



TENNESSEE REGISTRY OF ELECTION FINANCE

Contribution Audit of Judge Donald Parish's 2014 Second Quarter Campaign Finance Disclosure



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October 8, 2014

Members of the Registry of Election Finance
404 James Robertson Parkway, Suite 104
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Ladies and Gentlemen,

Transmitted herewith is the agreed upon procedures for the un-itemized contribution audit of Judge Donald Parish's 2014 Second Quarter Campaign Financial Disclosure Statement for the 2014 election campaign for Circuit Court 24th Judicial District – Division 2. 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 Donald Parish's
2014 Second Quarter Contribution Audit

AUDIT OBJECTIVES

The objectives of the audit were to determine Judge Donald Parish'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 un-itemized contribution disclosures on his 2014 Second Quarter Campaign Financial Disclosure Statement; and to recommend appropriate actions to correct any deficiencies.

FINDING(S)

- 1. Judge Parish violated T.C.A. §2-10-107(a)(2)(A)(i) by overstating his un-itemized contributions by \$325.**
- 2. Judge Parish violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$1,000 in campaign contributions from six contributors who contributed in excess of \$100 during a reporting period.**
- 3. Judge Parish failed to maintain contributor data for \$600 in cash contributions.**
- 4. Judge Parish violated T.C.A. § 2-10-311(a) by receiving \$550 in cash contributions over the cash limit.**

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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 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 (as applicable). 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 Judge Parish's 2014 Second Quarter report.

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

Judge Donald Parish was a candidate in the August 7, 2014 general election for Circuit Court 24th Judicial District – Division 2. Judge Parish filed an Appointment of Political Treasurer Statement with the Registry on March 5, 2014 appointing Randy Hatch as political treasurer.

The candidate's first financial disclosure for the 2014 campaign was the 2014 First Quarter report filed on April 9, 2014. The candidate's latest financial disclosure report for the 2014 election was the 2014 Pre-General report filed on July 30, 2014. The 2014 Pre-General report indicated \$13,731.70 cash on hand, no outstanding obligations and \$50,000 outstanding loans. The candidate has not completed his 2014 election campaign reporting requirements. The candidate's next report will be the 2014 Third Quarter report due October 10, 2014.

OVERVIEW OF FINANCIAL ACTIVITIES

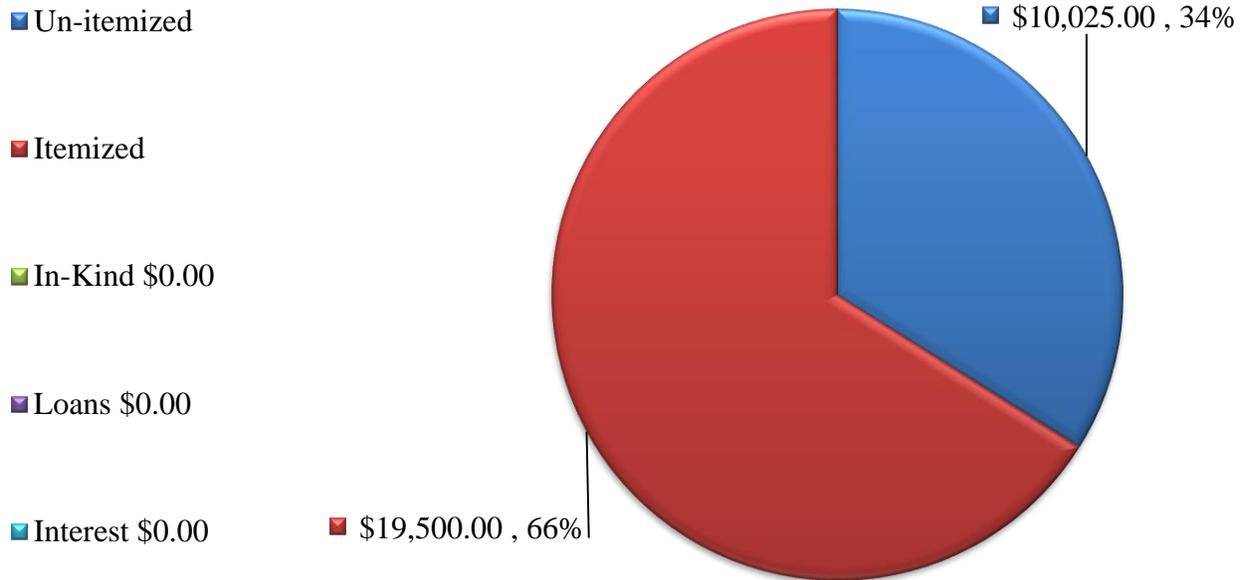
The following financial amounts are a summary of the financial disclosures made by the candidate. The summarized amounts are from the following disclosure reports: 2014 First Quarter, 2014 Second Quarter, and 2014 Pre-General reports. As noted in the audit scope, we only audited un-itemized contributions from disclosures for the 2014 Second Quarter report. The amounts displayed are for informational purposes only.

