



**TENNESSEE BUREAU OF ETHICS AND CAMPAIGN FINANCE  
REGISTRY OF ELECTION FINANCE**

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**Campaign Finance Audit of  
Karl Dean  
Election Year 2018**



# STATE OF TENNESSEE



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March 17, 2022

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

Registry Members,

Transmitted herewith are the agreed upon procedures for the campaign finance audit of Karl Dean's 2018 election campaign for Governor. 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 Law 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 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 intended 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**  
BUREAU OF ETHICS AND CAMPAIGN FINANCE  
REGISTRY OF ELECTION FINANCE

**Audit Highlights**  
Karl Dean  
2018 Campaign Finance Audit

**AUDIT OBJECTIVES**

The objectives of the audit were to determine Karl Dean'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 disclosures on the 2017 Early Mid-Year Supplemental, 2017 Early Year-End supplemental, 2018 First Quarter, 2018 Second Quarter, 2018 Pre-Primary, 2018 Third Quarter, 2018 Pre-General, and 2018 Fourth Quarter Campaign Financial Disclosure Statements; and, to recommend appropriate actions to correct any deficiencies.

**FINDING(S)**

The audit report contains no findings.

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## INTRODUCTION

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### **AUDIT AUTHORITY**

*Tennessee Code Annotated* (T.C.A.) §§2-10-207 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(1), which requires the Registry to audit gubernatorial candidates that receive at least 10% of the vote during the general election.

### **AUDIT PURPOSE**

The Registry's campaign finance audits were developed 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 general 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 intended to assist the candidate and the State of Tennessee with promoting governmental accountability and integrity.

### **AUDIT SCOPE**

During non-election years, 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 reporting periods are from January 16 to June 30 and July 1 to January 15 of each year. During election years, the disclosures expand to quarterly, pre-primary, and pre-general reports. Therefore, the audit reviewed Karl Dean's disclosures on his 2017 Early Mid-Year Supplemental, 2017 Early Year-End Supplemental, 2018 First Quarter, 2018 Second Quarter, 2018 Pre-Primary, 2018 Third Quarter, 2018 Pre-General, and 2018 Fourth Quarter Campaign Financial Disclosure Statements.

## CAMPAIGN OVERVIEW

### CAMPAIGN ORGANIZATION

Karl Dean was a candidate in the November 6, 2018 general election for Governor. Karl Dean filed an Appointment of Political Treasurer Statement with the Registry on February 15, 2017 appointing Calvin Anderson as political treasurer.

The candidate's first financial disclosure for the 2018 campaign was the 2017 Early Mid-Year Supplemental Disclosure Statement filed on July 17, 2017. As of May 1, 2018, Mr. Dean's most recent financial disclosure was the 2018 Fourth Quarter Disclosure Statement, which he submitted on August 1, 2019. The Fourth Quarter report indicated \$0.00 in cash on hand, \$0.00 in outstanding obligations and \$0.00 in outstanding loans. The candidate has completed his 2018 election campaign reporting requirements.

