



## TENNESSEE REGISTRY OF ELECTION FINANCE

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### **Contribution Audit of Representative Justin Jones's 2022 First Quarter Campaign Finance Disclosure**



**Audit Team:**

Jay Moeck, CPA, CFE  
Director of Audit

# STATE OF TENNESSEE



## BUREAU OF ETHICS AND CAMPAIGN FINANCE REGISTRY OF ELECTION FINANCE

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January 23, 2024

Members of the Registry of Election Finance  
WRS Tennessee Tower, 26<sup>th</sup> Floor  
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Nashville, TN 37243

Registry Members,

The agreed-upon procedures for the un-itemized contribution audit of Representative Justin Jones's 2022 First Quarter Campaign Financial Disclosure Statement for the 2022 election campaign for the House of Representatives are submitted herewith. This audit was conducted according 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. It 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  
Director of Audit

**STATE OF TENNESSEE**  
REGISTRY OF ELECTION FINANCE  
**Audit Highlights**  
Representative Justin Jones  
2022 First Quarter Contribution Audit

**AUDIT OBJECTIVES**

The objectives of the audit were to determine Rep. Justin Jones's compliance with specific provisions of campaign finance disclosure laws and regulations, compliance with specific provisions of campaign contribution limit laws and regulations, accuracy and completeness of the un-itemized contribution disclosures on the 2022 First Quarter Campaign Financial Disclosure Statement, and to recommend appropriate actions to correct any deficiencies.

**FINDING(S)**

The audit report contains no findings.

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## INTRODUCTION

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### **AUDIT AUTHORITY**

*Tennessee Code Annotated* (T.C.A.) §§2-10-207 and 2-10-212 authorizes the Registry of Election Finance (Registry) to conduct audits of campaign financial disclosure statements filed with the Registry. This audit was initiated based on T.C.A. §2-10-212(i), which requires the Registry to audit a candidate's campaign financial disclosure statement if the unitemized contributions exceed \$5,000 and account for more than 30% of total contributions during a reporting period.

### **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 are a tool for the Registry to evaluate the effectiveness of the campaign financial disclosure process. In addition, the audits assist the Registry with enforcing campaign finance limit laws and campaign finance disclosure laws. Finally, the audit reports are intended to help the candidate and the State of Tennessee promote 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 reporting periods are from January 16 to June 30 and July 1 to January 15 each year. During an election year, the disclosures expand to quarterly, pre-primary, 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 only relates to disclosure on Rep. Justin Jones's 2022 first-quarter disclosure statement.

## CAMPAIGN OVERVIEW

### CAMPAIGN ORGANIZATION

Rep. Justin Jones was a candidate in the November 8, 2022, general election for the House Representative for District 52. Rep. Justin Jones filed an Appointment of Political Treasurer Statement with the Registry on March 15, 2022, appointing Niti Sharan as political treasurer. The appointment was amended on March 29, 2022, naming Dr. Joyce E. Neal as political treasurer.

The candidate's first financial disclosure statement for the 2022 campaign was the 2022 First Quarter, filed on April 11, 2022. The candidate's last financial disclosure for the 2022 election was the 2022 Fourth Quarter, filed on January 23, 2022, disclosing a \$25,010.45 balance, no outstanding obligations, and no outstanding loans. The candidate filed an Appointment of Political Treasurer Statement for the 2024 election on April 4, 2023, transferring the remaining balance to the 2024 election, ending the 2022 reporting requirements.

