, and reported in compliance with the Registry's rules; and
- all contributions were supported by bank statements and deposit slips.

#### ***Audit Methodology:***

The Registry obtained Ms. Ashworth's 2017 Pre-General Campaign Financial Disclosure Statement to verify that the un-itemized contributions were greater than \$5,000.00 and 30% of the total contributions reported. We requested Ms. Ashworth provide supporting documentation for the un-itemized contributions of \$11,523 that she reported on her 2017 Pre-General report. The candidate's campaign records included bank statements, copies of checks, and contribution lists. The following steps were performed on Ms. Ashworth's campaign documentation:

- The campaign records were reviewed to determine if the candidate's un-itemized contributions received from April 18, 2017 thru June 5, 2017 totaled \$11,523.
- A list of un-itemized contributions was prepared and compared to the candidate's bank statements to determine if the candidate deposited all funds into a campaign bank account and properly recorded the funds.
- A list of un-itemized contributions by contributor was prepared and compared to the candidate's itemized contributions reported during the campaign to determine if campaign contributions from individuals and PACs complied with campaign contribution limits, T.C.A. §2-10-301, et seq.
- An un-itemized contributions list was reviewed to determine if all contributions were reported, all receipts received were reported, all contributions were reported in the proper period, all contributions were in compliance with T.C.A. §§2-10-105 and 2-10-107, and all contributions were in compliance with the Registry's rules.

### ***Audit Conclusion:***

Ms. Julie Byrd Ashworth's 2017 Pre-General Campaign Financial Disclosure Statement reported un-itemized contributions greater than \$5,000.00 and 30% of the total contributions. The audit indicated all un-itemized contributions reported were deposited into the campaign bank account. The audit indicated that the \$11,523 of un-itemized contributions reported by the candidate for the 2017 Pre-General period was less than the related \$11,723 contributions deposited. The differences relates to Ms. Ashworth failing to report \$320 in cash contributions received (Finding 1) and overstated un-itemized contribution by \$60 by improperly reporting an insufficient fund check. Based on the records provided a \$60 check was determined to be insufficient funds per the bank, when the adjustment was made the adjustment was not reported properly resulting in leaving a net \$60 reported as a contribution. No detailed finding is being reported for the \$60 insufficient fund check as the error was represents less than 1% of the contributions received. In addition, the error appears to have been missed due the offset nature of the entry and the un-reported cash noted in Finding 1. The audit did request the candidate to correct the error that was completed by the candidate on the 2017 Pre-General report on December 22, 2017. In addition to failing to report the \$320 in cash, Ms. Ashworth failed to properly maintain campaign records for the cash contributions received (see Finding 1). Finally, the audit also indicated Ms. Ashworth failed to itemize \$1,820 in contributions from contributors who contributed in excess of \$100 during the Pre-General reporting period (Finding 2).

### **FINDING(S)**

#### **1. Ms. Ashworth violated T.C.A. §2-10-105(a) by failing to report \$320 in cash campaign contributions as well as failing to maintain contributor data for those contributions.**

Ms. Ashworth's campaign records indicated that she received and deposited \$320 in cash on May 22, 2017. Based on the audit test work, the \$320 was not reported in the un-itemized or itemized contributions for the period by the candidate. The failure to report campaign contributions is a violation of T.C.A. §2-10-105(a), which requires reporting of all contributions received. In addition, there are no records to show the source of the contributed cash contributions. Indicating, Ms. Ashworth did not maintain or obtain sufficient campaign records to verify compliance with all campaign finance statues for cash contributions. As the cash cannot be associated to a specific contributor or contributors, it is considered anonymous money. Without the specific contributor names and amounts contributed, we could not determine Ms. Ashworth's compliance with the following campaign finance statures for the cash contributions:

- T.C.A. §2-10-107(a)(2)(A)(i) requires contributions of more than \$100 from one source received during a reporting period to be itemized. The itemized information for each contributor must include name, address, occupation, employer, date of receipt, and the amount of contribution.
- T.C.A. §2-10-311(a) limits cash contributions to \$50 per election for each contributor.

