



TENNESSEE REGISTRY OF ELECTION FINANCE

Contribution Audit of Representative Brenda Gilmore's 2011 Early Year-End Supplemental Campaign Finance Disclosure



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January 9, 2013

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 Representative Brenda Gilmore's 2011 Early Year-End Supplemental Campaign Financial Disclosure Statement for her 2012 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 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 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
Representative Brenda Gilmore
2011 Early Year-End Supplemental Contribution Audit

AUDIT OBJECTIVES

The objectives of the audit were to determine Representative Brenda Gilmore'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 2011 Early Year-End Supplemental Campaign Financial Disclosure Statement; and to recommend appropriate actions to correct any deficiencies.

FINDING

- 1. Rep. Gilmore violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$400 in campaign contributions from three contributors.**

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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 reviewed only Rep. Gilmore's disclosures on her 2011 Early Year-End Supplemental report.

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

Representative Brenda Gilmore was a candidate in the November 6, 2012 general election for the House of Representatives for District 54. Rep. Gilmore filed an Appointment of Political Treasurer Statement with the Registry on June 11, 2011 appointing Daniel Lane as political treasurer.

The candidate's first financial disclosure for the 2012 campaign was the 2011 Early Mid-Year Supplemental report filed on July 12, 2011. The candidate's latest financial disclosure report for the 2012 election was the 2012 Pre-Primary report filed on July 24, 2012. The 2012 Pre-Primary report indicated \$5,633.61 in cash on hand, no outstanding obligations, and no outstanding loans. The candidate has not completed her 2012 election campaign reporting requirements. The candidate's next report will be the 2012 Third Quarter report due October 10, 2012.

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: 2011 Early Mid-Year Supplemental, 2011 Early Year-End Supplemental, 2012 First Quarter, 2012 Second Quarter, and 2012 Pre-Primary reports. As noted in the audit scope, we only audited un-itemized contributions from disclosures for the 2011 Year-End Supplemental. The amounts displayed are for informational purposes only.

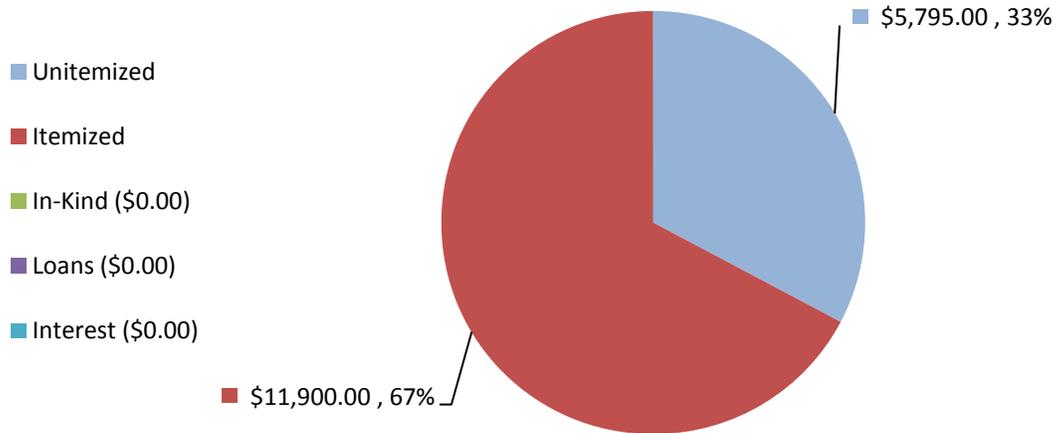
<u>Summary of Financial Activity</u>		
<u>(Un-audited Amounts)</u>		
Cash on hand at January 16, 2011		\$1,403.28 1
Receipts		
Un-itemized	\$9,300.00	
Itemized	16,050.00	
Interest	0.00	
Loans received	0.00	
Total receipts		<u>\$25,350.00</u>
Disbursements		
Un-itemized	4,277.95	
Itemized	16,841.72	
Loans principal payments	0.00	
Total disbursements		<u>\$21,119.67</u>
Cash on hand at July 23, 2012		<u>\$5,633.61</u>
Loans outstanding at July 23, 2012		\$0.00
Obligations at July 23, 2012		\$0.00
Total in-kind contributions received		\$0.00

