



**MONTGOMERY COUNTY DEMOCRATIC PARTY
MONTGOMERY COUNTY**

AGREED UPON PROCEDURES

FOR THE YEAR ENDED DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Secretary of State of Ohio
Democratic Executive Committee
Montgomery County
131 South Wilkinson Street
Dayton, OH 45402

We have performed the procedures enumerated below, to which the Democratic Executive Committee (the Committee) agreed, solely to assist the Committee in evaluating its compliance with Ohio Rev. Code Sections 3517.1012, 3517.17, and 3517.18, for the year ended December 31, 2005. The Committee's management is responsible for the Committee's compliance with those 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 Executive Committee. 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 of management whether they deposited all gifts from corporations and labor organizations into the same fund into which they deposit amounts received from the State Tax Commissioner. They informed us they did use this fund for all such gifts. Management informed us they deposit gifts received from other sources into a separate account.
2. We footed the *Statement of Contributions Received* (31-A). Ohio Rev. Code Section 3517.17 requires (Deposit Form 31-CC) for the year ended December 31, 2005. Management filed campaign finance deposit transactions electronically with the Ohio Secretary of State at www.sos.state.oh.us.
3. We traced each donor amount from Deposit Form 31-A and deposit transactions filed electronically with the Ohio Secretary of State at www.sos.state.oh.us, to bank deposits without exception.
4. We confirmed amounts received from the State Tax Commissioner pursuant to Ohio Rev. Code 3517.17(A), with the State of Ohio and agreed them to amounts shown on Deposit Form 31-A. We found no exceptions.

Cash Reconciliation

1. We recomputed the mathematical accuracy of the reconciliation for the bank account 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, 2005. The balances agreed.
3. We agreed reconciling items appearing on the reconciliation to bank statements, cancelled checks, or deposit slips. We determined that the dates on those documents support that those items were proper reconciling items as of December 31, 2005.

Cash Disbursements

1. We footed the *Expenditures from Political Party Fund Monies* (31-M). Ohio Rev. Code Section 3517.17 requires (Disbursement Form 31-M), for the year ended December 31, 2005. Management filed campaign finance disbursement transactions electronically with the Ohio Secretary of State at www.sos.state.oh.us.
2. For each disbursement on Disbursement Form 31-M and the disbursement transactions filed electronically with the Ohio Secretary of State at www.sos.state.oh.us, we traced the payee and amount to payee invoices and to the payee on canceled checks. The payees and amounts recorded on Disbursement Form 31-M agreed to the payees and amounts on the canceled checks.
3. We compared the signature on the check to the list dated March 15, 2006 of authorized signatories the Committee 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.
4. We compared the purpose of each disbursement listed on Disbursement Form 31-M and the disbursement transactions filed electronically with the Ohio Secretary of State at www.sos.state.oh.us, to the purpose listed on the vendor invoice.

We found nine instances where purpose described on the invoice was inconsistent with the description on Disbursement Form 31-M or proper supporting documentation could not be provided by the Committee as follows:

- A. ***State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)***, provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests within the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. In Auditor of State Bulletin 2003-005, the Auditor of State has determined that the purchase of alcohol will be considered to not serve a public purpose and will be cited. During the audit period, two instances were found where the Committee purchased alcoholic beverages totaling \$81.04. The purchase of alcoholic beverages with public funds is considered arbitrary and incorrect by the Auditor of State's Office.
- B. **Ohio Rev. Code Section 149.43** states in pertinent part that "all public records shall be promptly prepared and made available to any member of the general public at all reasonable times during regular business hours for inspection." "Record" for purposes of the public records law, means any jurisdiction of any public office which serves to document the organization, functions, policies, decisions, procedures, operations, or other activities of the public office.

The Committee failed to maintain underlying support documentation for expenditures of public funds. We identified two instances, totaling \$561.64 or 75% of 2005 non-payroll expenditures that lacked underlying support documentation. Further, there were four checks missing from the numerical sequence used for 2005. Lack of retaining adequate supporting documents could result in payment of unauthorized expenditures or overpayments. The Committee should adopt policies and procedures for retention of proper supporting documents for all expenditures of public monies. This will help to provide that only authorized obligations are paid, and lessen the likelihood of overpayments to employees and vendors.

- C. **Ohio Rev. Code 3517.18** limits the purposes for which monies from the Ohio Political Party Fund may be used. One instance was found of a purchase totaling \$52.76, to buy flowers for a funeral. This expenditure does not fall within the guidelines provided by Ohio Revised Code.

Payroll Disbursements

For all employees paid from the Fund as listed on Disbursement Form 31-M and the disbursement transactions filed electronically with the Ohio Secretary of State at www.sos.state.oh.us, we compared the description of their duties with those allowable under Section 3517.18 of the Ohio Revised Code. We found no exceptions.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on compliance of the *Statement of Contributions Received (31-A)* and *Expenditures from Political Party Fund Monies (31-M)*. Accordingly, we do not express such 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 Executive Committee and is not intended to be and should not be used by anyone else.



Betty Montgomery
Auditor of State

March 31, 2006



**Auditor of State
Betty Montgomery**

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**DEMOCRATIC PARTY
MONTGOMERY 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
JULY 25, 2006**