### OVERVIEW OF FINANCIAL ACTIVITIES

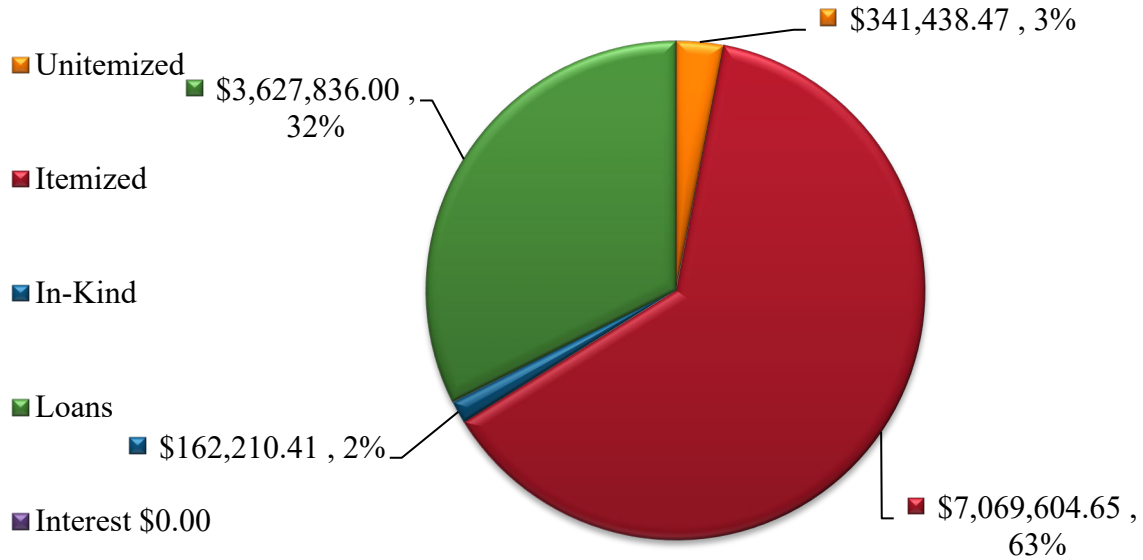
The following financial amounts are a summary of the financial disclosures made by the candidate. The summarized amounts are from the following disclosure reports: 2017 Early Mid-Year Supplemental, 2017 Early Year-End Supplemental, 2018 First Quarter, 2018 Second Quarter, 2018 Pre-Primary, 2018 Third Quarter, 2018 Pre-General, and 2018 Fourth Quarter Disclosure Statements after amendments. The amounts displayed are for informational purposes only.

<u>Summary of Financial Activity</u>		
<u>(Un-audited Amounts)</u>		
Cash on hand at February 15, 2017		\$0.00
Receipts		
Unitemized	\$341,438.47	
Itemized	7,069,604.65	
Loans received	3,627,836.00	
Interest	0.00	
Total receipts		<u>\$11,038,879.12</u>
Disbursements		
Unitemized	16,584.38	
Itemized	11,003,552.22	
Loans principal payments	18,742.52	
Obligation payments	0.00	
Total disbursements		<u>\$11,038,879.12</u>
Cash on hand at January 15, 2019		<u>\$0.00</u>
Loans outstanding at January 15, 2019		\$0.00
Obligations at January 15, 2019		\$0.00
Total in-kind contributions received		\$162,210.41

## CHARTS

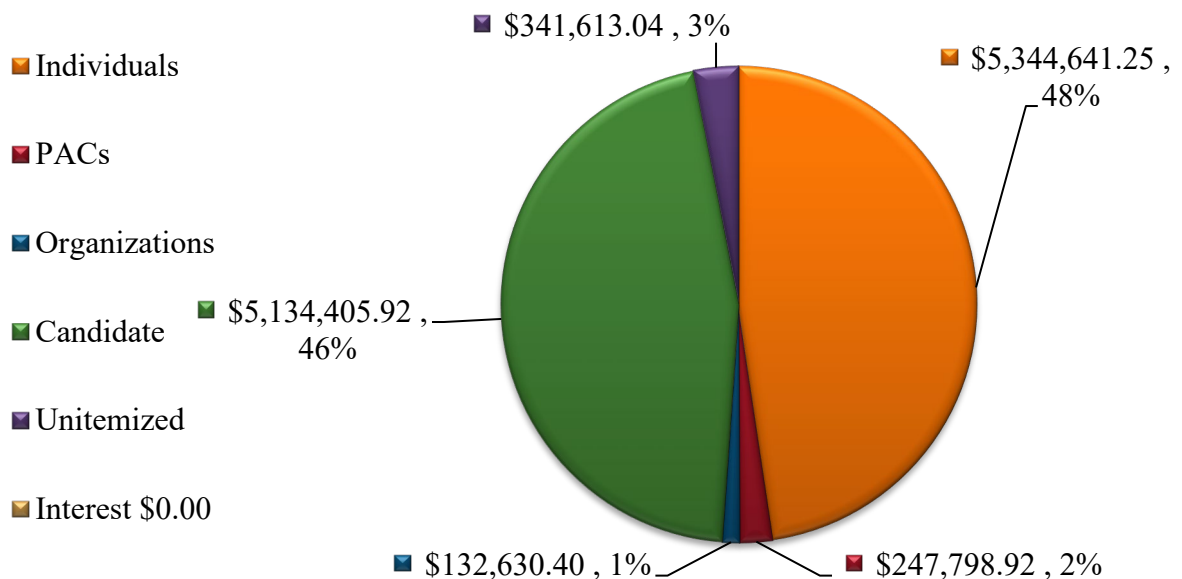
### 2018 ELECTION CAMPAIGN CONTRIBUTIONS

The following chart shows the contributions reported by the candidate for the 2018 election campaign.



