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OFFICE OF THE OHIO ATTORNEY GENERAL

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Mike DeWine
Ohio Attorney General
Office of the Attorney General
30 East Broad Street, 17th Floor
Columbus, OH 43215

We have performed the procedures enumerated below, to which management of the Office of the Ohio Attorney General (the Office) agreed, solely to assist the Office in identifying the cash balances, undeposited collections, and balances in outside bank accounts as of January 9, 2011, the end of the former Attorney General's term. 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 Office. 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.

Receipts on Hand

1. We identified and counted all monies received by the Attorney General's Office prior to the start of business on January 10, 2011, which had not been deposited into the State Treasury or other appropriate bank accounts.
2. We compared the receipts on hand with the manual logs maintained by Attorney General personnel without exception.
3. We traced the receipts on hand to the ultimate deposit into the State Treasury or other appropriate bank accounts without exception.
4. The above steps were performed for the following funds, based on information provided by Attorney General staff. The total amount of cash and checks identified are listed for the corresponding fund in the table below.

OAKS Fund	Fund Name	Amount
GRF	General Revenue Fund	\$0
1060	General Reimbursement	13,969
1950	Worker's Compensation	0
3060	Medicaid Fraud Control	0
3810	Civil Rights Legal Services	0
3830	Crime Victims Assistance	0

Receipts on Hand (Continued)

OAKS Fund	Fund Name	Amount
3E50	Anti-Drug Abuse	0
3R60	Attorney General Federal	0
4020	Reparations	1,019.60
4170	Domestic Violence Shelters	0
4180	Charitable Foundations	4,450
4190	Attorney General Claims	0
4200	Attorney General Antitrust	0
4210	Ohio Peace Officer Train Academy	2,110
4L60	Drug Abuse Resistance Education	0
4Y70	Title Defect Rescission	0
4Z20	BCI Asset Forfeiture/Cost Reimbursement	0
5900	Peace Officer Private Security	70
5A90	Telemarketing Fraud Enforcement	0
5L50	Law Enforcement Assistance	0
6290	Corrupt Activity Investigation/Prosecution	0
6310	Consumer Protection Enforcement	0
6590	Solid/Hazardous Waste Background Investigations	0
J087	Law Enforcement Improvement Trust	0
R004	General Holding	0.55
R005	Antitrust Settlements	0
R018	Consumer Frauds	300
R042	Organized Crime Commission	0
R054	Collection Outside Counsel Payment	0
U087	Tobacco Oversight Admin & Enforcement	0
Custodial	Revenue Recovery	335,937.63
	Total	\$357,856.78

Petty Cash

1. We counted the cash on hand prior to the start of business on January 10, 2011, for the following petty cash accounts. The amount counted for each of these petty cash accounts is listed in the table in step 4 below.
2. We confirmed the balances of any petty cash accounts held in outside bank accounts as of January 9, 2011, with the corresponding custodial bank. The amounts confirmed by the bank are identified for each account in the table in step 4 below.
3. We calculated the total of the receipts and/or other appropriate documentation on hand supporting amounts withdrawn from each identified account and added this to the amount of the cash on hand and/or confirmed balances. The results of these procedures are identified for each account in the table in step 4 below.

Petty Cash (Continued)

4. We compared the total calculated in step 3 above to the imprest amount established for each account as indicated on the Controlling Board action or other authoritative document establishing the account and identified any variances, as indicated in the table below.

Provided by the Office			Step 1	Step 2	Step 3		Step 4
Account Name	Imprest Amount	Account Type	Amount Counted	Amount Confirmed	Receipts & Support	Total Verified	Variance to Imprest
OOCIC/Misc.	200	Cash	137.26	N/A	62.74	200	0
Cleveland District Office	300	Cash	254.75	N/A	45.25	300	0
Peace Officer Training Academy (POTA) Change Fund/Misc.	500	Cash	500	N/A	N/A	500	0
BCI/Misc.	1,000	Cash	609.93	N/A	394.07	1,004	4
Charitable Foundations/ Investigations	4,000	Checking	0	988.50	3,008.50	3,997	(3)
Consumer Fraud and Crimes/Investigations	5,000	Checking	0	4973	27	5,000	0
General Admin/Legal and Misc.	10,000	Checking	0	5,255.28	4,744.72	10,000	0
BCI - POTA Travel	30,000	Checking	0	27,586.39	2,413.61	30,000	0
BCI Investigations	100,000	Checking	0	79,836.85	20,163.15	100,000	0
OOCIC/Confidential Fund	200,000	Checking	0	97,135.27	102,864.73	200,000	0

Based on our review of the documentation provided to us, we determined the following with regard to these petty cash accounts.