<u>Summary of Financial Activity</u>		
<u>(Un-audited Amounts)</u>		
Cash on hand at March 5, 2014		\$0.00
Receipts		
Un-itemized	\$13,225.00	
Itemized	25,950.00	
Interest	0.00	
Loans received	50,000.00	
Total receipts		<u>\$89,175.00</u>
Disbursements		
Un-itemized	1,029.91	
Itemized	74,413.39	
Loans principal payments	0.00	
Total disbursements		<u>\$75,443.30</u>
Cash on hand at July 28, 2014		<u>\$13,731.70</u>
Loans outstanding at July 28, 2014		\$50,000.00
Obligations July 28, 2014		\$0.00
Total in-kind contributions received		\$0.00

CHARTS

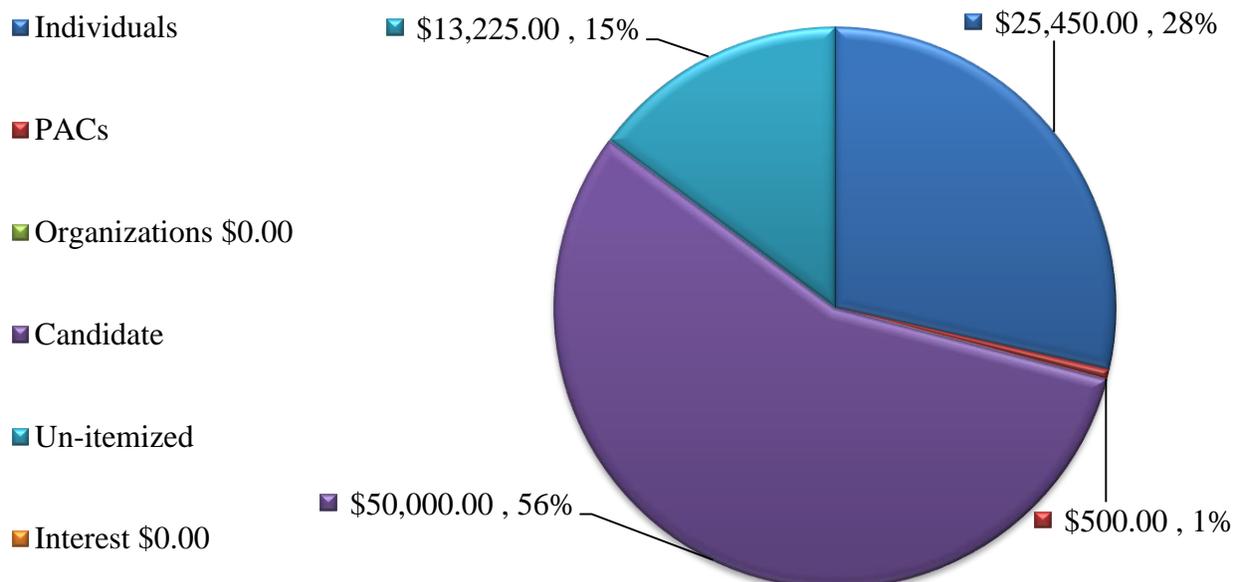
2014 SECOND QUARTER CAMPAIGN CONTRIBUTIONS

The following chart shows the contributions reported by the candidate in the 2014 Second Quarter report.