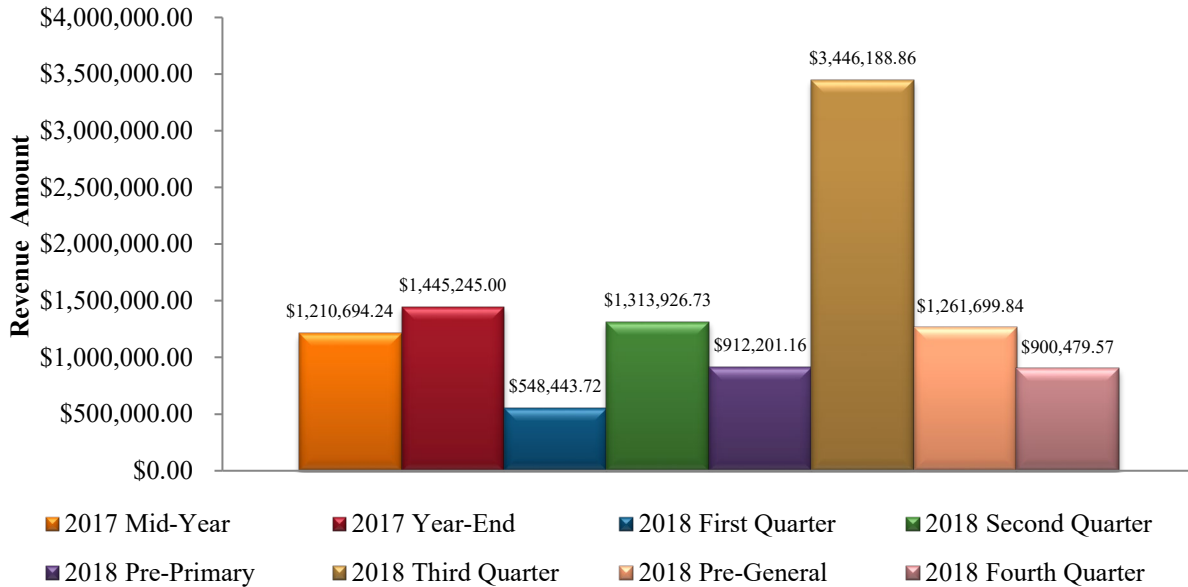
### 2018 ELECTION CONTRIBUTIONS BY SOURCE

The following chart shows the monetary contributions reported by the candidate for the 2018 election campaign. Organizations in this chart represent non-profit organizations, individual's campaign organizations or businesses.



