TENNESSEE BUREAU OF ETHICS AND CAMPAIGN FINANCE
REGISTRY OF ELECTION FINANCE

Campaign Finance Audit of
Charles A. Thompson
Election Year 2020

Auditors:

Jay Moeck, CPA, CFE
Director of Audit

STATE OF TENNESSEE

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June 15, 2023

Members of the Registry of Election Finance
312 Rosa Parks Ave, Tennessee Tower 26th Floor
Nashville, TN 37243

Registry Members,

Transmitted herewith are the agreed upon procedures for the campaign finance audit of Charles A Thompson's 2020 election campaign for House of Representatives, District 98. 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
Director of Audit

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

Audit Highlights

Charles A. Thompson
2020 Campaign Finance Audit

AUDIT OBJECTIVES

The objectives of the audit were to determine Charles A. Thompson'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 made by the candidate for the 2020 election; and to recommend appropriate actions to correct any deficiencies.

FINDING(S)

The audit report contains no findings.

DIRECTOR OF AUDIT NOTICE

Although the result of the audit report is no findings, it should be noted that the candidate failed to make several campaign finance disclosures related to the 2020 election. The failure to make those disclosures has already been before the Members of the Registry in Case No. 20-56 and Case No. 20-57. In Case No. 20-56, the Registry assessed $10,000 Class 2 civil penalties for failure to file the 2020 Second Quarter Campaign Finance Disclosure Statement. In case No. 20-57, the Registry assessed $10,000 Class 2 civil penalties for failure to file the 2020 Pre-Primary Campaign Finance Disclosure Statement. The Registry also assessed a civil penalty of $425 in Case No. 20-58 related to the untimely filing of the 2020 Third Quarter disclosure statement.

The failure to make those disclosures means there are no disclosures to test for proper compliance for the audit. As noted, the only disclosures made by the candidate was for one period, the 2020 Third Quarter, and thus it is the only auditable disclosure, however, that disclosure shows no activity (the report is all zeros). The normal audit for no activity is solely to confirm with the candidate that no activity occurred. The confirmation for Charles A. Thompson was not obtained.

The confirmation was not provided but could be the result of the following. The auditor had not reviewed the campaign disclosures prior to the audit notice, and it is unusual for a house candidate to have no activity. As such, the standard audit notice was sent on April 19, 2021. Similar to the filing, no response was made by the candidate for the original audit notice.

In 2023, the Director of Audit became aware of the filings, the actions of the board, and the lack of an audit response to the original notice. There was no additional follow-up sent in between April 2021 and May of 2023. Instead of processing additional attempts to get a confirmation in 2023, which the Director of Audit feels will still result in no response, the Director of Audit decided to prepare this notice and zero-activity report for the one report made.

It is the Director of Audit's opinion that the candidate has demonstrated that either there was no activity or a complete lack of care to comply with the campaign finance statute. If the former is correct, then having the candidate make that statement is no more beneficial to preparing a no activity report than with it. As such, the report that follows this notice is based on no activity by the candidate for the one disclosure made. If the latter is correct, it would appear the actions already taken by the Members of the Registry on the 2020 Second Quarter and 2020 Pre-Primary would be partially (if not fully) addressing the lack of care and compliance by the candidate.

It is the Director of Audit's opinion there is nothing else to audit or report to the Members. It appears additional attempts to gain data now will just result in expense and time being spent by the Registry to gain no additional information that is not already known or demonstrated in the candidate reporting or lack thereof.

However, in order to provide full disclosure, the Registry staff at the Members directions could send those additional notices requests, subpoena the candidate, or subpoena the candidate's personal records. However, it is the auditor's opinion that without the candidate's active assistance, such attempts will likely provide no additional information that will be available or identifiable to act on by the Members. There is one exception, however in that such additional attempts could be used by the Members to act on a failure to comply with the audit notice or a subpoena if the candidate continues to not respond.

Therefore, I have presented this matter to the Members for their consideration to determine if the previous actions were sufficient to their desires to enforce and emphasis campaign finance compliance or whether any additional actions are going to be requested.

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INTRODUCTION

AUDIT AUTHORITY

Tennessee Code Annotated (T.C.A.) §§ 2-10-206, 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 Charles A. Thompson's disclosures on the 2020 Third Quarter Campaign Financial Disclosure Statement only as no other filing was made (see "Director of Audit Notice" at the beginning of the audit report).

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

Charles A. Thompson was a candidate in the August 6, 2020 general election for House of Representatives District 98. Charles A. Thompson did not file an Appointment of Treasurer form, which could be an indicator that the candidate had no campaign finance activity for the 2020 campaign. Charles A. Thompson's only financial disclosure for the 2020 campaign was the 2020 Third Quarter filed on January 26, 2020. The 2020 Third Quarter statement indicated no cash on hand, no outstanding obligations, and no outstanding loans. The candidate has failed to complete the required campaign finance filings for the 2020 election which has already been acted upon by the Members of the Registry (see "Director of Audit Notice" section of this audit report).

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 2020 Third Quarter Campaign Finance Disclosure Statement. The amounts displayed are for informational purposes only. The

Summary of Financial Activity
(Un-audited Amounts)

Cash on hand at 7/28/2020	$0.00
Total receipts	$0.00
Total disbursements	$0.00
Cash on hand at 9/30/2020	$0.00
Loans outstanding at 9/30/2020	$0.00
Obligations at 9/30/2020	$0.00

OBJECTIVES, METHODOLOGIES, CONCLUSIONS

CONTRIBUTIONS AND RECEIPTS

Audit Objectives:

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

- all campaign contributions from individuals and Political Action Committees (PACs) were within campaign 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;
- 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.

DISBURSEMENTS AND OBLIGATIONS

Audit Objectives:

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

- all disbursements and obligations 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.

Audit Methodology:

The Registry obtained Charles A. Thompson's 2020 Third Quarter Campaign Financial Disclosure Statements from July 28, 2020 to September 30, 2020. The campaign finance statements indicated the candidate had no campaign finance activities for the 2020 election No contributions were received, nor disbursements made.

Audit Conclusion:

Based on the 2020 Third Quarter filing which only covers the 10-day period prior to the primary election and activity after the election to September 30, 2020, the candidate not filing an Appointment of Treasurer form for the campaign and the actions noted in the "Director of Audit Notice" section of this audit report, it appears the campaign had no activity (or likely had no activity) during the 2020 Third Quarter. Thus, if no activity occurred for the campaign from July 28, 2020 to September 30, 2020 the 2020 Third Quarter showing all zero indicating no activity as filed by the candidate would appear to be proper.

RESOLUTIONS

REGISTRY OF ELECTION FINANCE ACTIONS

The Members of the Registry of Election Finance reviewed the 2020 campaign finance audit of Charles A. Thompson during their regular bi-monthly meeting. The report indicated the candidate had no activity and the report contained no findings for corrective actions. Approval and any subsequent actions taken by the board will be documented in the board minutes.