



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

**Campaign Finance Audit of
Tonya Miller
Election Year 2010**



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August 10, 2011

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 Tonya Miller's 2010 election campaign for House Representative, District 53. 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
BUREAU OF ETHICS AND CAMPAIGN FINANCE
REGISTRY OF ELECTION FINANCE

Audit Highlights
Tonya Miller
2010 Campaign Finance Audit

AUDIT OBJECTIVES

The objectives of the audit were to determine Tonya Miller'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 2010 Second Quarter, 2010 Pre-Primary, 2010 Third Quarter, 2010 Pre-General and 2010 Fourth Quarter Campaign Financial Disclosure Statements; and to recommend appropriate actions to correct any deficiencies.

FINDINGS

- 1. Ms. Miller violated T.C.A. § 2-10-107(a)(2)(A)(i) by failing to properly itemize \$484 in personal contributions.**
- 2. Ms. Miller violated T.C.A. § 2-10-107(a)(2)(A)(i) by failing to properly disclose occupation and employer for all itemized contributions.**
- 3. Ms. Miller violated T.C.A. § 2-10-105(a) by failing to report one \$250 in-kind campaign contribution.**
- 4. Ms. Miller failed to comply with campaign finance statutes T.C.A. §2-10-107(a)(2)(A)(i), §2-10-302 and §2-10-311(a) by not properly maintaining her campaign records for cash contributions.**
- 5. Ms. Miller violated T.C.A. § 2-10-107(a)(2)(B) by failing to disclose the address for all of her itemized expenses.**
- 6. Ms. Miller violated T.C.A. § 2-10-212(c) by failing to maintain or obtain proper documentation for two campaign expenses.**

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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 two 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

In non-election years, Tennessee’s campaign financial disclosure laws require 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 an election year, the disclosures expand to quarterly reports, pre-primary and pre-general reports. Therefore, the audit reviewed Ms. Miller’s disclosures on her 2010 Second Quarter, 2010 Pre-Primary, 2010 Third Quarter, 2010 Pre-General and 2010 Fourth Quarter Campaign Financial Disclosure Statements.

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

Ms. Miller was a candidate in the November 2, 2010 general election for Representative, District 53. Ms. Miller filed an Appointment of Political Treasurer Statement with the Registry on April 29, 2010 appointing herself as political treasurer. Ms. Miller filed another Appointment of Political Treasurer Statement on August 27, 2010 appointing Paula Garlits Byrd as treasurer.

The candidate's first financial disclosure for the 2010 campaign was the 2010 Second Quarter report filed on June 30, 2010. As of May 6, 2011, Ms. Miller's current financial disclosure was the 2010 Fourth Quarter Report, which she filed on April 30, 2011. The Fourth Quarter report indicated no cash on hand, no outstanding obligations and no outstanding loans. The candidate has completed her 2010 election campaign reporting requirements.

OVERVIEW OF FINANCIAL ACTIVITIES

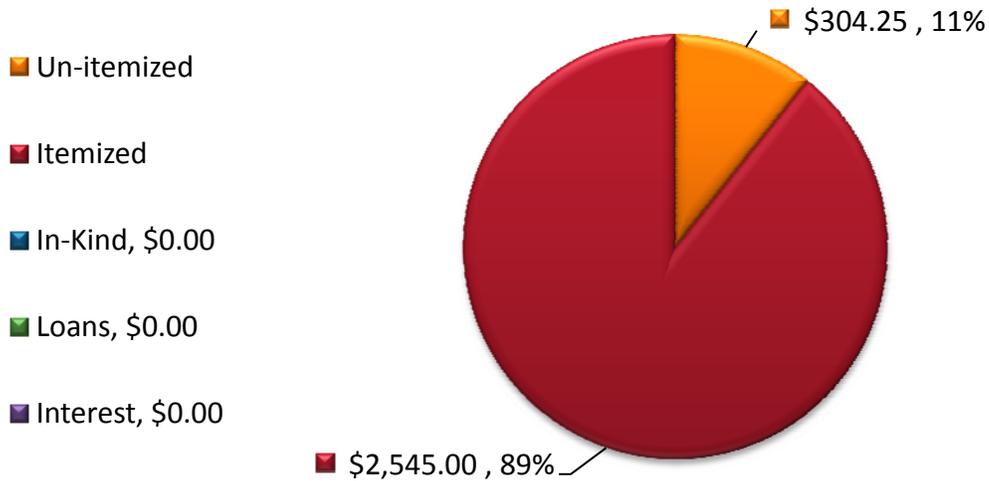
The following financial amounts are a summary of the financial disclosures made by the candidate. The summarized amounts are from the following disclosure reports: 2010 Second Quarter, 2010 Pre-Primary, 2010 Third Quarter, 2010 Pre-General and 2010 Fourth Quarter reports after amendments. The amounts displayed are for informational purposes only.

