



**Auditor of State
Betty Montgomery**



Auditor of State Betty Montgomery

REPORT OF INDEPENDENT ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

Ohio Republican Party
271 E State Street
Columbus, Ohio 43215

We have performed the procedures enumerated below, to which the Ohio Republican Party (the Party) agreed, solely to assist the Party in evaluating its compliance with Ohio Rev. Code Sections 3517.1012, 3517.17, and 3517.18, for the year ended December 31, 2005. 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 management to determine whether they deposit all gifts/only gifts from corporations and labor organizations into the same fund used to deposit amounts received from the State Tax Commissioner. Management informed us they only deposited gifts from corporations into the same fund used to deposit amounts received from the State Tax Commissioner during 2005. They received no gifts from labor organizations during 2005.
2. We footed each *Statement of Political Party Restricted Fund Deposits* Ohio Rev. Code Section 3517.17 requires filed for 2005, and agreed the total deposits to the Ohio Campaign Finance Report (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 web site, the reports were actually processed on form 31-A. We noted no computational errors.
3. We compared bank deposits reflected in 2005 Restricted Fund bank statements to total deposits recorded on the Deposit Forms 31-A filed in 2005 (Note: Form 31-CC was not used – see explanation in #2 above). We found no exceptions.
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 filed in 2005 (Note: Form 31-CC was not used – see explanation in #2 above). We found no exceptions as the result of these procedures, except as noted below:
 - The Party recorded a deposit in their general ledger and on the 2005 Annual Ohio Campaign Finance Report (OCFR) with the date of 12/31/05. The funds were not actually deposited into the bank account until 1/13/06; therefore the deposit should not have been recorded on the general ledger and the OCFR until 2006. The Party made an amendment to their 2005 Annual OCFR to correct the deposit that was recorded in the wrong period.
 - The Party received and deposited contributions from county parties. Of the 15 counties selected for testing, 7 made contributions to the Ohio Republican Party after March 31, 2005, totaling \$2,648. According to ORC 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." On 6/29/06 and 7/12/06, the Ohio Republican Party returned the contributions to each respective County.

5. Ohio Rev. Code 3517.1012 requires the Party to file Forms 31-A electronically with the Secretary of State when the Party receives gifts from corporations or labor organizations. We viewed Forms 31-A submitted for 2005 on the Secretary of State's website (Note: Form 31-CC was not used – see explanation in #2 above).

Cash Reconciliation

1. We recomputed the mathematical accuracy of the December 31, 2005 reconciliation for the bank account(s) used for receipts and disbursements restricted pursuant to Ohio Rev. Code Section 3517.1012(A). We found no exceptions as the result of these procedures, except as noted below:
 - The Party recorded a deposit in their general ledger and on the 2005 Annual Ohio Campaign Finance Report (OCFR) with the date of 12/31/05. The funds were not actually deposited into the bank account until 1/13/06; therefore the deposit should not have been recorded on the general ledger and the OCFR until 2006. The Party made an amendment to their 2005 Annual OCFR to correct the deposit that was recorded in the wrong period.
 - The bank reconciliation did not match the bank statement and the Party's reconciliation totaling \$2,600 (Check #1060) due to the Party incorrectly recording a deposit correction in their general ledger which was not recorded by the bank until 5/30/06.
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 the book balance on the reconciliation to the Party's internal ledger and the OCFR (Form 30-A) as of December 31, 2005. The balances agreed.
4. We agreed reconciling items appearing on the reconciliation to canceled checks, deposit slips, or other appropriate documentation, without exception. We determined the dates recorded on those documents support that those items were proper reconciling items as of December 31, 2005.

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 2005, and agreed the total disbursements to the OCFR (Form 30-A). The deposits were to be reported on Deposit Form 31-M; however, due to a software issue on the Secretary of State's web site, the reports were actually processed on forms 31-B, 31-F and 31-M. We noted no computational errors.
2. Using nonstatistical sampling, we selected 20 checks or other disbursements reflected in the 2005 Restricted Fund bank statement(s). We also selected three additional disbursements which were related to activities included in the original sample which appeared unallowable based on testing in step #5 below, for a total of 23 disbursements tested. We compared the amounts to the disbursement amounts reported on Disbursement Forms 31-M, 31-B and 31-F (Note: see explanation in #1 above) filed for 2005. We noted no exceptions.
3. Using nonstatistical sampling, we selected 23 disbursements (Note: see explanation in #2 above) on Disbursement Form 31-M, and traced the payee and amount to payee invoices and canceled checks. The payees and amounts recorded on Disbursement Forms 31-M, 31-B, 31-F (Note: see explanation in #1 above) agreed to the payees and amounts on the canceled checks and invoices.

4. For the items selected in step 3, we compared the signature on the canceled check to the list of authorized signatories the Party provides 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.
5. 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 permitted by Ohio Rev. Code Section 3517.18. 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, eight totaling \$13,861, did not clearly meet the criteria of allowable activities per ORC Section 3517.18.

- Six disbursements related to the State Chairman's Reception held during the Republican National Convention held in Cleveland on April 28-30, 2005 totaling \$12,324.

Tent Rental	\$664
Limousine Services	1,344
Food/beverages/services at Jacobs Field	5,879
Catering Services at Jacobs Field	1,879
Catering Services	<u>2,558</u>
Total	<u>\$12,324</u>

- One disbursement related to the purchase of Holiday Greeting cards totaling \$1,463; and
- One disbursement related to the purchase of Flowers for a deceased judge totaling \$74.

On 6/29/06 and 6/30/06, the Ohio Republican Party deposited \$13,861 into the Restricted Fund from another funding source as reimbursement for these expenditures.

In addition, during the period, the Party incurred 12 monthly bank service charges totaling \$939 for the Tax Check-off and Restricted Funds. The Party also incurred three Analysis Charges Billings (Service Charges) totaling \$39 for the Tax Check-off and Restricted Funds. We recommend management evaluate the possible alternatives to reduce the bank service charges.

6. 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 Forms 31-M, 31-B and 31-F (Note: see explanation in #1 above) submitted for 2005 on the Secretary of State's website.

We were not engaged to, and did not perform an examination, the objective of which would be to express an opinion on compliance for each *Statement of Political Party Restricted Fund Deposits* and *Statement of Political Party Restricted Fund Disbursements* filed for 2005. 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 black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 12, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
AUGUST 31, 2006**