



Dave Yost · Auditor of State





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

Secretary of State of Ohio  
Republican Executive Committee  
3431 Princeton Road, Suite 100  
Fairfield Township, Ohio 45011

We have performed the procedures enumerated below, to which the Republican Executive Committee (the Committee) 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, 2010. The Committee 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 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 the Committee 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. They informed us they did use this fund for all such gifts except as noted below:
  - On April 19<sup>th</sup> the Party deposited a corporate donation of \$250 into the Party's General Political Account. The Party subsequently realized this had been deposited into the wrong bank account and then transferred the \$250 out of the Party's General Political Account into the Party's Restricted Account correcting this error.
2. We footed each *Statement of Political Party Restricted Fund Deposits* Ohio Rev. Code Section 3517.17 requires (Deposit Form 31-CC), filed for 2010. We noted no computational errors.
3. We compared bank deposits reflected in 2010 restricted fund bank statements to total deposits recorded in Deposit Forms 31-CC filed for 2010. While scanning the Deposit Forms and restricted fund bank statement we identified the following differences:
  - On February 18<sup>th</sup> and 19<sup>th</sup> four amounts totaling \$5,400 were transferred from the Party's General Political bank account to the Party's restricted fund bank account. Only one receipt totaling \$1,600 was posted to the Party's Deposit Form 31-CC.
  - On March 1st, 4<sup>th</sup>, and 5<sup>th</sup> three amounts totaling \$5,000 were transferred from the Party's General Political bank account to the Party's restricted fund bank account. Only one receipt totaling \$359 was posted to the Party's Deposit Form 31-CC.

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- On April 19<sup>th</sup> the Party deposited a corporate donation of \$250 into the Party's General Political Account in error. The Party realized this had been deposited into the wrong bank account thus transferred the \$250 out of the Party's General Political Account into the Party's Restricted Account. The \$250 was recorded on the Party Disbursement Form 31-CC twice; once when they made the original deposit and again when they transferred it.
  - On June 4<sup>th</sup> a deposit consisting of four corporate contributions totaling \$1,215 was made to the Restricted Fund bank account. However, the amount was not posted to the Restricted Fund Deposit Form 31-CC.
4. We scanned the Committee'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). The Deposit Forms 31-CC 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.
  6. Ohio Rev. Code, 3517.1012, requires the Party to file Forms 31-CC electronically with the Secretary of State when the Committee receives gifts from corporations or labor organizations. We viewed Forms 31-CC 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 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, 2010. The balances agreed.
3. No reconciling items were noted on the reconciliation as of December 31, 2010.

### **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 2010. We noted no computational errors.
2. Per Ohio Rev. Code, 3517.13(X)(1), we scanned Disbursement Form 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.
3. We compared the amounts on checks or other disbursements reflected in 2010 restricted fund bank statements to disbursement amounts reported on Disbursement Forms 31-M filed for 2010. We found no discrepancies except for the following differences:
  - In January two automated teller machine (ATM) bank withdrawals in the amounts of \$303 and \$80 were not reported on the Disbursement Form 31-M.
  - In March two checks in the amounts of \$100 and \$53 were not reported on the Disbursement Form 31-M.

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- In June one check totaling \$2,000 was not reported on the Disbursement Form 31-M.
- 4. For each disbursement on Disbursement Forms 31-M filed for 2010, we traced the payee and amount to payee invoices. We noted 19 checks totaling \$1,047.18 for which there was no documentation attached, such as an invoice. We haphazardly selected 33 disbursement transactions, to the payee's name on canceled checks. We were unable to agree 24 of the 33 disbursements transactions to a cancelled check. The 24 disbursements occurred from January through May of 2010 when the party did not obtain canceled checks from the bank.
- 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. We compared the signature on the seven 2010 checks we were able to observe in disbursement step 4 to the list dated November 4, 2011 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.
- 7. We scanned each 2010 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 transfers.
- 8. We compared the purpose of each disbursement listed on 2010 Disbursement Forms 31-M, along with the disbursements listed in disbursement step 3 as not being recorded on the Disbursement Forms, to the purpose listed on the vendor invoice and to the purposes Ohio Rev. Code, Section 3517.18, permits.

