



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

**Campaign Finance Audit of
Gregory Frye
Election Year 2018**



STATE OF TENNESSEE



BUREAU OF ETHICS AND CAMPAIGN FINANCE REGISTRY OF ELECTION FINANCE

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June 12, 2019

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 Gregory Frye's 2018 election campaign for House of Representatives District 79. This audit was conducted pursuant to the requirements of T.C.A. §2-10-212.

The procedures were developed to aid the Registry of Election Finance in its responsibilities to monitor and enforce Tennessee's Campaign Financial Disclosure Law and Campaign Contribution Limits Law. 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 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 public record.

Sincerely,

Jay Moeck, CPA, CFE
Audit Director

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

Audit Highlights
Gregory Frye
2018 Campaign Finance Audit

AUDIT OBJECTIVES

The objectives of the audit were to determine Gregory Frye'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 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

AUDIT AUTHORITY

Tennessee Code Annotated (T.C.A.) §§ 2-10-207 and 2-10-212 authorize the Registry of Election Finance (the “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(2), which requires the Registry to audit approximately four percent of all candidates for the general assembly.

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 Gregory Frye’s disclosures on his 2018 Second Quarter, 2018 Pre-Primary, 2018 Third Quarter, 2018 Pre-General and 2018 Fourth Quarter Campaign Financial Disclosure Statements.

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

Gregory Frye was a candidate in the November 6, 2018 general election for House of Representatives District 79. Mr. Frye filed an Appointment of Political Treasurer Statement with the Registry on May 1, 2018 appointing Samantha Ammons as political treasurer.

The candidate's first financial disclosure for the 2018 campaign was the 2018 Second Quarter report filed on July 9, 2018. His most recent financial disclosure was the 2018 Fourth Quarter Report, which he filed on January 21, 2018. The 2018 Fourth Quarter report indicated no cash on hand, no outstanding obligations, and no outstanding loans. The candidate has completed his filing requirement for the 2018 election.

OVERVIEW OF FINANCIAL ACTIVITIES

All of Gregory Frye's disclosures for the 2018 election appear to be filed based on T.C.A. § 2-10-107 (a)(1). The statute allows candidates that have less than \$1,000 in contributions and expenses during a reporting period to report an abbreviated disclosure statement (short form disclosure). The short form disclosure requires only the reporting of the balance on hand, outstanding obligations, and outstanding loans. The following summary is the amounts of the financial disclosures made by the candidate. The summarized amounts are from the following disclosure reports: 2018 Second Quarter, 2018 Pre-Primary, 2018 Third Quarter, 2018 Pre-General, and 2018 Fourth Quarter reports. The amounts displayed are for informational purposes only.

Summary of Financial Activity
(Un-audited Amounts)

	Second Quarter	Pre- Primary	Third Quarter	Pre- General	Fourth Quarter
Cash on hand (beginning)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cash on hand (ending)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Loans outstanding	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Obligations outstanding	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

OBJECTIVES, METHODOLOGIES, CONCLUSIONS

BALANCE ON HAND, LOANS, and OBLIGATIONS

Audit Objectives:

The objectives of our audit of balance on hand, loans, and obligations were to determine whether:

- the balance on hand, loans and obligations were properly reported in compliance with T.C.A. §§2-10-105 and 2-10-107, and reported in compliance with the Registry's rules;
- all receipts supporting the balance on hand were supported by bank statements and deposit slips;
- all campaign contributions from individuals and Political Action Committees (PACs) were within campaign limits;
- all contributions were from non-prohibited sources;
- all loans received were reported to the Registry, 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 loans received from lending institutions were supported by loan agreements;
- all disbursements supporting the balance on hand were supported by vendor receipts, canceled checks and bank statements;
- all disbursements and obligations were made for non-prohibited activities; and
- 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 and reported in compliance with the Registry rules.

Audit Methodology:

The Registry obtained Gregory Frye's 2018 Campaign Financial Disclosure Statements for the period April 1, 2018 through January 15, 2019. We requested Mr. Frye provide his campaign records to support all contributions received (including loans), all interest received and all expenses incurred during his 2018 election campaign. Mr. Frye's campaign records included copies of two contribution checks, copies of three candidate personal account checks paying campaign expenses and a listing of mileage expenses incurred. The following steps were performed on Mr. Frye's documentation:

- An audit reconstruction of the campaign activities was prepared for each reporting period based on the candidate's campaign records. The audit reconstructed the ending balance on hand by reporting period which was then compared to the candidate's disclosure to determine if the balance on hand was properly calculated and reported. The reconstruction consisted of the following:
 - a. A listing of all contributions received by the candidate for each reporting period as if a detailed disclosure had been made.
 - b. A listing of all campaign disbursements made during each reporting period as if a detailed disclosure was made.
 - c. A summary was prepared from the created listings to calculate audit reconstructed amounts for beginning balance on hand, total receipts, total disbursements, and ending balance on hand by reporting period.
- All contributions on the audit reconstructed listing were tested 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; and contributions were reported in compliance with the Registry's rules.
- All campaign disbursements identified were tested to determine if all campaign expenditures were reported, reported in the proper period, reported in compliance with T.C.A. §§2-10-107 and 2-10-114 and reported in compliance with the Registry's rules.
- The documentation was reviewed to determine if the candidate's received any loans or incurred any obligations from April 1, 2018 to January 15, 2019.

Audit Conclusion:

Gregory Frye's 2018 Campaign Financial Disclosure Statements for the period April 1, 2018 to January 15, 2019 all had less than \$1,000 in activity. While not all candidate submitted reports were short form reports, it appears the candidate filed based on short form reporting requirements. The campaign records provided by Mr. Frye were limited to only copies of three contribution checks and copies of three disbursement checks made from the candidate's personal account. Based on the limited records it appears that the campaign contributions and expenses in each period were less than \$1,000. The campaign records also indicate the candidate properly reported the ending balance for each period. Finally, the campaign records indicate the candidate received no loans or incurred any obligations. Based on the audit test work and campaign records, campaign contributions received and disbursements made by Mr. Frye appear to comply with Tennessee's campaign finance statute.

RESOLUTIONS

REGISTRY OF ELECTION FINANCE ACTIONS

The Members of the Registry of Election Finance will review the 2018 Campaign Finance Audit of Gregory Frye report during the June 12, 2019 regular monthly meeting. Approval and any subsequent actions taken by the board will be documented in the board minutes.