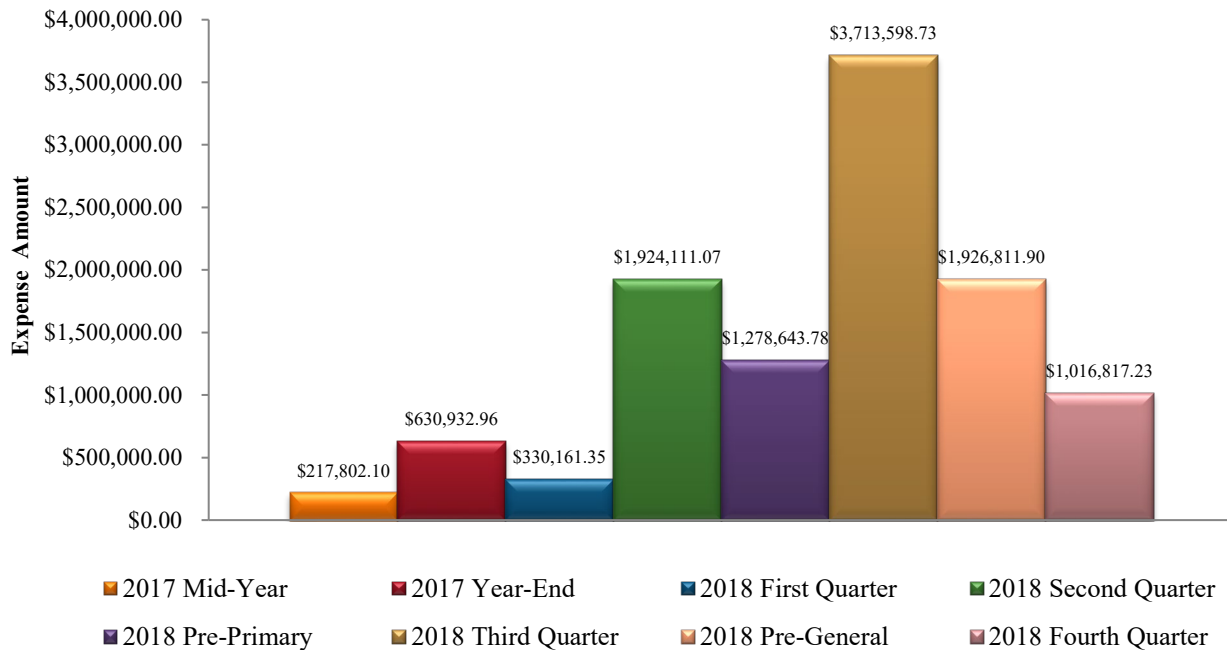
## **2018 ELECTION CONTRIBUTIONS BY REPORTING PERIOD**

The following chart shows the contributions that the candidate reported for the 2018 election campaign by reporting period.



## **2018 ELECTION EXPENSES BY REPORTING PERIOD**

The following chart shows the expenses that the candidate reported for the 2018 election campaign by reporting period.





## OBJECTIVES, METHODOLOGIES, CONCLUSIONS

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### CONTRIBUTIONS AND RECEIPTS

#### *Audit Objectives:*

The objectives of our audit of contributions and loans were to determine whether:

- all campaign contributions from individuals and Multi-Candidate Campaign Committees (hereafter and commonly referred to as PACs) were within campaign limits;
- all contributions were from non-prohibited sources;
- all contributions received were reported, reported in the proper period, and reported in compliance with T.C.A. §§2-10-105 and 2-10-107;
- all monetary contributions were supported by bank statements and deposit slips;
- all in-kind contributions were supported by donation letter or other appropriate supporting documentation;
- all interest and other investment earnings received were reported, reported in the proper period, and supported by bank or investment statements;
- all loans received were reported to the Registry, reported in the proper period, report in compliance with T.C.A. §§2-10-105 and 2-10-107; and
- all loans received from lending institutions were supported by loan agreements.

#### *Audit Methodology:*

The Registry obtained Karl Dean's 2018 Campaign Financial Disclosure Statements for the period January 16, 2017 through January 15, 2019. We requested Karl Dean provide the campaign records to support all contributions, loans, and interest received during the 2018 election campaign. Karl Dean's campaign records for contributions included bank statements, deposit slip copies, contributor check copies, contributor list, online contribution vendor reports, and online sales contributor reports. The following steps were performed on Karl Dean's campaign documentation:

- The documentation was reviewed to determine if the candidate's monetary contributions and interest received from January 16, 2017 to January 15, 2019 totaled \$7,411,043.12.
- A reconciliation of monetary contributions reported to funds deposited into the campaign account was prepared to determine if the candidate deposited all funds into

a campaign bank account and properly reported the funds in his campaign account on his campaign disclosures.

- A sample of 15 unitemized monetary contributions and 16 itemized monetary contributions and a listing of 91 monetary PAC contributions was prepared and compared to the candidate's disclosures statements during the election to determine if campaign contributions from individuals and PACs complied with campaign contribution limits, T.C.A. §2-10-301, et seq.; contributions were properly reported; contributions were reported in the proper period; contributions were reported in compliance with T.C.A. §§2-10-105 and 2-10-107.
- The documentation was reviewed to determine if the candidate's loans received from January 16, 2017 to January 15, 2019 totaled \$3,627,836.
- A list of loans received and payments made by source was prepared and compared to the candidate's bank statements to determine if the candidate deposited all loan proceeds into a campaign bank account and made all payments from campaign funds.
- The list of loans was compared to loan agreements or other supporting documentation to determine the source and terms of the loans received.
- The list of loans was reviewed to determine if all loan activity was reported to the Registry, reported in the proper period, reported in compliance with T.C.A. §§2-10-105 and 2-10-107.

