



Mary Taylor, CPA
Auditor of State

REPUBLICAN PARTY
BUTLER COUNTY

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Auditor of State

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, 2009. 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.
2. We footed each *Statement of Political Party Restricted Fund Deposits* Ohio Rev. Code Section 3517.17 requires (Deposit Form 31-CC), filed for 2009. We noted no computational errors.
3. We compared bank deposits reflected in 2009 restricted fund bank statements to total deposits recorded in Deposit Forms 31-CC filed for 2009. While scanning Deposit Forms and bank statements we identified three transactions between the Committee's Unrestricted fund accounts and two other receipts totaling \$12,599 that should not have been recorded in or transferred to the Committee's Restricted Fund. Of these transactions, only one equaling \$2,800 was recorded on the Deposit Form 31-CC filed with the Secretary of State's Office. No receipts and disbursements after December 4, 2009 were posted to the "Pre-General Election" and "Post-General Election" reports filed on the Secretary of State's website. We made inquiry with the Committee and were told that when new management started in 2009, they began to use the Restricted Fund as a general operating fund. All items management considered operational were paid from the Restricted Fund. Transfers were made from other funds to reimburse the restricted fund. See the Correcting entry in disbursements step 2.
4. We scanned the Committee's 2009 bank statements and noted they did not reflect four quarterly payments, however, they reflected two 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 two payments without exception. The Committee had not filed a W-9 when required by the state in the first half of 2009, 2008 and 2007. Once a W-9 was filed they received a lump sum payment of \$6,509 in the third quarter of 2009 for payments not received for the first half of 2009, 2008 and second half of 2007.

5. We scanned other recorded 2009 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 2009 on the Secretary of State's website.

Cash Reconciliation

1. We recomputed the mathematical accuracy of the December 31, 2009 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, 2009. The balances agreed.
3. We agreed reconciling items in excess of \$260 appearing on the reconciliation to the January 2010 bank statement. We determined that the dates and amounts on those documents support that those items were proper reconciling items and were recorded in the proper amount on the reconciliation as of December 31, 2009.

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 2009. We noted no computational errors.
2. Per Ohio Rev. Code 3517.13(X)(1), we scanned Disbursement Form 31-M filed for 2009 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 evidence of a \$3,000 transfer from the Restricted Fund to another fund of the Committee based on review of bank statements however; this transfer was the return of a previous \$3,000 transfer into the restricted fund made in error. Because these transfers netted to zero, and represented a correction, neither transfer was reported on the Disbursement Form 31-M.

As mentioned in receipts step 2, the Committee used the Restricted Fund as a general operating fund. All items management considered operational were paid from the Restricted Fund. Transfers were made from other funds to reimburse the restricted fund. We reviewed the detail supporting documentation for items that cleared the bank in 2009, or outstanding at December 31, 2009 and found items allowable for the Restricted Fund in excess of the \$9,409 in receipts we determined as meeting requirements to be receipted to the Restricted Fund. We requested management reduce the amount of receipts to the Restricted Fund to only the \$9,409 that should have been made to the Committee's Restricted Fund and post to the Committee's records for their Unrestricted Funds. We also requested management reduce disbursements to below the available resources of the Restricted Fund. On April 18, 2010 the Committee removed the receipts and disbursements filed on the "Pre-General Election" and "Post General Election" reports filed. On April 20, 2010 the Committee filed a new annual report containing only the required receipts and disbursements within the available resources of the fund. This annual report is titled the "2010 Annual (January)" report. However the transaction detail lists only activity from 2009 in order to correct the previously filed reports for 2009. The Committee provided us with revised Quickbooks reports for the Restricted

Fund that corresponded exactly with the balances and transaction detail included in the "2010 Annual (January)" report filed with the Secretary of State. The adjustments of Restricted Fund activity originally reported on the Secretary of State reports to Unrestricted Funds are as follows below.

Adjustments	Restricted Fund	Unrestricted Funds
Checks written between August 25 through December 31, 2009 from Restricted Fund that should have been written from Unrestricted Funds	\$1,821	(\$1,821)
Adjust for transfer that should not have been recorded in the Restricted Fund	(\$2,800)	\$2,800
Adjust for refund of prior expenses not posted on the Post General Report.	<u>\$78</u>	<u>0</u>
Net Adjustment between "Pre-General Election" and "Post General Election" with the "2010 Annual (January)"	<u>(\$901)</u>	<u>\$979</u>

3. We compared the amounts on checks or other disbursements reflected in 2009 restricted fund bank statements to disbursement amounts reported on Disbursement Forms 31-M filed for 2009. Other than the no disbursements after December 4, 2009 being posted to the Disbursement Forms 31-M as discussed in receipts step 3 and the adjustment discussed in disbursements step 2, we found no discrepancies.
4. For each disbursement on Disbursement Forms 31-M filed for 2009, we traced the payee and amount to payee invoices and to the payee's name on 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 2009 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 reported on the '2010 Annual (January)' report represented contributions or campaign-related disbursements.
6. We compared the signature on 2009 checks to the list dated September 9, 2009 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 2009 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 in the disbursements reported on the "2010 Annual (January)" report.
8. We compared the purpose of each disbursement reported on the "2010 Annual (January)" report 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 Committee receives gifts from corporations or labor organizations. We viewed Forms 31-M submitted for 2009 on the Secretary of State's website.

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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 2009, 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.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

May 14, 2010



Mary Taylor, CPA
Auditor of State

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.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 1, 2010**