



TENNESSEE REGISTRY OF ELECTION FINANCE

Contribution Audit of Steven Turner 2009 Early Year-End Supplemental 2010



Audit Team:

Jay Moeck, CPA, CFE
Audit Director

Makaili Denton
Auditor

STATE OF TENNESSEE



REGISTRY OF ELECTION FINANCE
404 JAMES ROBERTSON PARKWAY, SUITE 104
NASHVILLE, TN 37243-1360
(615) 741-7959
Fax: (615) 532-8905

EXECUTIVE DIRECTOR
Drew Rawlins

AUDIT DIRECTOR
Jay Moeck, CPA, CFE

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November 9, 2011

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 Mr. Steven Turner's 2009 Early Year-End Supplemental Campaign Financial Disclosure Statement for his 2010 election campaign for the House of Representatives. 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 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 Registry'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 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
REGISTRY OF ELECTION FINANCE

Audit Highlights

Mr. Steven Turner

2010 Early Year-End Supplemental Contribution Audit

AUDIT OBJECTIVES

The objectives of the audit were to determine Mr. Turner's compliance with certain provisions of campaign finance disclosure laws and regulations; compliance with certain provisions of campaign contribution limits laws and regulations; the accuracy and completeness of un-itemized contribution disclosures on his 2009 Early Year-End Supplemental Campaign Financial Disclosure Statement; and to recommend appropriate actions to correct any deficiencies.

FINDINGS

- 1. Mr. Turner violated T.C.A. §2-10-105(a) by failing to report \$200 in contributions received during the year-end reporting period.**
- 2. Mr. Turner violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$1,100 in campaign contributions from contributors who contributed in excess of \$100 during the year-end reporting period.**

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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 finance 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 un-itemized contributions were 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 general public. The Registry's audits provide a tool to were developed 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

In 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 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. Turner's disclosures on his 2009 Early Year-End Supplemental report.

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

Mr. Turner was a candidate in the November 2, 2010 general election for the House of Representatives for District 58. Mr. Turner filed an Appointment of Political Treasurer Statement with the Registry on April 29, 2010 appointing Mabel Moore as political treasurer.

The candidate's first financial disclosure for the 2010 campaign was the 2009 Early Mid-Year Supplemental report filed on July 17, 2009. The candidate's most current financial disclosure report for the 2010 election was the 2010 Fourth Quarter report filed on February 22, 2011. The 2010 fourth quarter report indicated \$1,980.22 in cash on hand, no outstanding obligations, and no outstanding loans. The candidate has not completed his reporting requirements.

OVERVIEW OF FINANCIAL ACTIVITIES

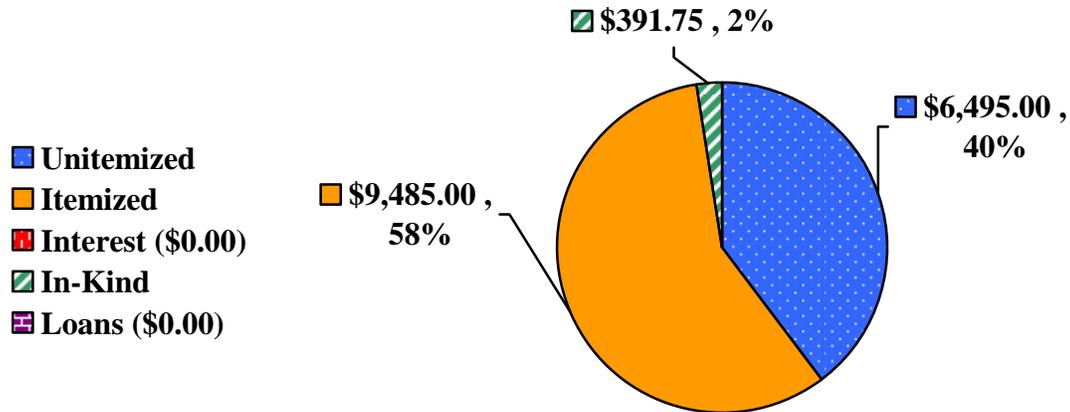
The following financial amounts are a summary of the financial disclosures made by the candidate. The summarized amounts are from the following disclosure reports: 2009 Early Mid-Year Supplemental, 2009 Early Year-End Supplemental, 2010 First Quarter, 2010 Second Quarter, 2010 Pre-Primary, 2010 Third Quarter, 2010 Pre-General, and 2010 Fourth Quarter reports after amendments. As noted in the audit scope, we only audited un-itemized contributions from disclosures for the 2009 Early Year-End Supplemental report. The amounts displayed are for informational purposes only.

<u>Summary of Financial Activity</u>		
<u>(Un-audited Amounts)</u>		
Balance on hand at January 16, 2009		\$0.00
Receipts		
Un-itemized	12,150.00	
Itemized	18,340.00	
Loans received	0.00	
Interest	0.00	
Total receipts		<u>\$30,490.00</u>
Disbursements		
Un-itemized	5,341.88	
Itemized	23,167.90	
Loans principal payments	0.00	
Total disbursements		<u>\$28,509.78</u>
Balance on hand at January 15, 2011		<u>\$1,980.22</u>
Loans outstanding at January 15, 2011		\$0.00
Obligations at January 15, 2011		\$0.00
Total in-kind contributions received		\$391.75

