



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

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**Campaign Finance Audit of  
Judge John Westley McClarty  
Election Year 2014**



**Audit Team:**

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Audit Director

# STATE OF TENNESSEE



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January 14, 2015

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

Transmitted herewith are the agreed upon procedures for the campaign finance audit of Judge John Westley McClarty's 2014 election campaign for Court of Appeals. 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 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  
Audit Director

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

**Audit Highlights**  
Judge John Westley McClarty  
2014 Campaign Finance Audit

**AUDIT OBJECTIVES**

The objectives of the audit were to determine Judge McClarty'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 2014 Second Quarter, 2014 Pre-General and 2014 Third Quarter Campaign Financial Disclosure Statements; and to recommend appropriate actions to correct any deficiencies.

**FINDING(S)**

The audit report contains no findings.

## TABLE OF CONTENTS

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<b>INTRODUCTION</b>	<b><u>PAGE</u></b>
Audit Authority	1
Audit Purpose	1
Audit Scope	1
<b>CAMPAIGN OVERVIEW</b>	
Campaign Organization	2
Overview of Financial Activities	2
<b>OBJECTIVES, METHODOLOGIES, CONCLUSIONS</b>	
Contributions and Receipts	3
Disbursements and Obligations	3
<b>RESOLUTIONS</b>	
Registry of Election Finance Actions	5

## **INTRODUCTION**

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### **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(a)(3), which requires the Registry to audit one candidate from the Supreme Court, Court of Appeals and Criminal Court of Appeals.

### **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 Judge McClarty’s disclosures on his 2014 Second Quarter, 2014 Pre-General, and 2014 Third Quarter Campaign Financial Disclosure Statements.

## CAMPAIGN OVERVIEW

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### CAMPAIGN ORGANIZATION

Judge John Westley McClarty was a candidate in the August 7, 2014 general election for Court of Appeals. Judge McClarty's first financial disclosure for the 2014 campaign was the 2014 Second Quarter report filed on July 16, 2014. Judge McClarty's most recent financial disclosure was the 2014 Third Quarter Report, which he filed on October 2, 2014. The Third Quarter report indicated no cash on hand, no outstanding obligations, and no outstanding loans. The candidate has completed the required campaign finance filings for the 2014 election.

### 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: 2014 Second Quarter, 2014 Pre-General, and 2014 Third Quarter campaign finance reports after amendments. The amounts displayed are for informational purposes only.

Summary of Financial Activity  
(Un-audited Amounts)

Cash on hand at 4/1/2014	\$0.00
Total receipts	\$0.00
Total disbursements	\$0.00
Cash on hand at 9/30/2014	<u>\$0.00</u>
Loans outstanding at 9/30/2014	\$0.00
Obligations at 9/30/2014	\$0.00

## **OBJECTIVES, METHODOLOGIES, CONCLUSIONS**

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### **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, and reported in compliance with the Registry's rules;
- 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 reported in compliance with the Registry's rules; 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, and reported in compliance with the Registry rules.

***Audit Methodology:***

The Registry obtained Judge McClarty's 2014 Campaign Financial Disclosure Statements from April 1, 2014 to September 30, 2014. The campaign finance statements indicated the candidate had no campaign finance activities for the 2014 election (No contributions were received nor disbursements made.) We requested Judge McClarty provide a written statement that his campaign had no finance activity for his 2014 election campaign which he submitted on December 4, 2014.

***Audit Conclusion:***

Based on the review of the Judge McClarty's campaign financial disclosure reports and the candidate's written statement, Judge McClarty appears to have properly reported the campaign activities of his 2014 campaign.

## **RESOLUTIONS**

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### **REGISTRY OF ELECTION FINANCE ACTIONS**

The Members of the Registry of Election Finance reviewed the 2014 campaign finance audit of Judge McClarty during the January 2015 regular monthly meeting. The report indicated the candidate had no activity and the report contained no findings for corrective actions. The Registry voted to accept and approve the audit report with no further action.