



TENNESSEE REGISTRY OF ELECTION FINANCE

**Contribution Audit of
Kyle Southern
2018 Second Quarter Campaign Finance Disclosure**



STATE OF TENNESSEE



BUREAU OF ETHICS AND CAMPAIGN FINANCE REGISTRY OF ELECTION FINANCE

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April 10, 2019

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

Registry Members,

Transmitted herewith is the agreed upon procedures for the unitemized contribution audit of Kyle Southern's 2018 Second Quarter Campaign Financial Disclosure Statement for the 2018 election campaign for the House of Representatives, District 59. 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

Kyle Southern

2018 Second Quarter Contribution Audit

AUDIT OBJECTIVES

The objectives of the audit were to determine Kyle Southern 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 unitemized contribution disclosures on his 2018 Second Quarter Campaign Financial Disclosure Statement; 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 (Registry) to conduct audits of campaign financial disclosure statements filed with the Registry. This audit was initiated based on T.C.A. §2-10-212(i), which requires the Registry to audit a candidate's campaign financial disclosure statement if the unitemized contributions exceed \$5,000 and account for more than 30% of total contributions during a reporting period.

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 Kyle Southern's 2018 Second Quarter Report.

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

Kyle Southern was a candidate in the November 6, 2018 general election for the House Representative District 59. Mr. Southern filed an Appointment of Political Treasurer Statement with the Registry on March 2, 2018 appointing Jan Margaret Craig as political treasurer.

The candidate's first financial disclosure for the 2018 campaign was the 2018 Fourth Quarter report filed on April 9, 2018. The candidate's latest financial disclosure report for the 2018 election was the 2018 Fourth Quarter report filed on February 1, 2019. The 2018 Fourth Quarter report indicated no cash on hand, no outstanding obligations and no outstanding loans. The candidate has not completed his 2018 election campaign reporting requirements.

OVERVIEW OF FINANCIAL ACTIVITIES

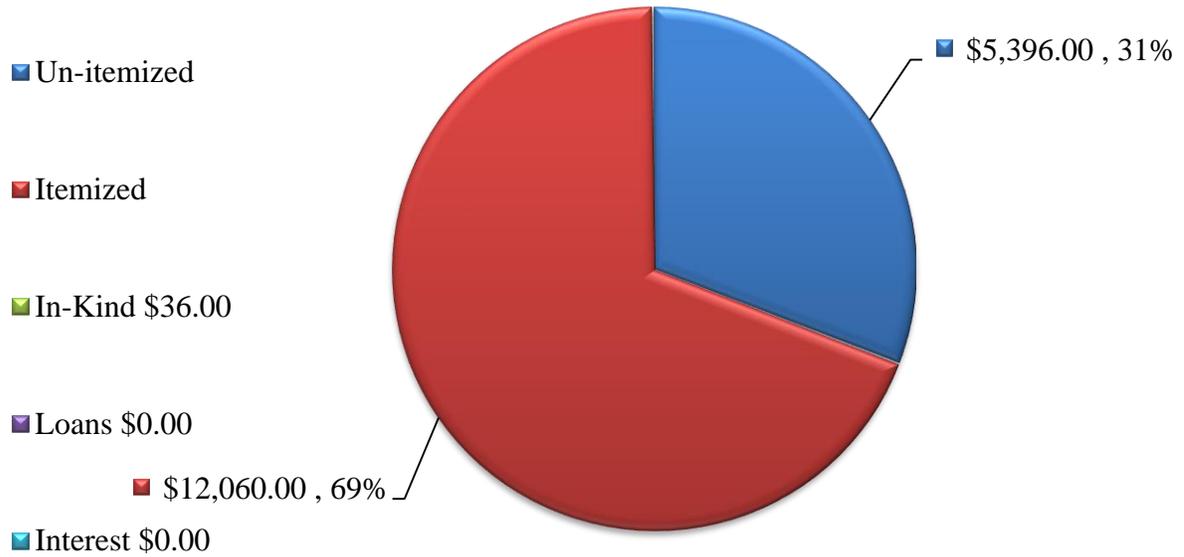
The following financial amounts are a summary of the financial disclosures made by the candidate. The summarized amounts are from the following disclosure reports: 2018 First Quarter, 2018 Second Quarter, 2018 Pre-Primary, 2018 Third Quarter and 2018 Fourth Quarter reports. As noted in the audit scope, we only audited unitemized contributions from disclosures for the 2018 Second Quarter report. The amounts displayed are for informational purposes only.

