



TENNESSEE REGISTRY OF ELECTION FINANCE

Contribution Audit of Brent Cooper's 2014 First Quarter Campaign Finance Disclosure



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August 13, 2014

Members of the Registry of Election Finance
404 James Robertson Parkway, Suite 104
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Ladies and Gentlemen,

Transmitted herewith is the agreed upon procedures for the un-itemized contribution audit of Mr. Brent Cooper's 2014 First Quarter Campaign Financial Disclosure Statement for the 2014 election campaign for District Attorney District 22. 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

Brent Cooper

2014 First Quarter Contribution Audit

AUDIT OBJECTIVES

The objectives of the audit were to determine Mr. Brent Cooper'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 his 2014 First Quarter Campaign Financial Disclosure Statement; and to recommend appropriate actions to correct any deficiencies.

FINDINGS

- 1. Brent Cooper violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$250 in campaign contributions from contributors who contributed in excess of \$100 during a reporting period.**
- 2. Brent Cooper failed to maintain contributor data for \$3,449 in cash contributions.**

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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 Mr. Cooper's disclosures on his 2014 First Quarter report.

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

Mr. Brent Cooper is a candidate in the August 7, 2014, general election for District Attorney in District 22. Mr. Cooper commenced reporting when he filed an Appointment of Political Treasurer Statement with the Registry on June 6, 2013, naming himself as political treasurer. He amended the filing to name Chris Cummins as treasurer on March 5, 2014.

The candidate's first financial disclosure for the 2014 campaign was the 2013 Mid-Year Supplemental report filed on July 14, 2013. The candidate's latest financial disclosure report for the 2014 election was the 2014 Pre-Primary report amended on May 13, 2014. The 2014 Pre-Primary report indicated \$17,930.41 cash on hand, no outstanding obligations and \$7,500 in outstanding loans. The candidate has not completed his 2014 election campaign reporting requirements.

OVERVIEW OF FINANCIAL ACTIVITIES

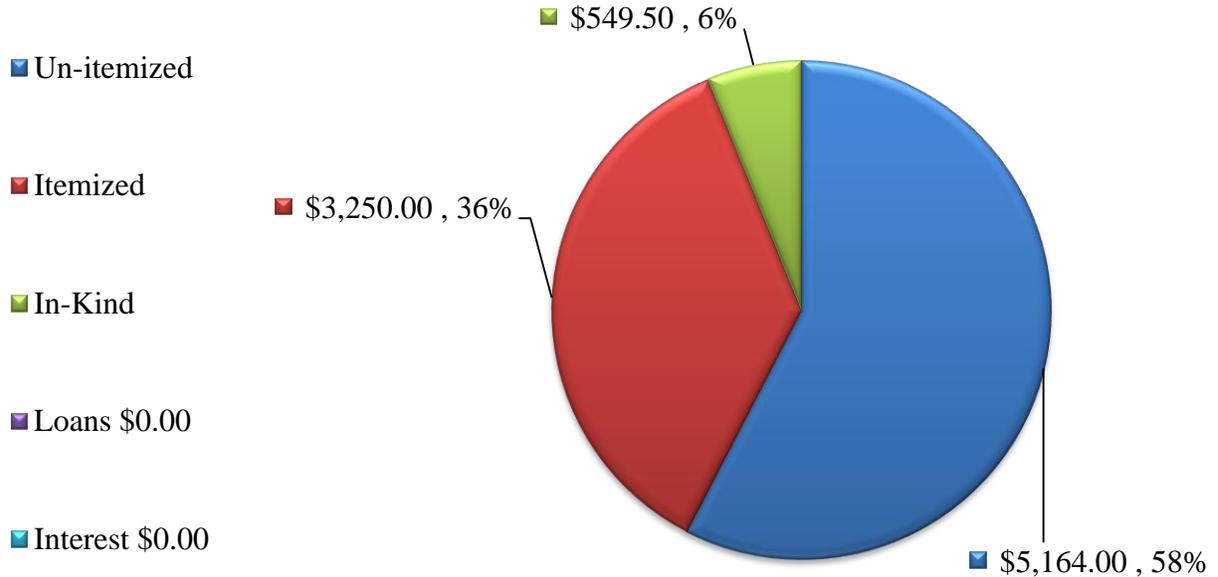
The following financial amounts are a summary of the financial disclosures made by the candidate. The summarized amounts are from the following disclosure reports: 2013 Mid-Year Supplemental, 2013 Year-End Supplemental, 2014 First Quarter and 2014 Pre-Primary reports. As noted in the audit scope, we only audited un-itemized contributions from disclosures for the 2014 First 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, 2013		\$0.00
Receipts		
Un-itemized	\$6,062.00	
Itemized	11,425.00	
Interest	0.00	
Loans received	7,500.00	
Total receipts		<u>\$24,987.00</u>
Disbursements		
Un-itemized	748.57	
Itemized	6,308.02	
Loans principal payments	0.00	
Total disbursements		<u>\$7,056.59</u>
Cash on hand at April 26, 2014		<u>\$17,930.41</u>
Loans outstanding at April 26, 2014		\$7,500.00
Obligations April 26, 2014		\$0.00
Total in-kind contributions received		\$609.50

