



Mary Taylor, CPA  
Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Ohio Republican Party  
211 South Fifth Street  
Columbus, OH 43215

We have performed the procedures enumerated below, to which the Ohio Republican Party (the Party) agreed, solely to assist the Committee in evaluating its compliance with certain requirements included in Ohio Rev. Code Sections 3517.1012, 3517.13(X)(1), 2(b), (3)(a), and (4), 3517.17, and 3517.18, for the year ended December 31, 2007. The Party is responsible for complying with these requirements. We followed the American Institute of Certified Public Accountants' attestation standards for agreed-upon procedures engagements. The sufficiency of the procedures is solely the responsibility of the Party. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Cash Receipts

1. We inquired with the Party whether they deposited all gifts from corporations, labor organizations and all gifts restricted to operations into the same fund into which they deposit amounts received from the State Tax Commissioner. Management informed us they deposited all gifts received during 2007 into the same fund used to deposit amounts received from the State Tax Commissioner.
2. We footed each *Statement of Political Party Restricted Fund Deposits* Ohio Rev. Code Section 3517.17 requires (Deposit Form 31-CC) filed for 2007, and agreed the total deposits to the OCFR (Form 30-A). The deposits were to be reported on Deposit Form 31-CC; however, due to a software issue on the Secretary of State's website, the reports were actually processed on Form 31-A. We noted no computational errors.
3. We compared bank deposits reflected in 2007 restricted fund bank statements to total deposits recorded in Deposit Forms 31-CC filed for 2007 (Note: Form 31-CC was not used – see explanation in #2 above). The bank deposit amounts agreed to the deposits recorded in the Form.
4. We scanned the Party's 2007 bank statements and noted they reflected four quarterly payments received from the State Tax Commissioner pursuant to Ohio Rev. Code 3517.17(A). We agreed the sum of these four payments received to the amount reported on the Deposit Forms 31-CC (Note: Form 31-CC was not used – see explanation in #2 above). The Deposit Forms 31-CC reported the sum of these four payments without exception.

5. We scanned other recorded 2007 receipts for evidence that a corporation or labor organization may have exceeded the \$10,000 annual gift limit Ohio Rev. Code 3517.13(X)(3)(a) imposes. We found no evidence that any corporation or labor organization exceeded this limit, except as identified below:
  - We noted one labor organization exceeded the \$10,000 limit by \$2,500. On May 28, 2008, the Ohio Republican Party paid \$2,500 from the Restricted Fund to another funding source to correct the overpayment. The total amount of the gift was included on the Deposit Report.
  - The Party received a gift from a corporation for \$10,000, but inadvertently recorded it in their internal ledger as \$15,000. In reviewing the ledger postings for the day, the Party identified what they believed to be an overpayment by a corporation and wrote a check in the amount of \$5,000 from the Restricted Fund to another funding source to attempt to correct the issue. However, since the original error was only in the ledger, the \$5,000 disbursement was not appropriate. On June 12, 2008, the Party wrote a check in the amount of \$5,000 from the other funding source to the Restricted Fund to correct this error. This error did not impact the amount of deposits in the OCFR, but did cause disbursements to be understated by \$5,000.

In addition, as part of these scanning procedures, we noted the following with regard to funds received:

- On November 27, 2007, the Party received a contribution from Logan County in the amount of \$500. However, according to Ohio Rev. Code Section 3517.13 (X) (4) "no state or county political party shall transfer any moneys in the party's restricted fund to any other state or county political party." The Party identified this inappropriate receipt, and on December 3, 2007, the Party voided the contribution.
6. Ohio Rev. Code 3517.1012 requires the Party to file Forms 31-CC electronically with the Secretary of State when the Party receives gifts from corporations or labor organizations. We viewed Forms 31-CC submitted for 2007 (Note: Form 31-CC was not used – see explanation in #2 above) on the Secretary of State's website.

