



TENNESSEE REGISTRY OF ELECTION FINANCE

Contribution Audit of Dawn Deaner 2009 Early Year-End Supplemental



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June 15, 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 Ms. Dawn Deaner's 2009 Early Year-End Supplemental Campaign Financial Disclosure Statement for her 2010 election campaign for Public Defender. 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

Ms. Dawn Deaner

2009 Early Year-End Supplemental Contribution Audit

AUDIT OBJECTIVES

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

FINDINGS

- 1. Ms. Deaner violated T.C.A. §2-10-107(a)(2)(A)(i), by failing to itemize \$100 from an individual who contributed \$250 during a 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 Ms. Deaner's disclosures on her 2009 Early Year-End Supplemental report.

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

Ms. Deaner was a candidate in the August 5, 2010 general election for Public Defender for District 20. Ms. Deaner filed an Appointment of Political Treasurer Statement with the Registry on April 9, 2009 appointing Ivanetta Davis Samuels as political treasurer.

The candidate's first financial disclosure for the 2010 campaign was the 2009 Early Mid-Year Supplemental report filed on July 15, 2009. The candidate's most current financial disclosure report for the 2010 election was the 2010 Fourth Quarter report filed on January 28, 2011. The 2010 fourth quarter report indicated \$18,953.02 in cash on hand, no outstanding obligations and no outstanding loans. The candidate has not completed her reporting requirements for the 2010 election campaign as of January 2011. The candidate's next report will be due on July 15, 2011 and will cover the period of January 16, 2011 to June 30, 2011.

OVERVIEW OF FINANCIAL ACTIVITIES

The following financial amounts are a summary of the financial disclosures made by the candidate. The summarized amounts are from her 2010 campaign disclosure reports. 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.

Summary of Financial Activity

(Un-audited Amounts)

Balance on hand at April 1, 2010			\$0.00
Receipts			
Un-itemized	\$11,173.00	1	
Itemized	16,855.00		
Loans receipted	0.00		
Interest	0.00		
Total receipts			<u>\$28,028.00</u>
Disbursements			
Un-itemized	2,354.17	2	
Itemized	6,720.81		
Loans principal payments	0.00		
Total disbursements			<u>\$9,074.98</u>
Balance on hand at January 15, 2011			<u>\$18,953.02</u>
Loans outstanding at January 15, 2011			\$0.00
Obligations at January 15, 2011			\$0.00
Total in-kind contributions received			\$3,108.76

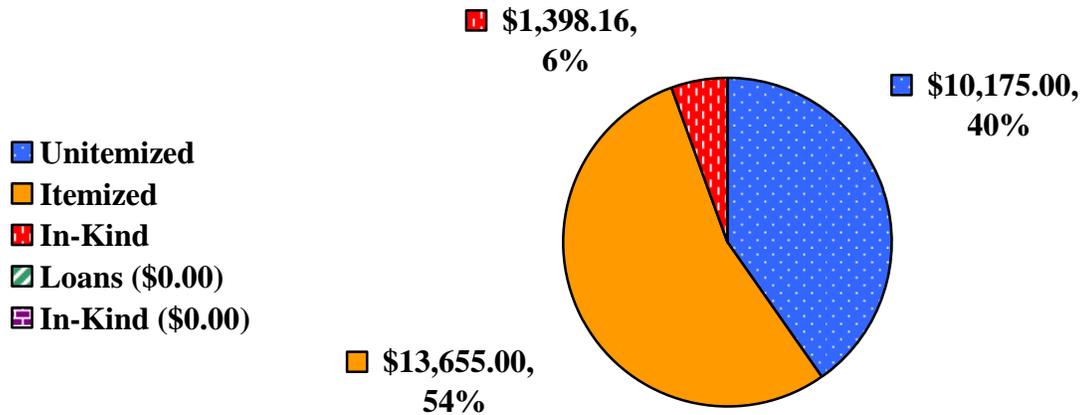
1 The balance includes a \$118 reported as an increase in the balance on hand on the 2010 Second Quarter report. When a candidate has less than the \$1,000 in activity during a reporting period, the detail of the activities performed are not required, however to show the changes in the campaign account the changes in the balance on hand are included as unitemized amounts.

