



OHIO DEMOCRATIC PARTY

**REPORT OF INDEPENDENT ACCOUNTANTS ON
APPLYING AGREED-UPON PROCEDURES**

FOR THE YEAR ENDED DECEMBER 31, 2010



Dave Yost • Auditor of State

OHIO DEMOCRATIC PARTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Ohio Secretary of State
Ohio Democratic Party
340 East Fulton Street
Columbus, OH 43215

We have performed the procedures enumerated below, to which the Ohio Democratic Party (the Party) agreed, solely to assist the Party 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, 2010. 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 and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. 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 management to determine 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 such gifts received during 2010 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* (Form 31-CC) Ohio Rev. Code Section 3517.17 requires filed for 2010, and agreed the total deposits to the *Ohio Campaign Finance Report* (OCFR, Form 30-A). The deposits were to be reported on Form 31-CC; however, the reports were actually processed on the *Statement of Contributions Received* (Form 31-A) due to a software issue on the Secretary of State's website according to Party management. We noted no computational errors.
3. We compared bank deposits reflected in the 2010 restricted fund bank statements to total deposits recorded on Forms 31-A filed for 2010. (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 2010 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 Forms 31-A. (Note: Form 31-CC was not used; see explanation in #2 above). The Forms 31-A reported the sum of these four payments without exception.

5. We scanned other recorded 2010 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 for the following item.

The Ohio Democratic Party received a check for \$30,000, payable to the restricted fund, from a corporation and deposited the money on September 9, 2010, into its restricted fund account. Within the same transaction, the Party transferred \$20,000 (\$10,000 each) to two other contribution-receiving accounts – a building fund and a Levin fund. The Party stated it had the consent of the contributor to make these transfers. However, such transfers are not allowable per Ohio Rev. Code 3517.13 (X)(1), which states “No state or county political party shall transfer any moneys from its restricted fund to any account of the political party into which contributions may be made or from which contributions or expenditures may be made.” In addition, the Party did not record the initial deposit of \$30,000 into the restricted fund and subsequent \$20,000 transfer from the restricted fund on the Party's related *Ohio Campaign Finance Report* for the restricted fund or the *Statement of Political Party Restricted Fund Deposits* form. Only the net amount of \$10,000 was reflected.

In order to be in full compliance with the restricted fund laws, we recommend that in the future the Party not accept and deposit contributions from a corporation or labor organization that are in excess of the \$10,000 annual gift. If the Party should receive a check in excess of \$10,000, it should contact the contributor and request them to write separate checks up to the allowed limits for the various receiving Party accounts. We also recommend the Party reflect the gross receipts and disbursements on the related reports for the restricted fund it is required to file.

Official's Response

We received a \$30,000 donation, with the intent to deposit \$10,000 into our Restricted Fund, \$10,000 into our Building Fund and \$10,000 into our Levin Account. Any contribution over \$10,000 into the Restricted Fund or Levin Account would have constituted an excessive contribution.

At the time of the deposit, at the bank counter, we submitted a transfer to the Building Fund and the Levin Account. It was never the intent of the donor or the Ohio Democratic Party to accept an excessive contribution, our reports accurately reflect this intent and were not a violation of the ORC.

However, we recognize that a better procedure will be to ask the donor to submit separate checks and will use that procedure in future deposits.

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. (Note: Form 31-CC was not used; see explanation in #2 above). We viewed Forms 31-A submitted for 2010 on the Secretary of State's website.

Cash Reconciliation

1. We recomputed the mathematical accuracy of the December 31, 2010, reconciliation for the bank accounts 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, 2010. 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, 2010. The balances agreed.

4. We agreed reconciling items appearing on the reconciliation to canceled checks, deposit slips, or other documentation, without exception. We determined that the dates and amounts on those documents support that those items were proper reconciling items and were recorded in the proper amounts on the reconciliation as of December 31, 2010.

Cash Disbursements

1. We footed each *Statement of Political Party Restricted Fund Disbursements* (Form 31-M) Ohio Rev. Code Section 3517.17 requires filed for 2010 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 Forms 31-M filed for 2010 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 prohibited transfers, except for the two \$10,000 transfers mentioned above in **Cash Receipts #5** which were not reflected on the Form 31-M.
3. Using nonstatistical sampling, we selected 25 checks or other disbursements reflected in 2010 restricted fund bank statements and compared amounts to the disbursement amounts reported on Forms 31-M filed for 2010. We found no exceptions.
4. Using nonstatistical sampling, we selected 25 disbursements on Forms 31-M filed for 2010 and we traced the payee and amount to payee invoices and to the payee's name on canceled checks. The payees and amounts recorded on Forms 31-M agreed to the payees and amounts on the canceled checks and invoices.
5. We scanned the payee for each 2010 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 2010 restricted fund disbursement recorded on Forms 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 violated the restrictions of Ohio Rev. Code Section 3517.18.
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 2010 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 2010, 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 Democratic Party and is not intended to be and should not be used by anyone else.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

October 7, 2011



Dave Yost • Auditor of State

OHIO DEMOCRATIC 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
NOVEMBER 10, 2011**