CHARTS

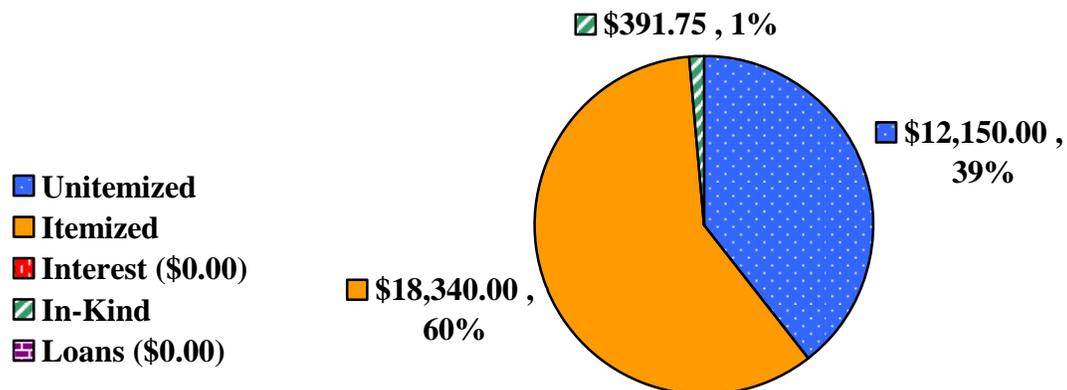
2009 EARLY YEAR-END SUPPLEMENTAL CONTRIBUTIONS

The following chart shows the contributions reported by the candidate in the 2009 Early Year-End Supplemental report.



2010 ELECTION CAMPAIGN CONTRIBUTIONS

The following chart shows the contributions reported by the candidate for the 2010 election campaign.



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 (PACs) 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 reviewed Mr. Turner's 2009 Early Year-End Supplemental Campaign Financial Disclosure Statement to verify that the un-itemized contributions were greater than \$5,000 and 30% of the total contributions reported. We requested Mr. Turner to provide supporting documentation for the un-itemized contributions reported on his 2009 Early Year-End Supplemental report. Mr. Turner's campaign records for the 2009 Early Year-End Supplemental include bank statements, photocopied contributor checks, paypal contribution emails, and a cash contribution list. The following steps were performed on Mr. Turner's campaign documentation:

- The documentation was reviewed to determine if the candidate's un-itemized contributions received from July 1, 2009 thru January 15, 2010 totaled \$6,495.
- 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 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.
- A list of un-itemized contributions was prepared 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. Turner's 2009 Early Year-End Supplemental Campaign Financial Disclosure Statement reported un-itemized contributions greater than \$5,000 and 30% of the total contributions. The audit indicated that Mr. Turner failed to report \$200 in un-itemized contributions (Finding 1). Also, Mr. Turner improperly included in his unitemized contributions \$1,100 from contributors who contributed in excess of \$100 during the reporting period (Finding 2). Except for the findings noted, the un-itemized contributions reported by the candidate appeared to be supported by campaign records and compliant with campaign finance laws and Registry Rules.

FINDINGS

1. Mr. Turner violated T.C.A. §2-10-105(a) by failing to report \$200 in contributions received during the year-end reporting period.

Mr. Turner reported \$6,495 in un-itemized contributions on his 2009 Year-End Supplemental report; however, the audit and campaign records indicated the amount was \$6,695. (The amount determined by audit includes the improperly reported amount of \$1,100 noted in finding 2). The result is Mr. Turner failed to report \$200 in contributions received during the year-end reporting period. The audit cannot determine the exact contribution(s), which were not included in the disclosures because un-itemized contributions are not detailed by contributor. However, the failure to report \$200 is a violation of T.C.A. §2-10-107(a)(2)(A)(i).

2. Mr. Turner violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$1,100 in campaign contributions from contributors who contributed in excess of \$100 during the year-end reporting period.

Mr. Turner included in un-itemized contributions \$1,100 in contributions that he received from six individuals that should have been itemized as the contributor gave more than \$100 during 2009 Early Year-End Supplemental reporting period. 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 the contribution. The \$1,100 in contributions represented approximately 17% of the un-itemized contributions reported on Mr. Turner's 2009 Early Year-End Supplemental Campaign Financial Disclosure Statement.

RECOMMENDATION TO CANDIDATE

Mr. Turner should amend his 2009 Early Year-End Supplemental Campaign Financial Disclosure Statement to ensure that he itemized all contributions from contributors who gave more than \$100 during the reporting period. In addition, Mr. Turner should amend his report to properly disclose the un-itemized contributions received, including the contributions. Mr. Turner should ensure that all campaign contributions received are deposited into the campaign account. Also, Mr. Turner should reconcile the campaign records to his campaign disclosures to ensure all disclosures are complete and accurate.

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 web site 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 findings with Mr. Turner, he chose to take corrective action on his reports prior to the Registry's approval of the audit. Mr. Turner amended his 2009 Early Year-End Supplemental Campaign Financial Disclosure Statement on December 20, 2011.

Correction Action - Finding 1:

On his amended 2009 Early Year-End Supplemental report, Mr. Turner increased un-itemized contributions by \$200.

Correction Action - Finding 2:

On his amended 2009 Early Year-End Supplemental report, Mr. Turner itemized contributions of \$1,100 while reducing un-itemized contributions by that same amount. The corrective action made for finding 1 and 2 properly disclosed un-itemized contributions.

REGISTRY OF ELECTION FINANCE ACTIONS

The Members of the Registry of Election Finance reviewed the 2010 contribution audit of Mr. Turner during the January 11, 2012 regular monthly meeting. The report contained two findings with recommendations for corrective actions which were completed by the candidate prior to approval. The Registry voted to accept and approve the audit report with no further action.