<u>Summary of Financial Activity</u>		
<u>(Un-audited Amounts)</u>		
Cash on hand at June 30, 2010		\$0.00
Receipts		
Un-Itemized	\$304.25	
Itemized	2,545.00	
Loans receipted	0.00	
Interest	0.00	
Total receipts		<u>\$2,849.25</u>
Disbursements		
Un-Itemized	209.96	
Itemized	2,639.29	
Loans principal payments	0.00	
Obligation payments	0.00	
Total disbursements		<u>\$2,849.25</u>
Cash on hand at January 15, 2011		<u>\$0.00</u>
Loans outstanding at January 15, 2011		\$0.00
Obligations at January 15, 2011		\$0.00
Total in-kind contributions received		\$0.00

CHARTS

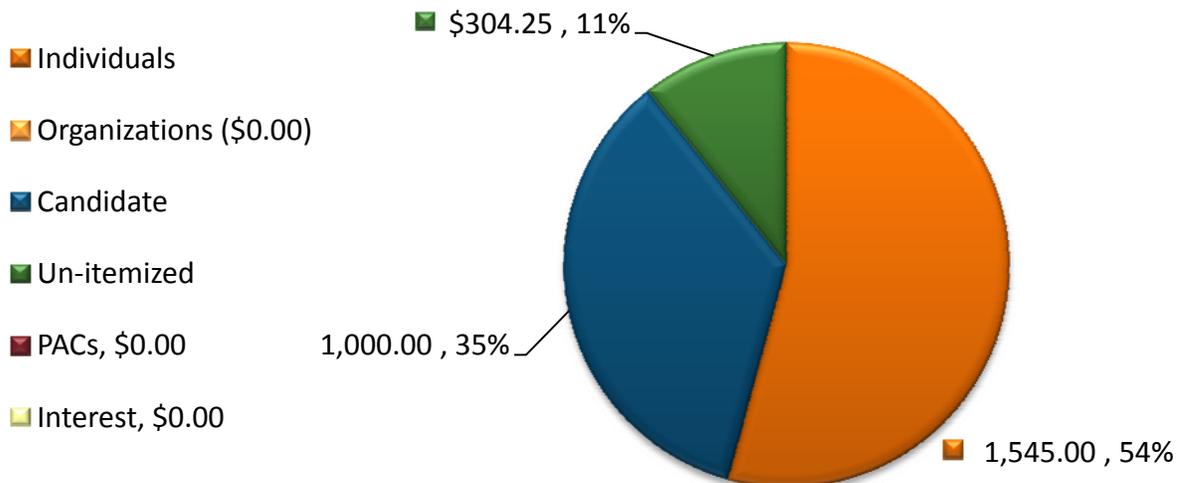
2010 ELECTION CAMPAIGN CONTRIBUTIONS

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



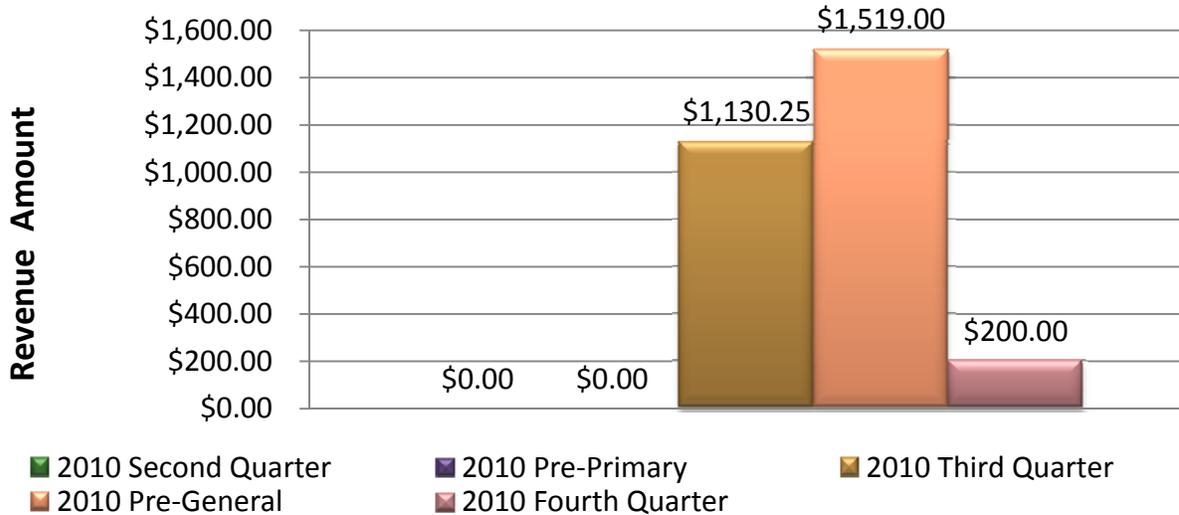
2010 ELECTION CONTRIBUTIONS BY SOURCE

The following chart shows the monetary contributions reported by the candidate for the 2010 election campaign. Organizations in this chart represent non-profit organizations, individual's campaign organizations, or businesses.



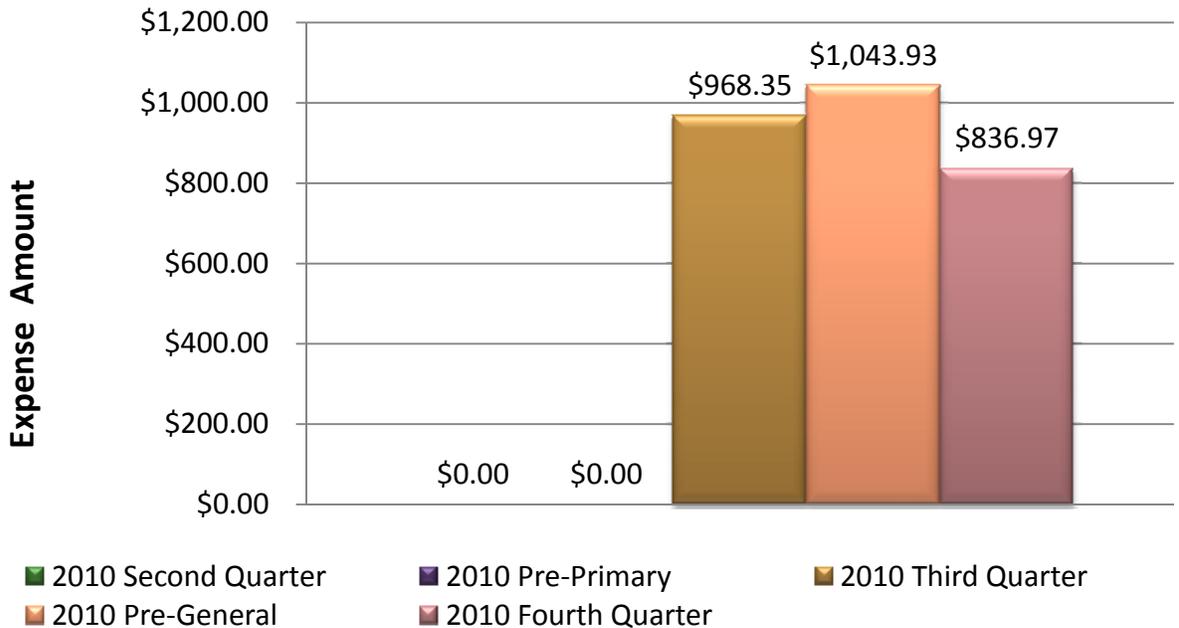
2010 ELECTION CONTRIBUTIONS BY REPORTING PERIOD

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



2010 ELECTION EXPENSES BY REPORTING PERIOD

The following chart shows the expenses that the candidate reported for the 2010 election campaign by reporting period.



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, 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.

Audit Methodology:

The Registry obtained Ms. Miller's 2010 Campaign Financial Disclosure Statements from April 1, 2010 to January 15, 2011. We requested Ms. Miller to provide her campaign records to support all contributions, loans, and interest that she received during her 2010 election campaign. Ms. Miller's campaign records for contributions included bank statements, deposit slip copies, and contributor check copies. The following steps were performed on Ms. Miller's campaign documentation:

- The documentation was reviewed to determine if the candidate's monetary contributions and interest received from April 1, 2010 to January 15, 2011 totaled \$2,849.25.

- A reconciliation of monetary contributions reported to funds deposited into the campaign accounts was prepared to determine if the candidate deposited all funds into a campaign bank account and properly reported the funds in her campaign account on her campaign disclosures.
- All itemized monetary contributions were compared to the candidate's disclosures 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.; contributions were properly reported; contributions were reported in the proper period; contributions were reported in compliance with T.C.A. §§2-10-105 and 2-10-107; and contributions were reported in compliance with the Registry's rules.
- In-kind contributions by contributor was 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.