2014 ELECTION CONTRIBUTIONS BY SOURCE

The following chart shows the contributions reported by the candidate for the 2014 election campaign through the 2014 Pre-General disclosure report. 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 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 Donald Parish's 2014 Second 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 Judge Parish provide supporting documentation for the un-itemized contributions of \$10,025 that he reported on his 2014 Second Quarter report. The candidate's campaign records include bank statements and a contribution list. The following steps were performed on Judge Parish's campaign documentation:

- The campaign records were reviewed to determine if the candidate's un-itemized contributions received from April 27, 2014 thru June 30, 2014 totaled \$10,025.
- 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 Donald Parish's 2014 Second 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 except Judge Parish overstated his un-itemized contributions by \$325 (Finding 1). The audit indicated the un-itemized contributions complied with campaign finance laws and Registry rules except Judge Parish failed to itemize \$1,000 in contributions from six contributors who contributed more than \$100 during the Second Quarter reporting period (Finding 2). Also, Judge Parish failed to maintain contributor data for \$600 of the cash contributions reported and deposited (Finding 3). Finally, Judge Parish violated the campaign finance limits laws by accepting \$550 from seven contributors over the cash limit (Finding 4).

FINDINGS

1. Judge Parish violated T.C.A. §2-10-107(a)(2)(A)(i) by overstating his un-itemized contributions by \$325.

Judge Parish reported \$29,525 in contributions on his 2014 Second Quarter report (\$10,025 un-itemized and \$19,500 itemized). Judge Parish's campaign records indicate he only deposited \$29,200 in funds related to the Second Quarter. The candidate's contribution list supports un-itemized contributions of \$9,700 in un-itemized and \$19,500 in itemized contributions. Based on these records the audit determined the \$325 difference between the amount report and amount deposited was an overstatement of un-itemized contributions.

The \$325 overstatement of contributions is a violation of T.C.A. §2-10-107(a)(2)(A)(i), which requires accurate reporting of contributions on campaign financial disclosure statements. The \$325 in contributions represents approximately 3.2% of the un-itemized contributions reported by Judge Parish on his 2014 Second Quarter Campaign Finance Disclosure Statement.

2. Judge Parish violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$1,000 in campaign contributions from six contributors who contributed in excess of \$100 during a reporting period.

Judge Parish included \$1,000 in un-itemized contributions received from six individuals that were required to be itemized during the 2014 Second Quarter reporting period. T.C.A. §2-10-107(a)(2)(A)(i) requires contributions of more than \$100 received from one source during a reporting period to be itemized. The \$1,000 included in un-itemized contributions are as follows:

- The candidate prepared contribution listing indicates \$100 was received from two individuals and allocated by the candidate \$50 to each during the Second Quarter. Subsequently, one of the individuals gave an additional \$100 to the campaign during the Second Quarter. Therefore, the one individual gave a total of \$150 during the period; the \$150 in contributions was required to be itemized.
- The candidate prepared contribution listing indicates \$200 was received from two individuals and allocated \$100 to each during the Second Quarter. The records show

an additional \$200 contribution by the same individuals again was allocated at \$100 each. Therefore, all \$400 was required to be itemized and should be reported as \$200 from each contributor.

- The candidate prepared contribution listing indicated \$100 was received from one individual during the Second Quarter. The records also indicate the same contributor gave \$250. The \$250 was properly reported as an itemized contribution; however, the \$100 was improperly included in un-itemized contributions.
- The candidate prepared contribution listing indicates \$100 was received from one individual during the Second Quarter. The records also indicate the same contributor was allocated \$125 of a \$500 contribution. The \$125 was properly reported as an itemized contribution; however, the \$100 was improperly included in un-itemized contributions.
- The candidate's bank records indicate he received a \$250 check from one contributor. However, the candidate's contributor listing does not include the name of the contributor or amount of the contribution. Regardless of the failure to include the contributor on his list, it appears the candidate included the amount in the un-itemized contributions reported. As the contribution is over \$100, the contribution should have been itemized.