The purpose of the statutory audits is to attempt to provide an overall assessment of candidate compliance. However, in contrast to a board-requested investigative audit where a full assessment of all activity and all statutory violations is requested, this audit is not a full assessment of all activity. This audit employs the common audit practice of materiality and sampling in completing the audit test work.

The Registry has currently set a 5% error rate for non-compliance. The rate is set to allow for minor errors that are non-systemic to the campaign operations that may occur, but are not indicative of purposeful or neglective non-compliance (for example, keying errors, misplaced documents for single transactions, miscalculations of combined entries, timing of entries, etc.). Karl Dean reported contributions totaling \$11,201,089.53 (This is all contributions for the audit period, both unitemized and itemized in the areas of monetary, in-kind, and loan contributions). Five percent (5%) of this total amount is \$560,054.48 (rounded to \$560,000 in various portions of this report). Absent other non-statistical factors, this would indicate that known or projected errors must exceed that amount to be considered significant and not minor errors.

The audit further assesses each area of the disclosures for test work. Based on the error amount noted above, disclosure amounts that are above 90% were considered significant for testing. Thus, areas that are less than 90% of \$560,054.48 for this audit (which is \$504,049.03) are considered immaterial for testing. The audit also determines a significant item amount that is usually 1/3 of the 90% amount, again in this audit that is 1/3 of \$504,049.03 or \$168,016.34.

This would indicate any one contribution of over \$168,000 would be an important transaction to review.

These percentage amounts and assessments are equivalent to or higher than normal auditing assessments when evaluating financial data. However, the Registry Audit group is aware that such assessments do not account for known areas that sometimes have higher error rates or can be skewed as the result of built-in limits to the data. Such limits to statistical assessments include the campaign finance limits laws and the \$100 itemized reporting requirement. Both these statutes skew contribution data to the cap on the contribution amount or the reporting amount. As such, the audit assesses areas outside the materiality assessment to provide additional data for assessing candidate compliance by the Registry Members. When such activities are performed, they are noted in the results reported in the audit conclusion.

Finally, although the audit may project that errors noted are immaterial and do not support additional testing or assessment, due to both the nature of the audit and the requirement that the auditor to report all known non-compliance with statute, all instances of known non-compliance noted during the audit test work are reported in the audit conclusion regardless of the materiality assessment also provided.

***Audit Conclusion:***

Karl Dean's 2018 Campaign Financial Disclosure Statements for the period January 16, 2017 through January 15, 2019 and the candidate's campaign records indicated that he received contributions totaling \$11,201,089.53. The disclosures reported \$11,038,879.12 in monetary contributions, of which \$3,627.836 were loans. The disclosures show \$7,069,604.65 in itemized monetary contributions and \$341,438.47 in unitemized monetary contributions (again excluding loans). The \$7,069,604.65 is reported as \$7,085.909.33, with adjustments of \$16,304.68. The disclosures report \$162,035.84 in itemized in-kind contributions and \$174.57 in unitemized in-kind contributions.

The audit adjusted campaign bank records indicated deposits of \$11,054,455.79. The audit adjusted out the deposits that were known non-contributions, usually related to expense adjustments (only known adjustments were made; not all deposits were review for possible expense adjustments). The audit adjustments also added in fees paid on contributions received by online vendors prior to the contributions being deposited. Candidates must report the full contribution amount, the amount prior to the fee removal; therefore, to assess contributions reported to contributions received the fee that is removed before the deposit must be added back.

When the \$11,054,455.79 in deposits is compared to the reported contributions of \$11,038,879.12, the difference is \$15,576.67 or 0.1%. However, the audit also recognized the reported contribution adjustments of \$16,304.68 mostly related to funds received and then returned. When those adjustments are also added back to the reported amount, the \$11,038,879.12 becomes \$11,055,138.80. Then, the comparison is \$11,054,455.79 to \$11,055,138.80, a difference of \$728.01, which is well below 0.1%. In both instances of the \$15,576.67 or the \$728.01, the amounts are extremely immaterial, based on the reconciliation. Despite the immaterial difference, the audit determined the contributions reported appear to have

been received and deposited and all contributions received were reported. Only one known instance of non-compliance was noted in the reconciliation process related to loans, which is further detailed in the loans paragraph below.