Audit Conclusion:

Ms. Miller's 2010 Campaign Financial Disclosure Statements from April 1, 2010 to January 15, 2011 and the candidate campaign records indicated Ms. Miller received \$2,849.25 which was deposited into the campaign account. However, Ms. Miller failed to properly itemize \$484 in personal contributions (Finding 1). Ms. Miller failed to properly disclose occupation and employer for all required itemized contributions (Finding 2). Ms. Miller failed to report one \$250 in-kind contribution (Finding 3). Ms. Miller did not properly maintain campaign records for un-itemized contributions; as a result we could not determine the candidate's compliance with certain campaign finance statutes (Finding 4). Except for the items noted above, the contributions complied with campaign finance disclosure laws and campaign limit laws. Ms. Miller reported and the campaign records indicated, no loans or interest earnings from April 1, 2010 to January 15, 2011.

FINDINGS

1. Ms. Miller violated T.C.A. § 2-10-107(a)(2)(A)(i) by failing to properly itemize \$484 in personal contributions.

Ms. Miller did not properly itemize \$484 in personal contributions on her Campaign Financial Disclosure Statement. The improper recording included, \$284 recorded as un-itemized contributions on the 2010 Pre-general report. The \$284 contributions should have been reported as contributing from the candidate. The remaining \$200 was included in an itemized contribution "First Tuesday" on the 2010 Pre-general report. "First Tuesday" was an improperly reported contributor name that included the \$200 candidate contribution and \$235 of anonymous cash contributions. The \$200 should be reported as an itemized contribution from the candidate. The anonymous cash contributions are also improperly recorded (Finding 4). The improper reporting is a violation of 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.

2. Ms. Miller violated T.C.A. § 2-10-107(a)(2)(A)(i) by failing to properly disclosure occupation and employer for all itemized contributions except for her contributions.

Ms. Miller failed to include occupation and employer for all of the itemized contributions she reported, excluding her own contributions. The lack of occupation and employer was first noted prior to the audit. As part of the Registry's process for providing timely and accurate campaign finance report date, all campaign finance reports are review as received and common errors are noted. The errors then reported to the candidate for correction. The audit director sent several correction letters starting in October 2010 in attempts to correct the failure of non-disclosure of occupation and employer, however, the candidate made no corrections prior to the audit. The failure to report occupation and employer is a violation of T.C.A. §2-10-107(a)(2)(A)(i) requires contributions of more than \$100.00 from one source received during a reporting period to be reported by contributor name, address, occupation, employer, date of receipt, and amount of the contribution.

3. Ms. Miller violated T.C.A. § 2-10-105(a) by failing to report a \$250 in-kind campaign contribution.

Ms. Miller failed to report a \$250 in-kind contribution from Southern States Police Benevolent Association Inc. Ms. Miller reported no in-kind contributions on her campaign financial disclosure statements. However, Ms Miller's campaign records included a letter from the Southern States Police Benevolent Association Inc noting an in-kind contribution was provided during the fourth quarter reporting period. The \$250 should have been reported as an itemized in-kind contribution on the fourth quarter report. Ms. Miller's failure to report the in-kind contribution violated T.C.A. § 2-10-105(a), which states that candidates shall file a statement of all contributions received.

4. Ms. Miller failed to comply with campaign finance statutes T.C.A. §2-10-107(a)(2)(A)(i), §2-10-302 and §2-10-311(a) by not properly maintaining her campaign records for cash contributions.

Ms. Miller did not maintain or obtain sufficient contribution campaign records to verify compliance with all campaign finance statutes for cash contribution. Ms. Miller's campaign records indicated that she received cash contributions totaling \$255. Included in the \$255 was \$235 which was reported as itemized contribution named "First Tuesday". Based on Ms. Miller's statements and a review of the campaign records, "First Tuesday" appears to indicate a day the contributions were collected not campaign contributor information. Although, the campaign records show the cash was deposited there is no contributor data related to the cash contribution, making these contributions anonymous. Without the specific contributor's names and amounts contributed, we could not determine Ms. Miller'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.