The itemized information for each contributor must include name, address, occupation, employer, date of receipt and amount of the contribution. The \$1,000 in contributions represents approximately 10% of the un-itemized contributions reported by Judge Parish on his 2014 Second Quarter Campaign Finance Disclosure Statement.

3. Judge Parish failed to maintain contributor data for \$600 in cash contributions.

Judge Parish did not maintain or obtain sufficient campaign records to verify compliance with all campaign finance statutes for contributions. Judge Parish's campaign records indicate he received contributions totaling \$600 from anonymous contributors. The \$600 anonymous cash contributions noted were listed on the candidate's campaign list as small dollar donations. The campaign records show the cash was deposited into the campaign account. The candidate stated the \$600 was collected at a fundraising event where attendees could drop enveloped contributions in a receptacle. When the contributions were reviewed they found \$600 with no contributor data included. The \$600 in contributions was approximately 6% of the un-itemized contributions reported by the candidate. Without the specific contributor's names and amounts contributed we could not determine Judge Parish'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.

4. Judge Parish violated T.C.A. § 2-10-311(a) by receiving \$550 in cash contributions over the cash limit.

Judge Parish's campaign records indicate he received \$550 in cash contributions from seven individuals over the \$50 cash limit per election. T.C.A. §2-10-311(a) states, "No person shall make cash contributions to any candidate with respect to any election that, in the aggregate, exceed fifty dollars." Judge Parish was a candidate in the August 7, 2014 general election (he was not a candidate in a primary election).

The candidate's contribution list and campaign records indicate six individuals contributed \$100 in cash. All \$600 was included in the candidate's un-itemized contributions. Each individual contribution is \$50 over the cash limit. The seventh individual contributed \$300 in cash and was reported as an itemized contribution. The \$300 contribution is \$250 over the limit. The \$550 in cash contributions over the limit represents approximately 31.4% of the cash deposited by Judge Parish to support contributions from the Second Quarter reporting period.

RECOMMENDATION TO CANDIDATE

Judge Parish should amend his 2014 Second Quarter Campaign Financial Disclosure Statement to ensure that he properly reported all itemized contributions from individuals who contributed over \$100 during a reporting period. Judge Parish should return all funds in excess of the campaign limits to the each contributor who contributed cash over the cash limit. In subsequent reporting periods or future elections, Judge Parish should maintain contributor data for all campaign contributions received and reconcile the campaign records to his campaign disclosures to ensure all disclosures are complete, accurate and properly supported by the campaign records. Included in the records should be form of payment of the contributions to verify the campaign compliance with cash campaign limits laws.

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 findings with Judge Parish, he chose to take corrective actions on the findings prior to the Registry's approval of the audit. Judge Parish amended his 2014 Second Quarter Campaign Financial Disclosure Statements on September 26, 2014.

Corrective Actions - Finding 1 & 2:

Judge Parish amended his 2014 Second Quarter report by increasing itemized monetary contributions. Judge Parish added six contributions, he added four new contributors with contributions of \$150, \$200, \$200 and \$250, and then he added two new \$100 contributions for itemized contributors already reported. Finally, he reduced un-itemized contributions by \$1,325. The corrections properly amend his 2014 Second Quarter report for the contributions noted in Finding 1 and 2.

Corrective Actions - Finding 3

Judge Parish followed the Registry staff recommendations and donated \$600 to a charitable organization (the \$600 in anonymous funds cannot be used for campaign purposes). The candidate provided a copy of the check to support the qualifying donation. As the donation was made on 9/26/2014, the donation is not required to be reported until the 2014 Third Quarter report.

Corrective Actions - Finding 4

Judge Parish refunded \$550 to the seven contributors identified as being over the cash limit. The candidate provided copies of the campaign checks refunding the money to the various contributors. As all the checks were written on 9/26/2014, the return of contributions are not required to be reported until the 2014 Third Quarter report.

REGISTRY OF ELECTION FINANCE ACTIONS

The Members of the Registry of Election Finance reviewed the 2014 contribution audit of Judge Donald Parish during the October 8, 2014 regular monthly meeting. The report contained four findings along with the candidate's corrective actions. The Registry voted to accept and approve the audit report with no further action.