<u>Summary of Financial Activity</u>		
<u>(Un-audited Amounts)</u>		
Cash on hand at January 16, 2018		\$0.00
Receipts		
Unitemized	\$12,134.65	
Itemized	25,398.78	
Interest	0.00	
Loans received	0.00	
Total receipts		<u>\$37,533.43</u>
Disbursements		
Unitemized	2,044.25	
Itemized	33,859.69	
Loans principal payments	0.00	
Obligation payments	1,629.49	
Total disbursements		<u>\$37,533.44</u>
Cash on hand at January 15, 2019		<u>\$0.00</u>
Loans outstanding at January 15, 2019		\$0.00
Obligations January 15, 2019		\$0.00
Total in-kind contributions received		\$36.00

CHARTS

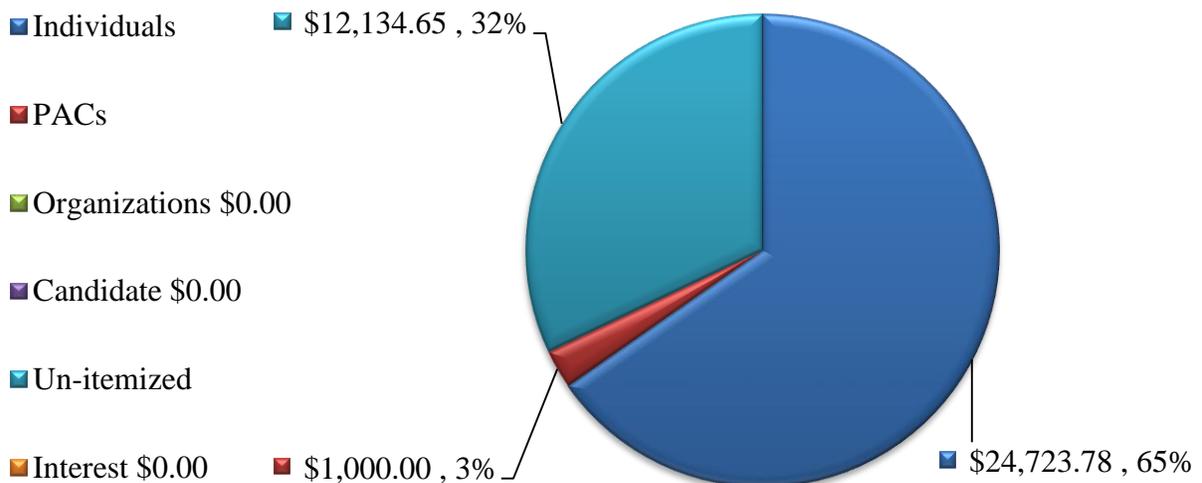
2018 SECOND QUARTER CAMPAIGN CONTRIBUTIONS

The following chart shows the contributions reported by the candidate in the 2018 Second Quarter report.



2018 ELECTION CONTRIBUTIONS BY SOURCE

The following chart shows the contributions reported by the candidate for the 2018 election campaign through the 2018 Fourth Quarter 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 unitemized 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 Kyle Southern's 2018 Second Quarter Campaign Financial Disclosure Statement to verify that the unitemized contributions were greater than \$5,000.00 and 30% of the total contributions reported. We requested Mr. Southern's provide supporting documentation for the unitemized contributions of \$5,396.00 that he reported on his 2018 Second Quarter report. The candidate's campaign records included bank statements, deposit slips, copies of checks, and contribution lists. The following steps were performed on Mr. Southern's campaign documentation:

- The campaign records were reviewed to determine if the candidate's unitemized contributions received from April 1, 2018 thru June 30, 2018 totaled \$5,396.
- A list of unitemized 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 unitemized 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 unitemized 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:

Mr. Southern's 2018 Second Quarter Campaign Financial Disclosure Statement reported unitemized contributions that were greater than \$5,000.00 and 30% of the total contributions. The audit indicated the \$5,396 in unitemized contributions reported were deposited into the campaign bank account. The audit test work also indicated the \$5,396 in unitemized contributions were received and reported in complied with campaign finance laws and Registry rules.

RESOLUTIONS

REGISTRY OF ELECTION FINANCE ACTIONS

The Members of the Registry of Election Finance will review the 2018 contribution audit of Kyle Southern during the April 10, 2019 regular monthly meeting. Approval and any subsequent actions taken by the board will be documented in the board minutes.