



## TENNESSEE REGISTRY OF ELECTION FINANCE

---

### Contribution Audit of Judge Robert L. Childers' 2013 Year-End Supplemental Campaign Finance Disclosure



#### **Audit Team:**

Jay Moeck, CPA, CFE  
Audit Director

Makaili Hodge  
Auditor

# STATE OF TENNESSEE



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

BOARD MEMBERS  
Patricia Heim, Nashville, Chairperson  
Norma Lester, Memphis, Secretary  
Kent Coleman, Murfreesboro  
Henry Fincher, Cookeville  
Tom Lawless, Nashville  
Justin Pitt, Franklin

EXECUTIVE DIRECTOR  
Drew Rawlins

June 11, 2014

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 Judge Robert L. Childers' 2013 Year End Supplemental Campaign Financial Disclosure Statement for the 2014 election campaign for the Circuit Court 30<sup>th</sup> Judicial District – Division 9. This audit was conducted pursuant 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; 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**  
Judge Robert L. Childers'  
2013 Year-End Supplemental Contribution Audit

**AUDIT OBJECTIVES**

The objectives of the audit were to determine Judge Robert L. Childers' 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 un-itemized contribution disclosures on his 2013 Year-End Supplemental Campaign Financial Disclosure Statement; and to recommend appropriate actions to correct any deficiencies.

**FINDING(S)**

- 1. Judge Childers violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$400 in campaign contributions from contributors who contributed in excess of \$100 during a reporting period.**

## **TABLE OF CONTENTS**

---

	<b><u>PAGE</u></b>
<b>INTRODUCTION</b>	
Audit Authority	1
Audit Purpose	1
Audit Scope	1
<b>CAMPAIGN OVERVIEW</b>	
Campaign Organization	2
Overview of Financial Activities	2
<b>CHARTS</b>	
2013 Year-End Supplemental Campaign Contributions	3
2014 First Quarter Contributions by Source	3
<b>OBJECTIVES, METHODOLOGIES, CONCLUSIONS</b>	
Contributions and Receipts	4
Finding	5
Recommendation to Candidate	5
Recommendation to Registry	5
<b>RESOLUTIONS</b>	
Candidate's Corrective Action	7
Registry of Election Finance Actions	7

## 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 financial 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 aggregate un-itemized contributions reported are 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 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 prepared to assist the candidate and the State of Tennessee with promoting 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 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 Judge Childers' disclosures on his 2013 Year-End Supplemental report.

## CAMPAIGN OVERVIEW

### CAMPAIGN ORGANIZATION

Judge Robert L. Childers is a candidate in the August 7, 2014 general election for the Circuit Court 30<sup>th</sup> Judicial District – Division 9. Judge Childers filed an Appointment of Political Treasurer Statement with the Registry on November 4, 2013 appointing John A. Bobango as political treasurer.

The candidate's first financial disclosure for the 2014 campaign was the 2013 Year-End Supplemental report filed on January 31, 2014. The candidate amended that report on February 6, 2014. As of March 31, 2014 this is the only required campaign finance report to be submitted by the candidate. The candidate has not completed his 2014 election campaign finance reporting requirements. The candidate's next required report will be the 2014 First Quarter report due April 10, 2014.

### 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 report: 2013 Year-End Supplemental report. As noted in the audit scope, we only audited un-itemized contributions from disclosures for the 2013 Year-End Supplemental report. The amounts displayed are for informational purposes only.