CHARTS

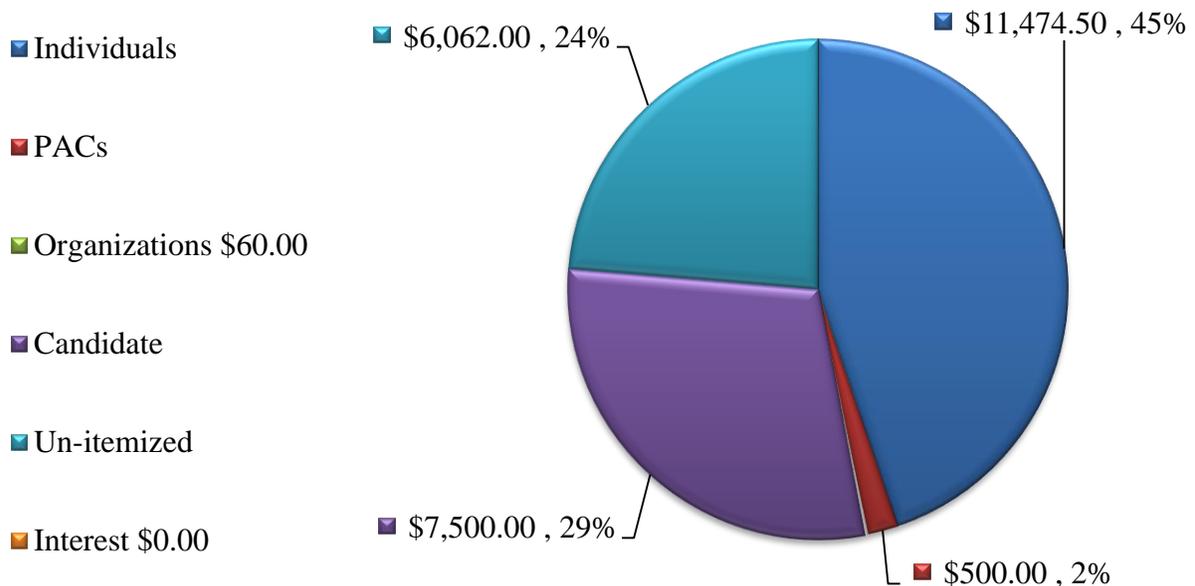
2014 FIRST QUARTER CAMPAIGN CONTRIBUTIONS

The following chart shows the contributions reported by the candidate in the 2014 First Quarter report.



2014 ELECTION CONTRIBUTIONS BY SOURCE

The following chart shows the contributions reported by the candidate for the 2014 election campaign through the 2014 Pre-Primary disclosure report. Organizations in this chart represent non-profit organizations, non-PAC campaign organizations, or businesses.