### **Cash Reconciliation**

1. We recomputed the mathematical accuracy of the December 31, 2007, reconciliation for the bank account(s) used for receipts and disbursements restricted pursuant to Ohio Rev. Code Section 3517.1012(A). We found no computational errors.
2. We agreed the bank balance on the reconciliation to the bank statement balance as of December 31, 2007. The balances agreed.
3. We agreed the book balance on the reconciliation to the Party's internal ledger and the OCFR (Form 30-A) as of December 31, 2007. The balances agreed, except as identified below and noted in Cash Receipts #5 above.
  - The Party incorrectly recorded a \$35 deposit twice on the internal ledger; however it was correctly entered on the OCFR and bank statements. On May 9, 2008, the Party corrected the internal ledger when notified by the auditors.
4. We agreed reconciling items appearing on the reconciliation to canceled checks, deposit slips, or other documentation, without exception. We determined that the dates recorded on those documents support that those items were proper reconciling items as of December 31, 2007.

## Cash Disbursements

1. We footed each *Statement of Political Party Restricted Fund Disbursements* Ohio Rev. Code Section 3517.17 requires (Disbursement Form 31-M), filed for 2007 and agreed the total disbursements to the OCFR (Form 30-A). We noted no computational errors.
2. Per Ohio Rev. Code 3517.13(X)(1), we scanned Disbursement Forms 31-M filed for 2007 and inquired of management whether they transferred any cash from the restricted fund to any other political party account into which contributions may be made or from which contributions or expenditures may be made. We found no evidence of transfers, except as noted in other procedures to correct errors or overpayments identified.
3. Using nonstatistical sampling, we selected 20 checks or other disbursements reflected in 2007 restricted fund bank statements and compared the amounts to the to disbursement amounts reported on Disbursement Forms 31-M filed for 2007. We found no exceptions.
4. Using nonstatistical sampling, we selected 20 disbursements on Disbursement Forms 31-M for 2007 and traced the payee and amount to payee invoices and to the canceled checks. The payees and amounts recorded on Disbursement Forms 31-M agreed to the payees and amounts on the canceled checks and invoices.
5. We scanned the payee for each 2007 disbursement for evidence that it might represent a contribution or campaign-related disbursement, both of which Ohio Rev. Code 3517.13(X)(2)(b) prohibit. We found no evidence that any restricted fund disbursements represented contributions or campaign-related disbursements.
6. For the items selected in step 3, we compared the signature on the canceled checks to the list of authorized signatories the Party provided to us. The signatory on all checks we selected was an approved signatory. We compared the endorsement to the payee listed on the check without exception.
7. We scanned each 2007 restricted fund disbursement recorded on Form 31-M for evidence that it represented a transfer from the restricted fund to any other state or county political party, which Ohio Rev. Code 3517(X)(4) prohibits. We found no evidence of any such transfers.
8. For the items selected in step 3, we compared the purpose of the disbursements to the purpose listed on the vendor invoice and to the purposes Ohio Rev. Code Section 3517.18 permits. We found no instances where the purpose described on the invoice was inconsistent with the purposes Ohio Rev. Code 3517.18 permits, except as noted below:

Of the 20 disbursements selected, five totaling \$26,010.38, did not appear to meet the criteria of allowable activities per Ohio Rev. Code 3517.18. These five disbursements are described below.

- \$550 for the purchase of tables, with food for ten, at a debate between two candidates.
- \$5,000 paid to a public relations firm to help deal with situations in the media.
- \$19,782.37 for a conference attended by Republicans throughout the State to discuss election strategies.
- \$282.79 related to international wireless and roaming fees for a staff member who was vacationing out of the country.
- \$395.22 paid for holiday party invitations.

On August 4, 2008, the Ohio Republican Party deposited \$26,010.38 into the Restricted Fund from another funding source as reimbursement for these expenditures.

9. Ohio Rev. Code 3517.1012 requires the Party to file Forms 31-M electronically with the Secretary of State when the Party receives gifts from corporations or labor organizations. We viewed Form 31-M submitted for 2007 on the Secretary of State's website.

We were not engaged to, and did not examine each *Statement of Political Party Restricted Fund Deposits* and *Statement of Political Party Restricted Fund Disbursements* filed for 2007, the objective of which would have been to opine on compliance. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

This report is intended solely for the information and use of the Secretary of State of Ohio and for the Ohio Republican Party and is not intended to be and should not be used by anyone else.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

August 19, 2008



**Mary Taylor, CPA**  
Auditor of State

**OHIO REPUBLICAN PARTY**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 9, 2008**