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 Ms. Miller's 2010 Campaign Financial Disclosure Statements from April 1, 2010 to January 15, 2011. We requested Ms. Miller to provide her campaign records to support all expenses that she had during her 2010 election campaign. Ms. Miller's campaign records for expenses included bank statements with canceled checks, contracts and vendor receipts/invoices. The following steps were performed on Ms. Miller's campaign documentation:

- The documentation was reviewed to determine if the candidate's disbursements from April 1, 2010 to January 15, 2011 totaled \$2,849.25.
- A list of disbursements was prepared and compared to the candidate's bank statements and copies of cleared checks to determine if the candidate expended all funds from the campaign bank account.
- The list of disbursements was compared to the candidate's campaign disclosures and the bank statements to determine if all disbursements were reported.
- All itemized expenditures were reviewed to determine if all expenditures 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's rules.

Audit Conclusion:

Ms. Miller's campaign records indicated Ms. Miller disbursed \$2,849.25 from the campaign account. However, Ms. Miller failed to disclose addresses for all her itemized campaign expenses (Finding 5). Also, Ms. Miller's 2010 Campaign Financial Disclosure Statements from January 1, 2010 to January 15, 2011 and the candidate campaign records indicated that she failed to maintain proper documentation for two expenses that totaled \$889.29 (Finding 6). Except for the items noted above, the expenses complied with campaign finance disclosure laws and campaign limit laws.

FINDINGS

5. Ms. Miller violated T.C.A. § 2-10-107(a)(2)(B) by failing disclose the address for any of her campaign expenses.

Ms. Miller failed to properly disclose address for any of her campaign expenses. The lack of reporting itemized expense address was first noted prior to the audit as part of the Registry's report review. The errors were reported to the candidate for correction. Ms. Miller was sent correction letters regarding these errors on October 13, 2010, November 1, 2010, November 22, 2010 and December 13, 2010, however, the candidate made no corrections prior to the audit. The failure to provide an address is a violation of T.C.A. § 2-10-107(a)(2)(B) which requires expenditures of more than \$100 paid to one source during a reporting period to be reported with the address of the vendor.

6. Ms. Miller violated T.C.A. § 2-10-212(c) by failing to maintain or obtain proper documentation for two campaign expenses.

Ms. Miller failed to obtain or maintain vendor receipts or other supporting documentation for 2 of 5 (approximately 40%) itemized expenditures reported, totaling \$889.29. As a result, Ms. Miller violated T.C.A. § 2-10-212(c), which states that candidates shall retain copies of all checks, bank statements and vendor receipts for two (2) years after the date of the election to which the records refer.

RECOMMENDATION TO CANDIDATE

Ms. Miller should amend her campaign financial disclosure reports to include all campaign contributions received and ensure that they are reported and disclosed properly and completely. In addition, she should amend expenditures and input any missing vendor information. Finally, Ms. Miller should develop a campaign record-keeping system that adequately meets the requirements of the campaign financial disclosure statutes to make certain that the candidate obtains and retains documentation for each contribution and expenditure made.

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 notifying Ms. Miller of the above findings, she chose to take corrective actions on her reports prior to the Registry's approval of the audit. Ms. Miller amended her 2010 Third Quarter, Pre-General, and Fourth Quarter Campaign Financial Disclosure Statements on June 15, 2011. Finding 6 does not appear in the corrective action section as no corrective action was required.

Corrective Actions - Finding 1:

Ms. Miller amended the Pre-General by removing her personal contribution from the un-itemized contributions and deleted the "First Tuesday" itemized contribution. Then, Ms. Miller added an itemized personal contribution of \$484. The current amended report properly disclosed the errors noted in finding 1.

Corrective Actions - Finding 2:

Ms. Miller amended her Third Quarter report in order to add the occupation and employer for the individual contributors listed. The current amended report properly disclosed the errors noted in finding 2.

Corrective Actions - Finding 3:

Ms. Miller amended her Fourth Quarter report to add the \$250 in-kind contribution she received from a PAC. The current amended report properly disclosed there errors noted in finding 2.

Corrective Actions - Finding 4:

Ms. Miller amended her Pre-General report to added \$235 to unitemized contributions. The effect of which is that the \$255 in cash contributions that were anonymous are now all reported as unitemized contributions. The current amended reports may not correct the error but no additional correction action can be recommended based on the campaign records provided.

Corrective Actions - Finding 5:

On her amended Third Quarter, Pre-General and Fourth Quarter reports, Ms. Miller added the complete address to all of her itemized expenditures. The current amended reports properly disclosed the errors noted in finding 5.

REGISTRY OF ELECTION FINANCE ACTIONS

The Members of the Registry of Election Finance reviewed the 2010 contribution audit of Ms. Miller during the August 10, 2011 regular monthly meeting. The report contained six findings with recommendations for corrective actions. The Registry voted to accept and approve the audit report with no additional action.