As noted above, Karl Dean's disclosures show \$11,038,879.12 in monetary contributions. This covers three major areas of the disclosures: \$7,069,604.65 in itemized monetary contributions, \$341,438.47 in unitemized monetary contributions, and \$3,627.836 in loan contributions. The preliminary audit assessment indicated unitemized contributions would be irrelevant due to the \$341,438.47 amount being less than the \$560,000; however, as noted above, the auditor is aware this number is capped due to the reporting limit. The auditor is also aware of common errors that occur in that reporting and the interest by the Legislature in this amount due to the statutory audits of that amount in certain instances. As such, the audit performed testing in all three areas. The testing was performed is outline in the following paragraphs.

### Loans

Due to the amount disclosed, \$3,627,836 in loans were reviewed for testing. The preliminary review that there were individual transactions used to process the loans, indicating the transaction range in amounts from approximately \$128,000 to \$514,000. (Audit Note: Most of the transactions are above the significant transaction amount noted by the audit of \$168,000; as such, all loan transactions were tested).

Karl Dean reported \$3,627.836 in loans to the campaign, all from the candidate. The loans were made up of transfers of the candidate's personal funds to the campaign account. The audit confirmed that the \$3,627,836 in loan funds were from the candidate's personal accounts and transferred to the campaign. The audit noted only one error, during the 2018 Fourth Quarter, in which the candidate reported a loan amount of \$784,214 that was supported by two deposits. However, those deposits totaled \$784,216. The \$2 difference between the deposits and the reported amount is well below 0.1% noted above. Failure to report the loan contribution is non-compliant with T.C.A. §§2-10-105 and 2-10-107. However, no detailed finding of non-compliance was provided as the error amount is immaterial and non-systemic to the campaign. Additionally, no correction was requested of the candidate as Karl Dean at the end of the campaign writes off the loans outstanding and any correction would be subsequently written off. (Audit Note: There is no projection to the population as all loan transactions were reviewed).

### Itemized Monetary Contributions -PAC

All reported itemized PAC activity was reviewed. As noted above, the auditor is aware of the effect the campaign limits laws have on statistical set significant items. In the case of this campaign, the campaign limit caps that amount below \$168,000. However, the same limits allow PACs to contribute more than other contributors. As such, PAC contributors will be the large dollar contributions to the campaign and PAC contributions are considered significant and were tested. PAC contributions are also tested because itemized PAC contributions can be cross indexed to the disclosures made by the PAC of the same contributions. The preliminary review indicated Karl Dean reported ninety-one itemized PAC contributions totaling \$247,798.92. As

the number of reported transactions is small and the PAC reporting can be cross-indexed, all PAC reported activity was detail tested for compliance.

The audit test work noted two instances of non-compliance, both related to the proper reporting of the contributor's name. The failure to improperly report the name of a contributor who contributes more than \$100 is in non-compliance with T.C.A. §2-10-107(a)(2)(A). The audit identified one check reported as being from an individual, but the check was actually from a PAC. In another instance the reverse occurred, the campaign reported the PAC, but the contribution was from an individual. In both cases it appears the campaign misstated the supporting documentation. In the first instance, it appears the person who signed the check was reported instead of the PAC. In the second instance the campaign reported the PAC, which was noted in the memo line, instead of the name in the header of the check. In both cases, the audit confirmed the proper contributor. Again, no detailed finding of non-compliance was provided as the error amount is immaterial and non-systemic to the campaign. A correction was requested of the candidate to correct the disclosures for the two improperly reported contributors, and the corrections were made with the assistance of the Registry audit staff. (Audit Note: There is no projection to the population as all itemized PAC transactions were reviewed).

#### *Itemized Monetary Contributions – (non-PAC)*

After testing the itemized PAC contributions, the remaining itemized contributions were tested by sample. There were sixteen disclosures randomly selected for testing throughout the campaign. The total amount of the sample contribution was \$6,725.68. The audit procedure performed show no instances of non-compliance in the sample tested.