We noted 12 disbursements totaling \$622.48 where there was no documentation attached, such as an invoice. The purpose listed on the M-31 statement, however, provided purposes that were allowable pursuant to Ohio Rev. Code, 3517.18.

We found the following instances where the purpose violated the restrictions of Ohio Rev. Code 3517.18.

- Seven instances totaling \$424.70 where there was no documentation attached, such as an invoice. The purpose listed on the M-31 statement, however, provided purposes that violated the restrictions of Ohio Rev. Code, 3517.18.
- Five instances totaling \$252.81 where there was an invoice describing what was purchased, but the documentation did not include additional notation that food or fuel were used for purposes denoted in Ohio Rev. Code, 3517.18.

See the table at the end of the report for a detailed listing of these disbursements.

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There was no evidence that these disbursements were for the following statutorily approved purposes: defraying the operating and maintenance costs associated with political party headquarters, the organization of or costs associated with voter registration programs and get out-to-vote campaigns, the administration of party fund-raising drives, paid advertisements in the electronic or printed media, sponsored jointly by two or more qualified political parties, to publicize the Ohio political party fund, direct mail campaigns, or other communications with registered voters of a party that are not related to any particular candidate or election, or the preparation of reports required by law. Additionally, a review of Ohio Elections Commission opinions did not reveal any additional authority that would justify the expenditures under this Code provision. As a result, the disbursements were not for a purpose Ohio Revised Code Section 3517.18(A) permits.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28 a Finding for Recovery for public money illegally expended is hereby issued against the Butler County Republican Party in the amount of \$677 and in favor of the restricted funds of the Butler County Republican Party. On November 30, 2011, the Republican Party's local campaign committee fund reimbursed the restricted fund for the disbursement.

9. Ohio Rev. Code, 3517.1012, requires the Party to file Forms 31-M electronically with the Secretary of State when the Committee receives gifts from corporations or labor organizations. We viewed Forms 31-M submitted for 2010 on the Secretary of State's website.

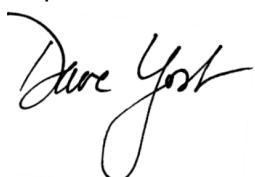
**Officials Response to Agreed Upon Procedures:**

We acknowledge receipt of the Independent Accountant's Report covering the Butler County Republican party Restricted Fund.

Since the current management took over the organization in July 1, 2010, we have made every effort to correct past reporting problems and are complying with the requirements outlined in the Ohio Revised Code.

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 Republican Executive Committee and is not intended to be and should not be used by anyone else.



**Dave Yost**  
Auditor of State

December 5, 2011

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**Butler County Republican Party 2010– Questionable Expenditures**

**Seven instances where there was no documentation attached, such as an invoice. The purpose listed on the M-31 statement; however, described purposes that violated the restrictions of Ohio Rev. Code 3517.18.**

BOB EVANS	\$17.17	LUNCH FOR CHAIRMAN
EXXON MOBILE	44.32	FUEL FOR CHAIRMAN
PANERA BREAD	14.21	LUNCH FOR CHAIRMAN
PANERA BREAD	16.12	LUNCH FOR CHAIRMAN
SPEEDWAY	4.05	FUEL FOR CHAIRMAN
MAX & ERMA RESTAURANT	25.83	LUNCH FOR CHAIRMAN
JEANIE WITHDRAWAL	303.00	OFFICE PETTY CASH
<b>Sub-total</b>	<b>\$424.70</b>	

**Five instances where there was an invoice describing what was purchased, but the documentation did not include additional notation that food or fuel were used for purposes denoted in ORC 3517.18.**

Payee	Amount	Purpose
KROGER	\$36.70	FOOD FOR HQ
KROGER- HAMILTON	87.37	FOOD FOR HQ
SHELL OIL	44.62	FUEL FOR CHAIRMAN
SPEEDWAY	44.26	FUEL FOR CHAIRMAN
SPEEDWAY	39.86	FUEL FOR CHAIRMAN
<b>Sub-total</b>	<b>252.81</b>	
<b>Total</b>	<b>\$677.51</b>	

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# Dave Yost • Auditor of State

**BUTLER REPUBLICAN PARTY**

**BUTLER 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.**

A handwritten signature in cursive script that reads "Susan Babbitt".

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 20, 2011**