2 The balance includes a \$1,904.37 reported as decreases in the balance on hand on the 2010 Pre-primary, 2010 Third Quarter and 2010 Fourth Quarter reports.

CHARTS

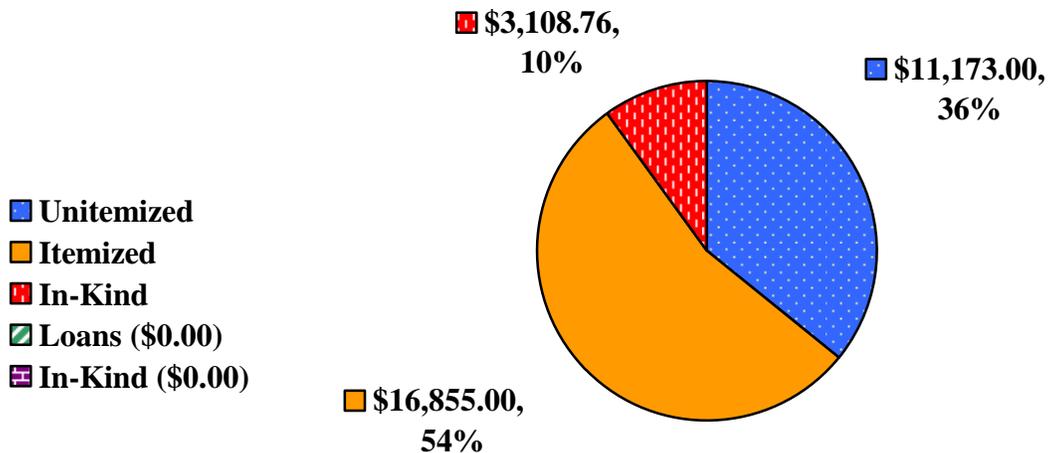
2009 EARLY YEAR-END SUPPLEMENTAL CONTRIBUTIONS

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 Ms. Deaner'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 Ms. Deaner provide supporting documentation for the un-itemized contributions she reported on her 2009 Early Year-End Supplemental report. Ms. Deaner's campaign records for the 2009 Early Year-End Supplemental included her bank statements with photocopied deposit slips and a contributions list. The following steps were performed on Ms. Deaner'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 \$10,175.
- 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 that all contributions were in compliance with the Registry's rules.

Audit Conclusion:

Ms. Deaner's 2009 Early Year-End Supplemental Campaign Financial Disclosure Statement reported un-itemized contributions greater than \$5,000 and 30% of the total contributions. Based on the review of the campaign records, it appears the candidate's un-itemized contributions received from July 1, 2009 thru January 15, 2010 should have totaled \$10,075 instead of the \$10,175 that was reported. The audit indicated Ms. Deaner included a \$100 contribution in her un-itemized disclosure that should be reported as itemized. (See 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. Ms. Deaner violated T.C.A. §2-10-107(a)(2)(A)(i) by failure to itemize \$100 from an individual who contributed \$250 during a reporting period.

Ms. Deaner improperly included in her un-itemized contributions \$100 from an individual, who contributed \$250 during the 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 \$100 represents less than 1% of the un-itemized contributions reported by Ms. Deaner on the 2009 Early Year-End Supplemental report.

RECOMMENDATION TO CANDIDATE

Ms. Deaner should amend her 2009 Early Year-End Supplemental Campaign Financial Disclosure Statement adding the \$100 noted in finding 1 to her itemized contributions. In addition, she should amend the same report by reducing the aggregate amount of un-itemized contributions by \$100.

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 Ms. Deaner, she chose to take corrective action on her reports prior to the Registry's approval of the audit. Ms. Deaner amended her 2009 Early Year-End Supplemental Campaign Financial Disclosure Statement on May 21, 2011 itemizing the \$100 of un-itemized contributions. The corrections properly amend the report for Finding 1.

REGISTRY OF ELECTION FINANCE ACTIONS

The Members of the Registry of Election Finance reviewed the 2010 contribution audit of Ms. Deaner during the June 15, 2011 regular monthly meeting. The report contained one finding with recommendations for corrective action. The report reported corrective actions completed by the candidate. The Registry voted to accept and approve the audit report with no further action.