- For the cash accounts listed in the table above, we verified the custodian for each account had receipts and/or other appropriate documentation to support the unreimbursed amounts withdrawn from the account. We found no exceptions in the documentation supporting the amounts withdrawn.
- For the checking accounts listed in the table above, we obtained the bank reconciliation for each account and compared the amount confirmed to the bank balance included on the bank reconciliation prepared by the Attorney General's Office; we noted no variances. We also traced the reconciling items (outstanding check, deposits in transit, etc.) on each reconciliation and any unreimbursed disbursements to appropriate supporting documentation. These items are summarized as the Receipts & Support column in the table above.
- We obtained the Controlling Board action or other authoritative document that established each account and agreed the established imprest amount to the related imprest amount listed above for the account. We did not identify any variances.

Petty Cash (Continued)

- We identified the following variances when comparing the calculated total of cash/ledger balance and receipts to the related account's imprest amount.
 - For the BCI Miscellaneous petty cash account, the difference was due to the person responsible for distributing travel reimbursement payments mistakenly giving an employee an empty envelope. The envelope should have contained \$4 from the petty cash drawer. We observed the person responsible for distributing travel reimbursements obtain the empty envelope from the employee seeking reimbursement and placed the \$4 in the envelope. We also reviewed the report that indicated the employee was owed \$4.
 - The \$3 shortage in the Charitable Foundations/Investigations petty cash account could not be explained by the account's custodian.

Other Outside Bank Accounts

1. We confirmed the balances of the non-petty cash bank accounts listed in the table in step 2 below, with the corresponding custodial bank as of January 9, 2011. We received a bank confirmation for each of these accounts.
2. We compared the amount confirmed for each identified account to the bank balance included on the bank reconciliation for the related account prepared by the Attorney General's Office and identified any differences. The Office's balance for each account agreed with the bank confirmation, except as identified below.

Provided by the Office			Step 1	Step 2	
Account Name	Bank Name	Account Type	Bank	Office	Variance
Attorney General Revenue Recovery	Fifth Third	Custodial	11,358,276.53	11,358,276.53	0
TOS Custodial Contingency – Attorney General Clearing	Key Bank	Custodial	0	6,735,600.44	6,735,600.44

We noted a \$6,735,600.44 variance for the TOS Custodial Contingency – Attorney General Clearing Account. This account is used to deposit various types of receipts and is automatically transferred into a money market checking account (ending in 1657) with other state agencies' receipts to yield higher returns. When the AGO account (ending in 1225) has payments to be made (shown as negative balances in the AGO account), the exact amount is transferred from the money market checking account at the end of each day to make the AGO account zero. We reviewed the bank statements and TOS Custodial Balance Summary Report for accounts ending in 1225 and 1657 to verify the ending balance for the AGO account as of January 9, 2011 was actually \$0. Upon further investigation we noted the AGO's portion of the 1225 TCCA account included the accounts ending in 476 and 510. We were able to determine the \$6,735,600.44 was a combination of \$1,304,481.78 from account 476 and \$5,433,962.22 from account 510. This was the amount of all payments to be made from the AGO account/funds transferred into the AGO account from the money market checking account. Since the money is always swept out, the Bank will always show a \$0 balance for the 1225 account. Therefore, this is not an actual variance in the account.

Other Outside Bank Accounts (Continued)