#### *Unitemized Monetary Contributions*

Unitemized monetary contributions were also sample tested. However, testing was not done throughout the campaign due to the manner which the campaign maintained their unitemized contribution records. The campaign was unable to provide an exact listing of the contributions reported in each reporting period as unitemized. This lack of an exact listing, along with the aggregate nature in which unitemized contributions are reported, made sampling problematic for the entire election. As such, one period was selected for testing, the 2018 Third Quarter, which had the largest amount of reported unitemized contributions of \$87,569.51. A reconciliation of the unitemized contributions received for that period per deposits was used to select items for testing by sample. The unitemized sample consisted of fifteen items that totaled \$300 in contributions. The sample tested noted two instances of non-compliance. Both instances related to reporting itemized contributions from contributors who gave more than \$100 during a reporting period. In one instance the candidate failed to itemize \$70 made in four contributions when the contributor had other itemized contributions. (Note: The sample only included \$25 of the \$70, the other amounts were noted in testing the sample selected item). Similarly, the candidate failed to itemize \$680 made in twenty-one contributions along with the contributor have other itemized contributions. (Note: The sample only included \$50 of the \$680, the other amounts were noted in testing the sample selected item). In both cases the contributor made multiple contributions. Some were reported as itemized and some as unitemized during the period. In both cases, the aggregate of the contributions from the contributor is over \$100.

T.C.A. §2-10-107(a)(2)(A) requires that contributions from these contributors be itemized. Thus, the candidate was non-complaint with the statute. As this was a sample, the audit projected the error to the entire population tested. Again, the error was \$75 of the \$300 tested (it does not include the other known errors of \$675. In this instance, the projection would indicate \$22,907.63 of the reported unitemized contributions of \$87,569.51 could be improperly reported (approximately 26%).

The result is that the audit noted two instances of non-compliance and an indicator of additional non-compliance. The audit, however, determined the possibility of indicator of non-compliance appears to be immaterial to perform additional testing without board request. This is based on the campaign reporting \$11,038,879.12 in monetary contributions of which only \$341,438.47 was reported as unitemized (approximately 3%), as such unitemized contributions appear to be minor to contribution reporting for the campaign as a whole. Additionally, the indicator only indicates a possibility that 26% of \$341,438.47 could need to be itemized, not a known error. Based on these factors the errors that are known appear to be immaterial for the audit to further test. Further, the known errors for failing to itemize a total of \$750 in contributions are not sufficient to provide a detailed audit finding for failure to itemize campaign contributions from contributors who contributed more than \$100 during a reporting period.

## **DISBURSEMENTS AND OBLIGATIONS**

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

The objectives of our audit of disbursements and obligations were to determine whether:

1. all disbursements and obligations were supported by vendor receipts, canceled checks and bank statements;
2. all disbursements and obligations were made for non-prohibited activities; and
3. all disbursements and obligations were reported, reported in the proper period, reported in compliance with T.C.A. §§2-10-107 and 2-10-114.

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

The Registry obtained Karl Dean's 2018 Campaign Financial Disclosure Statements from January 16, 2017 to January 15, 2019. We requested Karl Dean to provide the campaign records to support all expenses that were incurred for the 2018 election campaign. Karl Dean's campaign records for expenses included bank statements with canceled checks and vendor receipts/invoices with other supporting documents. The following steps were performed on Karl Dean's campaign documentation:

1. The documentation was reviewed to determine if the candidate's expenses from January 16, 2017 to January 15, 2019 totaled \$11,038,879.12.

2. A list of disbursements was prepared and compared to the candidate's bank statements and copies of cleared checks to determine if the candidate expended all funds from the campaign bank account and reported the expenditure.
3. A sample of twelve expenditure disclosures and a listing of 20 significant expenditure disclosures were reviewed to determine if all expenditures were reported, reported in the proper period, and reported in compliance with T.C.A. §§2-10-107 and 2-10-114.

Like contributions, expenses were assessed on materiality by the audit and sample tested. Karl Dean reported expenses totaling \$11,038,879.12, including all expenses reported for the audit period, both unitemized and itemized, a loan payment reported of \$18,742.52, and \$26,125.78 in expense adjustments. Five percent (5%) of the \$11,038,879.12 reported is \$551,943.96 (rounded to \$550,000 in various portions of this report). Absent other non-statistical factors, this would indicate known or projected errors must exceed that amount to be considered significant and not minor errors. The audit further assessed each area of the disclosures for test work. Based on that error amount, disclosure amounts that are above 90% were considered significant for testing. Thus, areas that are less than 90% of \$551,943.96 for this audit (which is \$496,749.56) are considered immaterial for testing. The audit also determined a significant item amount that is usually 1/3 of the 90% amount. In this audit that is 1/3 of \$551,943.96 or \$165,583.19. This would indicate any one expense of over \$165,583.19 would be an important transaction to review.