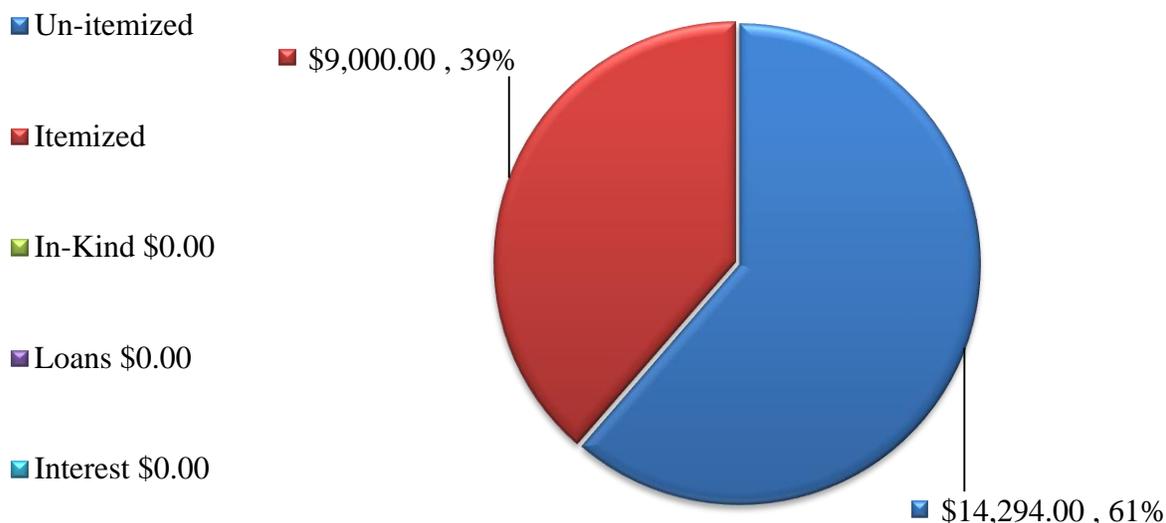
<u>Summary of Financial Activity</u>		
<u>(Un-audited Amounts)</u>		
Cash on hand at July 1, 2013		\$1,823.53 <b>1</b>
Receipts		
Un-itemized	\$14,294.00	
Itemized	9,000.00	
Interest	0.00	
Loans received	0.00	
Total receipts		<u>\$25,117.53</u>
Disbursements		
Un-itemized	121.58	
Itemized	7,026.37	
Loans principal payments	0.00	
Total disbursements		<u>\$7,147.95</u>
Cash on hand at January 15, 2014		<u>\$17,969.58</u>
Loans outstanding at January 15, 2014		\$0.00
Obligations January 15, 2014		\$0.00
Total in-kind contributions received		\$0.00

**1** The cash balance at 7/1/2013 is funds transferred from the candidate's prior campaign.

## CHARTS

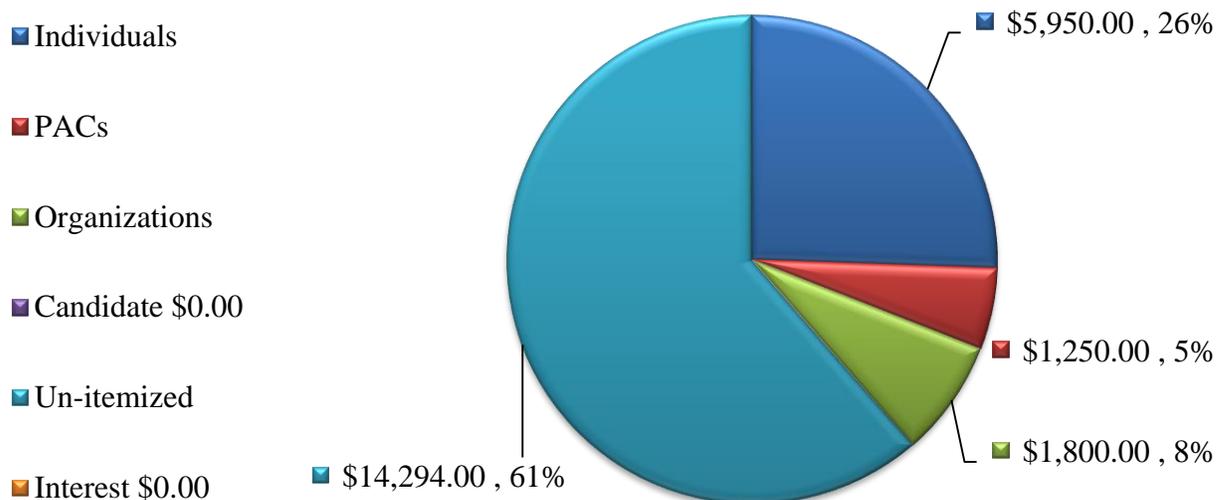
### 2013 YEAR-END SUPPLEMENTAL CAMPAIGN CONTRIBUTIONS

The following chart shows the contributions reported by the candidate in the 2013 Year-End Supplemental report.