OBJECTIVES, METHODOLOGIES, CONCLUSIONS

UN-ITEMIZED CONTRIBUTIONS AND RECEIPTS

Audit Objectives:

The objectives of the 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 Mr. Cooper's 2014 First Quarter 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 Mr. Cooper provide supporting documentation for the un-itemized contributions of \$5,164 that he reported on his 2014 First Quarter report. The candidate's campaign records included bank statements, deposit slips, copies of checks and contribution listings. The following steps were performed on Mr. Cooper's campaign documentation:

- The campaign records were reviewed to determine if the candidate's un-itemized contributions received from January 16, 2014 thru March 31, 2014 totaled \$5,164.
- 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:

Mr. Cooper's 2014 First Quarter Campaign Financial Disclosure Statement reported un-itemized contributions greater than \$5,000.00 and 30% of the total contributions. 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 Brent Cooper failed to itemize \$250 in contributions from contributors who contributed in excess of \$100 during the First Quarter (Finding 1). In addition, he failed to properly maintain campaign records for all \$3,449 in cash contributions during the First Quarter reporting period (Finding 2).

1. Brent Cooper violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$250 in campaign contributions from contributors who contributed in excess of \$100 during a reporting period.

Brent Cooper included \$250 in un-itemized contributions received from one individual that should have been itemized during the 2014 First Quarter reporting period. T.C.A. §2-10-107(a)(2)(A)(i) requires contributions of more than \$100 received from one source during a reporting period to be itemized. The campaign records indicate the contributor wrote a \$250 check during the First Quarter. The itemized information for each contributor must include name, address, occupation, employer, date of receipt and amount of the contribution. The \$250 in contributions represents approximately 4.8% of the un-itemized contributions reported by Mr. Cooper on his 2014 First Quarter Campaign Finance Disclosure Statement.

2. Brent Cooper failed to maintain contributor data for \$3,449 in cash contributions.

Mr. Cooper did not maintain or obtain sufficient contribution campaign records to verify compliance with all campaign finance statutes for cash contributions. Mr. Cooper's campaign records indicated that he received cash contributions totaling \$3,449 from anonymous contributors. The campaign records show the cash was deposited into the campaign account. The records also indicate it was collected at a fundraising event where records were not kept on cash contributions. The \$3,449 in cash contributions was approximately 67% of the un-itemized contributions reported by the candidate. Without the specific contributor's names and amounts contributed we could not determine Mr. Cooper's compliance with the following campaign finance statutes for the cash contributions:

- T.C.A. §2-10-107(a)(2)(A)(i) 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 contribution.
- T.C.A. §2-10-311(a) limits cash contributions to \$50 per election for each contributor.

RECOMMENDATION TO CANDIDATE

Mr. Cooper should amend his 2014 First Quarter Campaign Financial Disclosure Statement to ensure that he properly reported all itemized contributions from individuals who contributed over \$100 during a reporting period. In subsequent reporting or future elections, Mr. Cooper should maintain contributor data for all campaign contributions received and reconcile the campaign records to his campaign disclosures to ensure all disclosures are complete, accurate and properly supported by the campaign records.

RECOMMENDATION TO REGISTRY

We recommend the Members of the Registry consider the findings 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 Mr. Cooper, he chose to take corrective action on finding one of the audit report prior to the Registry's approval of the audit. Mr. Cooper amended his 2014 First Quarter Campaign Financial Disclosure Statements on July 6, 2014.

Correction Action - Finding 1:

On his amended 2014 First Quarter report amended on July 6, 2014, Mr. Cooper increased itemized monetary contributions by adding one new contributor for \$250. In addition, he reduced un-itemized contributions by \$250. The corrections properly amend his 2014 First Quarter report for the contributions noted in Finding 1.

REGISTRY OF ELECTION FINANCE ACTIONS

The Members of the Registry of Election Finance reviewed the 2014 contribution audit of Mr. Brent Cooper during the August 13, 2014 regular monthly meeting. The report contained two findings along with the candidate's corrective actions. The Registry voted to accept and approve the audit report and to issue a show cause notice related to Finding 2. Subsequent actions by the Registry related to the show cause notice will appear in the subsequent board minutes.