Provided by the Office			Step 1	Step 2	
Account Name	Bank Name	Account Type	Bank	Office	Variance
TOS Custodial Contingency – Attorney General Sweep	Key Bank	Custodial	0	0	0**
AGO Charitable	Key Bank	Zero Balance	0	709.50	709.50
TF Expenses	PNC	Escrow-Forfeiture	1,853.35	1,853.35	0
Federal Holding for EFTs	PNC	Escrow-Forfeiture	64,539.19	64,539.19	0
TF09-5 Forfeiture Account	PNC	Escrow-Forfeiture	1,002.13	1,002.13	0
TF09-3 Federal Forfeiture	PNC	Escrow-Forfeiture	159,709.40	159,709.40	0
TF08-2 Federal Forfeiture	PNC	Escrow-Forfeiture	44,002.04	44,002.04	0
TF08-2S Forfeiture Account	PNC	Escrow-Forfeiture	1,002.86	1,002.86	0
TF08-1 Forfeiture Account	PNC	Escrow-Forfeiture	146,523.29	146,498.29	(25)
TF07-2 Forfeiture Account	PNC	Escrow-Forfeiture	25,582.51	25,582.51	0
TF06-6 Forfeiture Account	PNC	Escrow-Forfeiture	35,995.89	35,995.87	(0.02)
TF06-4 Forfeiture Account	PNC	Escrow-Forfeiture	101,997.19	101,997.19	0
TF05-5 Forfeiture Account	PNC	Escrow-Forfeiture	31,452.65	31,452.65	0
TF05-4 Forfeiture Account	PNC	Escrow-Forfeiture	12,055.96	12,055.96	0
TF05-3 Forfeiture Account	PNC	Escrow-Forfeiture	11,398.34	11,398.34	0
TF05-3F Federal Forfeiture Account	PNC	Escrow-Forfeiture	6,639.30	6,639.30	0
TF03-1 Forfeiture Account	PNC	Escrow-Forfeiture	6,808.51	6,808.51	0
TF02-3 Forfeiture Account	PNC	Escrow-Forfeiture	7,779.02	7,779.02	0
TF02-2 Forfeiture Account	PNC	Escrow-Forfeiture	1,778.09	1,778.09	0
TF02-1 Forfeiture Account	PNC	Escrow-Forfeiture	22,592.44	22,592.44	0
TF99-1 Forfeiture Account	PNC	Escrow-Forfeiture	21,801.93	21,801.93	0
Buspar Settlement – Consumers	Huntington	Other	109,814.01	109,814.01	0
Buspar Settlement – State	Huntington	Other	264,160.99	264,160.99	0
Consumer Covert Investigation	AmTrust	Other	36.60	36.60	0
Consumer Covert Investigation	AmTrust	Other	432.57	432.57	0
Consumer Covert Investigation	AmTrust	Other	74.05	74.05	0
Charitable Covert Investigation	PNC	Other	51	1	50

Other Outside Bank Accounts (Continued)

Provided by the Office			Step 1	Step 2	
Account Name	Bank Name	Account Type	Bank	Office	Variance
Charitable Covert Investigation	PNC	Other	26	1	25
Charitable Covert Investigation	PNC	Other	301	301	0

Based on our review of the documentation provided to us, we determined the following with regard to Other Outside Bank Accounts:

- The AGO Charitable zero balance account number was different than what was provided to us on the list of accounts by the Office. According to the AGO listing, the account number's last four digits are 6428, but according to the bank the last four digits are 4346. It appears the AGO listing was not properly updated.
- The TF07-2 Forfeiture account number was different than what was provided to us on the list of accounts by the Office. According to the AGO listing, the account number's last four digits are 0045, but according to the bank the last four digits are 4596. It appears the AGO listing was not properly updated.
- The TOS Custodial Contingency – Attorney General Sweep Account was closed in 2009 according to the bank.**

Officials' Response:

The Ohio Attorney General's Office has reviewed the Report of Independent Accountants on Applying Agreed-Upon Procedures as of January 9, 2011 dated September 29, 2011. In response to the variances reported we have concluded the following:

- *The petty cash BCI/MISC account variance of four dollars has been reconciled as the report indicates.*
- *The petty cash Charitable Foundations/Investigations Account variance of three dollars has been reconciled.*
- *The TOS Custodial Contingency – Attorney General Clearing Account variance of \$6,735,600.44 is, as the report notes, not a variance. The balances in the account "sweep" nightly into an interest bearing account so the money in the account does not sit idle.*
- *The AGO Charitable Account variance of \$709.50 is not an actual variance. The account is set up to "zero out" nightly into an account at the State Treasury where it is invested.*
- *The non material variances noted in the TF08-1 Forfeiture Account in the amount of (\$25.00), and the TF06-6 Forfeiture Account in the amount of (.02) are being reviewed by the AG Internal Audit team to confirm timing variances and account reconciliation.*
- *The Charitable Covert Investigation Account variances in the amounts of \$50.00 and \$25.00 are a result of three checks that had not yet cleared.*

Officials' Response (Continued):

- *The TF07-2 Forfeiture Account number without a reported variance is properly listed in the Finance Department at the AGO.*
- *The AGO agrees that the TOS Contingency Account was closed in 2009 and should not have been included in the request for account verification.*

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the depository accounts of the Office of the Ohio Attorney General as of January 9, 2011. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Office of the Ohio Attorney General and is not intended to be, and should not be, used by anyone other than these specified parties.

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

September 29, 2011

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OFFICE OF THE OHIO ATTORNEY GENERAL

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 22, 2011