### OVERVIEW OF FINANCIAL ACTIVITIES

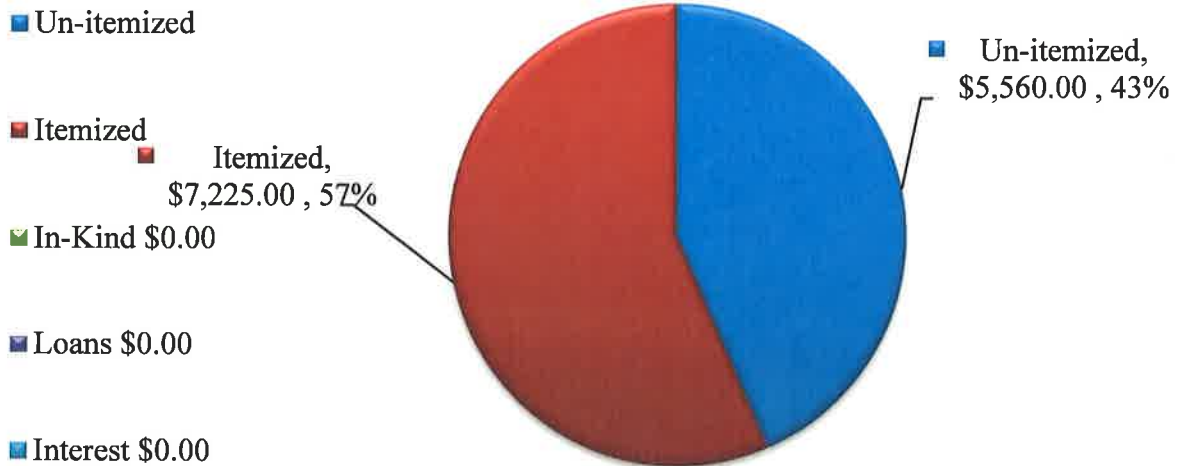
The following financial amounts are a summary of the financial disclosures made by the candidate. The summarized amounts are from the following disclosure statements: 2022 First Quarter, 2022 Second Quarter, 2022 Pre-Primary, 2022 Third Quarter and 2022 Pre-General. As noted in the audit scope, we only audited un-itemized contributions from disclosures for the 2022 First Quarter. The amounts displayed are for informational purposes only.

<u>Summary of Financial Activity</u>		
<u>(Un-audited Amounts)</u>		
Cash on hand on January 16, 2022		\$0.00
Receipts		
Un-itemized	\$23,356.00	
Itemized	57,616.00	
Interest	0.00	
Loans received	0.00	
Total receipts		<u>\$80,972.00</u>
Disbursements		
Un-itemized	594.01	
Itemized	55,367.54	
Loans principal payments	0.00	
Total disbursements		<u>\$55,961.55</u>
Cash on hand on January 15, 2023		<u>\$25,010.45</u>
Loans outstanding on January 15, 2023		\$0.00
Obligations on January 15, 2023		\$0.00
Total in-kind contributions received		\$2,058.10

## CHARTS

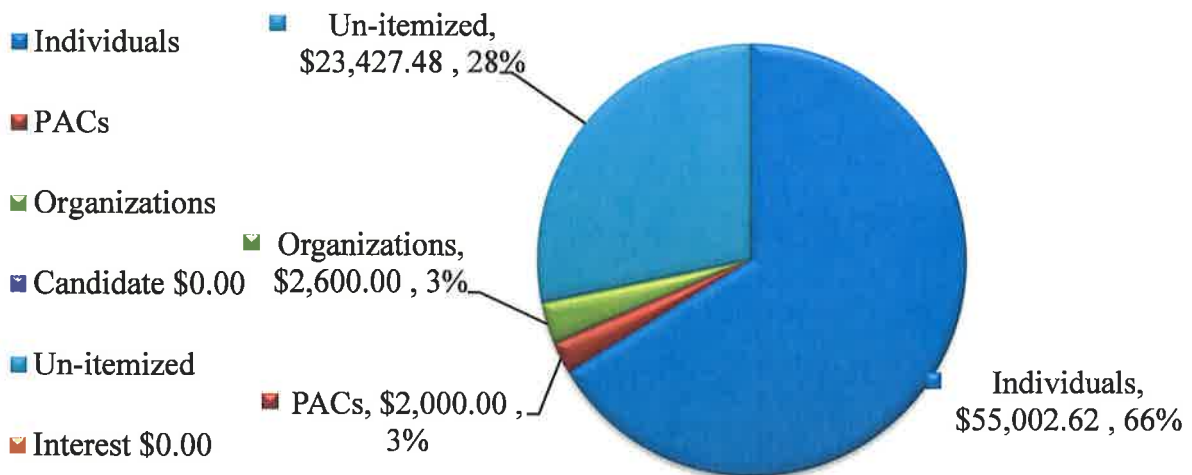
### 2022 FIRST QUARTER CAMPAIGN CONTRIBUTIONS

The following chart shows the contributions reported by the candidate in the 2022 First Quarter.