1 The cash balance at 1/16/2011 is funds transferred from the candidate's 2010 campaign.

CHARTS

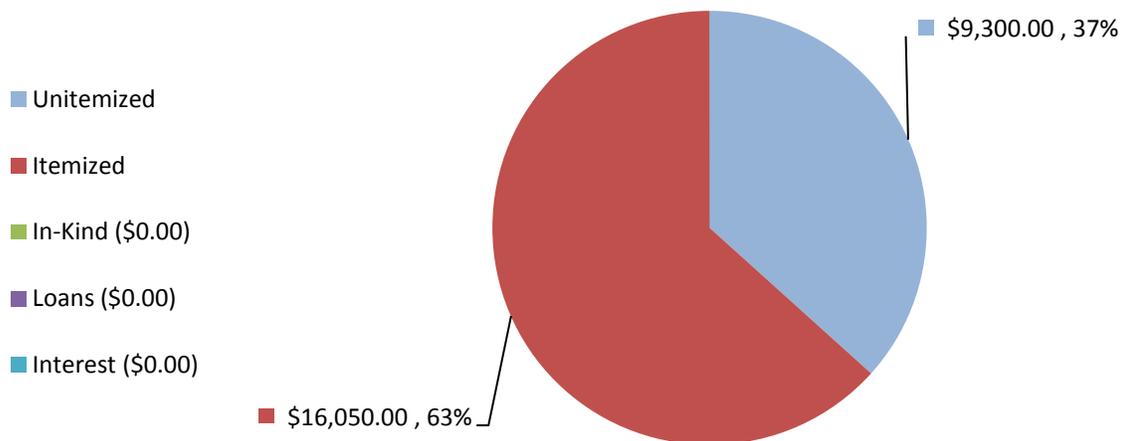
2011 EARLY YEAR-END SUPPLEMENTAL CONTRIBUTIONS

The following chart shows the contributions reported by the candidate in the 2011 Early Year-End Supplemental report.



2012 ELECTION CAMPAIGN CONTRIBUTIONS (through pre-primary election report)

The following chart shows the contributions reported by the candidate for the 2012 election campaign through the 2012 Pre-Primary disclosure report.



OBJECTIVES, METHODOLOGIES, CONCLUSIONS

UN-ITEMIZED CONTRIBUTIONS AND RECEIPTS

Audit Objectives:

The objectives of our 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 Rep. Gilmore's 2011 Early Year-End Supplemental 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 Rep. Gilmore to provide supporting documentation for the un-itemized contributions of \$5,795 that she reported on her 2011 Early Year-End Supplemental report. Rep. Gilmore's campaign records included her bank statements, bank reconciliations, photocopied deposit slips, photocopied deposit receipts, contribution ledgers, check copies and cash contribution documentation. The following steps were performed on Rep. Gilmore's campaign documentation:

- The campaign records were reviewed to determine if the candidate's un-itemized contributions received from July 1, 2011 thru January 15, 2012 totaled \$5,795.
- 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 election 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:

Rep. Gilmore's 2009 Early Year-End Supplemental Campaign Financial Disclosure Statement reported un-itemized contributions were greater than \$5,000.00 and 30% of the total contributions. Rep. Gilmore's campaign records indicated that she failed to itemize \$400 in contributions received from three contributors during the 2011 Early Year-End reporting period (Finding 1). The audit indicated all un-itemized contributions reported were deposited into the campaign bank account. The audit indicated the un-itemized contributions complied with campaign finance laws and Registry rules except as noted in the finding.

FINDINGS

1. Rep. Gilmore violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$400 in campaign contributions from three contributors.

Rep. Gilmore included \$400 in un-itemized contributions she received from three individuals that should have been itemized. The failure to itemize the contributions is a violation of T.C.A. §2-10-107(a)(2)(A)(i) which 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 amount of the contribution. The \$400 in contributions represented approximately 7% of the un-itemized contributions reported on Rep. Gilmore's 2011 Early Year-End Campaign Financial Disclosure Statement.

RECOMMENDATION TO CANDIDATE

Rep. Gilmore should amend her 2011 Early Year-End Campaign Financial Disclosure Statement to ensure that she itemized all contributions from individuals who contributed over \$100 received during the reporting period.

RECOMMENDATION TO REGISTRY

We recommend the Members of the Registry consider the finding 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 finding with Rep. Gilmore, she chose to take corrective action on her report prior to the Registry's approval of the audit. Rep. Gilmore amended her 2011 Early Year-End Campaign Financial Disclosure Statement on October 2, 2012.

Correction Action - Finding 1:

On her amended 2011 Early Year-End report, Rep. Gilmore reduced un-itemized contributions by \$400. In addition, she added \$400 in itemized contributions from three contributors. The corrections properly amended her 2011 Early Year-End report for the contributions noted in Finding 1.

REGISTRY OF ELECTION FINANCE ACTIONS

The Members of the Registry of Election Finance reviewed the 2012 contribution audit of Rep. Brenda Gilmore during the January 9, 2013 regular monthly meeting. The report contained one finding. The Registry voted to accept and approve the audit report with no further action.