***Audit Conclusion:***

Karl Dean's 2018 Campaign Financial Disclosure Statements from January 16, 2017 to January 15, 2019 and the candidate's campaign records disclosed expenses totaling \$11,038,879.12. The campaign records showed disbursements from the campaign account of \$11,048,920.56, a difference of \$10,041.44, which is well below .01% of the expenses reported. Similar to contributions, the auditor is aware of several items effecting the difference. These include the following, listed with the overall effect to the difference noted:

1. Included in the campaign account disbursements are the disbursements to return itemized campaign contributions, which are not reported as campaign expenses but as contribution adjustments. Those amounts would be removed from the campaign disbursements making the difference less.
2. Not included in the campaign account disbursements are the online fees paid to vendors for online collections. Those fee payments would be added to the campaign account disbursement to reconcile.

Although these differences would have some effect on the difference, the calculation to determine both amounts were not performed and an audit adjusted balance was not reported, as the preliminarily assessed difference was already immaterial and below .01%.

Karl Dean's disclosures for expenses show \$11,003,552.22 in itemized expenses and \$16,584.38 in unitemized expenses. The preliminary audit assessment indicated unitemized contributions would be irrelevant, due to the \$16,584.38 amount being less than the \$550,000;

however, as noted above, the auditor is aware this number is capped due to the reporting limit. The auditor is also aware of common errors that occur in that reporting; therefore, both unitemized and itemized expense testing was performed.

The sampling, however, was done a little different. In the case of expenses, all expenses were evaluated at the same time. First, all expenses were reviewed to determine significant items to review. The review looked at each itemized expense reported and each unitemized expense category reported on the various disclosure statements. This review identified twenty itemized expenses that were over \$165,000 and thus all twenty were tested for compliance. The total of the twenty expenses tested was \$5,948,500 or approximately 54% of all the expenses reported. The remaining disclosures were placed in a population for random sampling. The sample selected twelve disclosures, eleven itemized expenses reported and one unitemized expense category reported. The sample totaled \$88,261.51.

The testing resulted in the audit being able to confirm the expenses reported were disbursed from the campaign account and for the purposes disclosed, with the exception of one instance where the unitemized expenses category included a reimbursement that was overpaid by \$7.56. However, during the election campaign and prior to the audit, the error was noted by the campaign, the funds returned, and the return was properly reported. As such, the overpayment is not an error as proper corrective action occurred.

The testing did note one instance of non-compliance in expense reporting. The campaign records indicated that the candidate improperly reported the vendor for utility services. The candidate reported a realty company who had billed the utility service to the campaign, instead of the utility company that provided the services in non-compliance with T.C.A. §§2-10-107(a)(2)(B) and 2-10-107(f). Those statutes indicate that, when a, entity or person is paid for expenses paid on the campaign's behalf, the candidate must report the vendor that actually provided the good or service, not the entity or person reimbursed. In this instance, the realty company is being directly reimbursed for the utility company services and, as such, the utility company should have been reported (Note: The utility company name appears on the invoice).

This error was in the sample of items tested on an expense of \$262.60, and thus, the error could be projected to the populations. The projection would indicate possible errors in the population of \$15,089.38. However, the auditor notes this indicator is highly unlikely as the error is unique to a specific set of circumstances that would not appear through the other expenses reported. The auditor also noted such sub-vendor error reporting can be prevalent in media expense reporting; however, the majority of the significant items tested for this campaign were those type of expenses and none had similar reporting issues.

The result is that the audit noted one instance of non-compliance and an indicator of additional non-compliance. The audit, however, determined the possibility of indicator of non-compliance appears to be immaterial and likely not to have occurred in the amount of the indicator based on the unique nature of the error to justify additional testing without board request. No detail findings for expenses was noted as no material systematic errors were noted. A correction was requested of the candidate to correct the disclosure of the one improperly reported vendor. The correction was made with the assistance of the Registry audit staff.



## **RESOLUTIONS**

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

The Members of the Registry of Election Finance will review the report for the 2018 Campaign Finance Audit of Karl Dean during the March 17, 2022 meeting. Approval and any subsequent actions taken by the board will be documented in the board minutes.