### 2014 FIRST QUARTER CONTRIBUTIONS BY SOURCE

The following chart shows the contributions reported by the candidate for the 2014 election campaign for the 2014 First Quarter disclosure report. Organizations in this chart represent non-profit organizations, non-PAC campaign organizations, or businesses.



## **OBJECTIVES, METHODOLOGIES, CONCLUSIONS**

---

### **UN-ITEMIZED 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 reported in compliance with the Registry's rules; and
- all contributions were supported by bank statements and deposit slips.

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

The Registry obtained Judge Childers' 2013 Year-End Supplemental 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 Judge Childers provide supporting documentation for the un-itemized contributions of \$14,294.00 that he reported on his 2013 Year-End Supplemental report. The candidate's campaign records included bank statements, deposit slips, copies of contributor checks and contribution lists. The following steps were performed on Judge Childers' campaign documentation:

- The campaign records were reviewed to determine if the candidate's un-itemized contributions received from July 1, 2013 thru January 15, 2014 totaled \$14,294.
- 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 election 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, 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:***

Judge Childers' 2013 Year-End Supplemental 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 and Registry rules except Judge Childers failed to itemize \$400 in campaign contributions from contributors who contributed in excess of \$100 during the Early Year-End Supplemental reporting period (Finding 1).

In addition to the finding noted above Judge Childers' campaign records indicated, that he received anonymous cash contributions totaling \$100. Without the specific contributor's names and amounts for the cash contributions we could not determine Judge Childers' compliance with certain statutes for the \$100 contributions. No detailed finding for the anonymous contribution was provided as the error represents less than 1% of the un-itemized contributions reported by the candidate. Also, the candidate provided documentation to show the funds were not used for a campaign purpose but were donated to a charity, school, church or other civic organization.

### **FINDINGS**

- 1. Judge Childers violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$400 in campaign contributions from contributors who contributed in excess of \$100 during a reporting period.**

Judge Childers included \$400 in un-itemized contributions that he received from two individuals that should have been itemized during 2013 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 \$400 in contributions represented approximately 3% of the un-itemized contributions reported by Judge Childers on his 2013 Early Year-End Supplemental Campaign Finance Disclosure Statement.

### **RECOMMENDATION TO CANDIDATE**

Judge Childers should amend his 2013 Early Year-End Supplemental Campaign Financial Disclosure Statement to ensure that all contributions from individuals who contributed over \$100 are properly itemized. Judge Childers should maintain and review all contributor data for all campaign contributions received; reconcile the campaign records to his campaign disclosures to ensure all disclosures are complete, accurate and properly supported by the campaign records.

### **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 website

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 finding with Judge Childers he chose to take corrective action on his report prior to the Registry's approval of the audit. Judge Childers amended his 2013 Early Year-End Supplemental Campaign Financial Disclosure Statement on May 19, 2014.

#### ***Correction Action - Finding 1:***

On his amended 2013 Early Year-End Supplemental report Judge Childers increased itemized monetary contributions by \$400 by adding two contributors. In addition, he reduced un-itemized contributions by \$400. The corrections properly amended his 2013 Early Year-End Supplemental report for the contributions noted in Finding 1.

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

The Members of the Registry of Election Finance reviewed the 2014 contribution audit of Judge Robert L. Childers during the June 11, 2014 regular monthly meeting. The report contained a finding, which the candidate had corrected. The Registry voted to accept and approve the audit report with no further action.