**2. Ms. Ashworth violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$1,820 in campaign contributions from fourteen contributors who contributed in excess of \$100 during the 2017 Pre-General reporting period.**

Ms. Ashworth included \$1,820 in un-itemized contributions that she received from fourteen individuals that should have been itemized during the 2017 Pre-General reporting period. T.C.A. §2-10-107(a)(2)(A)(i) requires contributions of more than \$100 from one source received during a reporting period to be itemized. The \$1,820 of improperly reported contributions represents approximately 15.8% of the un-itemized contributions reported by Ms. Ashworth on her 2017 Pre-General Campaign Finance Disclosure Statement. The breakdown of contributions incorrectly reported as un-itemized contributions is as follows:

- Five individuals made multiple under \$100 contributions, by check, during the reporting period. The aggregate amount for each contributor was over \$100 for the period.
- Four individuals made multiple under \$100 contributions, by a online service and by check, during the reporting period. The aggregate amount for each contributor was over \$100 for the period.
- Two individuals had reported itemized contributions during the period and then made additional check contributions of under \$100 in the period. The additional amount for each contributor was not reported as an itemized contribution.
- Three individuals had reported itemized contributions during the period and then made additional online contributions of under \$100 in the period. The additional amount for each contributor was not reported as an itemized contribution.

**RECOMMENDATION TO CANDIDATE**

Ms. Ashworth should amend her 2017 Pre-General Campaign Financial Disclosure Statement to ensure that she reported all contributions received and properly itemize all contributions from individuals who contributed over \$100 during a reporting period. In subsequent reporting or future elections, Ms. Ashworth should maintain contributor data for all campaign contributions received and reconcile the campaign records to her campaign disclosures to ensure all disclosures are complete, accurate and properly supported by the campaign records.

**RECOMMENDATION TO REGISTRY**

We recommend the Members of the Registry consider the findings for possible further action. We recommend the Registry approve the audit performed as being sufficient and complete. Finally, we recommend the Registry post the audit report to the Registry's website notwithstanding whether a significant penalty is assessed, as outlined in T.C.A. §2-10-212(f). The report and related findings will assist current and future candidates in understanding the audit process, the purposes of Registry rules, and types of procedures needed to comply with campaign finance laws.

## **RESOLUTIONS**

---

### **CANDIDATE'S CORRECTIVE ACTIONS**

After discussing the above findings with Ms. Ashworth, she chose to take corrective actions on prior to the Registry's approval of the audit by amending her 2017 Pre-General report on December 22, 2017. The corrective actions are detailed below and included the corrections noted in the audit conclusion for the \$60 insufficient fund check.

#### ***Corrective Actions - Finding 1-2:***

On her amended 2017 Pre-General report, Ms. Ashworth decreased un-itemized monetary contributions by \$1,880. The entry removes \$60 noted in the audit conclusion and removes the \$1,820 in itemized contributions noted in Finding 2.

Additionally, she added to itemized contributions fourteen individual contributions totaling \$1,820 noted in Finding 2. In addition, she added a \$320 itemized contribution listed as anonymous to report the unreported contributions noted in Finding 1. The corrections properly amend her 2017 Pre-General report all the contributions received noted in Finding 1 and 2.

#### ***Corrective Actions - Finding 2:***

Ms. Ashworth followed the Registry staff recommendations and donated \$320 to a charitable organization (these were the anonymous funds that could not be used for campaign purposes). The candidate provided a copy of the check from the campaign supporting the donations. She also chose to early report the donation and added the expense to her amended 2017 Pre-General report.

### **REGISTRY OF ELECTION FINANCE ACTIONS**

The Members of the Registry of Election Finance will review the 2017 contribution audit of Julie Byrd Ashworth during the March 14, 2018 regular monthly meeting. Approval and any subsequent actions taken by the board will be documented in the board minutes.