### 2022 ELECTION CONTRIBUTIONS BY SOURCE

The following chart shows the contributions reported by the candidate for the 2022 election campaign through the 2022 Fourth Quarter disclosure statement. Organizations in this chart represent non-profit organizations, non-PAC campaign organizations, or businesses.



## **OBJECTIVES, METHODOLOGIES, CONCLUSIONS**

### **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
- bank statements and deposit slips supported all contributions.

#### ***Audit Methodology:***

The Registry obtained Rep. Justin Jones's 2022 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 Rep. Justin Jones provide supporting documentation for the un-itemized contributions of \$5,560 that he reported on the 2022 First Quarter Campaign Finance Disclosure Statement. The candidate's campaign records included bank statements, deposit slips, copies of checks and cash, contribution lists, and reconciliation sheets. The following steps were performed on Rep. Justin Jones's campaign documentation:

- The campaign records were reviewed to determine if the candidate's un-itemized contributions from January 16, 2022, through March 31, 2022, totaled \$5,560.
- 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 campaign 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, and all contributions complied with T.C.A. §§2-10-105 and 2-10-107.



### ***Audit Conclusion:***

Rep. Justin Jones's 2022 First Quarter Campaign Financial Disclosure Statement reported un-itemized contributions were 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 except as follows:

- The candidate records indicate the candidate failed to report a \$50 check from a contributor who made no other contribution during the period. The failure to report the \$50 contribution is non-compliant with T.C.A. §2-10-105(a).

The \$50 is less than 1% of the unitemized contributions reported by the candidate and even more insignificant to the total contribution received for the period and the election. Therefore, no finding is presented.

The candidate was notified of the failure to report this contribution as a part of the audit. Rep. Justin Jones added the contribution to the 2022 Second Quarter disclosure on December 4, 2023, instead of the 2022 First Quarter, as recommended by the audit notice. The candidate's campaign staff indicated that the contribution should be reported on April 5, 2022, when the check was deposited (and per their statement, the date it was retrieved from the post office box). The audit test work had previously determined the contribution was more likely related to the 2022 First Quarter. This assessment was determined based on the date the check was written, March 30, 2022, the date of deposit being right after the end of a reporting period, and the fact that the April 5, 2022, deposit was noted by the campaign as related to the 2022 First Quarter when the audit records were provided. The statute requires the candidate to report the contribution when received. The received date is probably when the letter was placed into the PO Box (if mailed), or handed to the candidate or their agent, which was not documented. Nor was the postmarked envelope retained by the campaign, which would be the next best date. Due to the lack of supporting records maintained by the candidate to support the received date and knowing deposit and check written dates may not reflect the actual received date, an auditor's judgment had to be used on the available data to determine the proper reporting period and date. In this instance, that was deemed the 2022 First Quarter; however, the audit cannot verify that with a specific underlying record. It should also be noted that the candidate also cannot support the assertion that the check was received by mail or collected from a PO Box and deposited on the same day by any records retained.

Regardless of the audit assessment determining that the contribution was received during the First Quarter and the correction being in the Second Quarter, the contribution was initially unreported. However, as the contribution is now reported, the period in which it is now reported appears to be less relevant after the election cycle.

- The candidate records indicate that the candidate improperly reported two contributions from the same individual as unitemized contributions when the aggregate amount totaled \$125. The improper reporting of contributions that required itemized disclosure is non-compliant with T.C.A. §2-10-107(a)(2)(A)(i).

The \$125 is approximately 2% of the unitemized contributions reported by the candidate. However, the amount is less than 1% of the contributions reported for the period and even more insignificant to the total contributions received for the election. Therefore, no finding is presented. However, the candidate was notified of failing to report these contributions properly, and the candidate corrected the disclosure on December 5, 2023.

## **RESOLUTIONS**

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

The Registry of Election Finance Members will review the 2022 Contribution Audit of Rep. Justin Jones during its regularly scheduled bi-monthly meeting on January 23, 2024. The meeting minutes will document approval and any subsequent actions by the Members.