

MADISON COUNTY REPUBLICAN PARTY

MADISON COUNTY

**JANUARY 1, 2017 TO DECEMBER 31, 2017
AGREED-UPON PROCEDURES**



Dave Yost • Auditor of State

Executive Committee
Madison County Republican Party
8505 Glen View Drive
Plain City, OH 43064

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Madison County Republican Party, prepared by Julian & Grube, Inc., for the period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Repaid Under Audit – Alcohol Purchase

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 with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable.

Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper “Public Purpose” states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The use of public funds to purchase alcohol will be considered arbitrary and incorrect and will be cited by the Auditor of State’s Office, unless the purchase meets the exceptions as outlined in Auditor of State Bulletins 2014-002 and 2014-003, which state that a county agricultural society may use moneys provided by the state, county, or “other sources” to acquire alcoholic beverages and a liquor permit to sell the beverages at an event that is open to the public and conducted on the society’s or county’s fairgrounds.

On July 20, 2017, the Madison County Republican Central Committee paid the London Country Club from the bank account in which restricted monies from the State Tax Commissioner are deposited. The payment made included \$673 for alcohol. This purchase does not meet the exception outlined in Auditor of State Bulletins 2014-002 and 2014-003.

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In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Matt Garman, Treasurer, in the amount of \$673, in favor of the Madison County Republican Party Restricted Fund.

The Finding for Recovery was repaid in full with unrestricted monies of the Madison County Republican Central Committee to the Madison County Republican Party Restricted Fund and deposited on April 12, 2018.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Madison County Republican Party is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 29, 2018



Julian & Grube, Inc.

Serving Ohio Local Governments

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Secretary of State of Ohio
Republican Executive Committee
Madison County
8505 Glen View Drive
Plain City, OH 43064

We have performed the procedures enumerated below, which were agreed to by the Republican Executive Committee, the management of the Madison County Republican Executive Committee (the Committee), the Secretary of State and the Auditor of State, on compliance requirements listed in Ohio Rev. Code Sections 3517.1012, 3517.13 (X)(1), 2(b), (3)(a), and (4), 3517.17 and 3517.18 for certain receipts, expenditures and restricted funds for the year ended December 31, 2017, included in the information provided to us by the management of the Committee. The Committee is responsible for the compliance of those requirements related to receipts, disbursements and restricted funds. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. 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 2017. We found no computational errors.
3. We compared bank deposits reflected in 2017 restricted fund bank statements to total deposits recorded in Deposit Forms 31-CC filed for 2017. The bank deposits amounts did not agree to the deposits recorded in the Forms; the bank statements reflected \$2,072.00 less than the amounts reported on the Form. These receipts were later deposited into the bank account on January 2, 2018.
4. We inspected the Committee's 2017 bank statements and observed 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 inspected other recorded 2017 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 2017 on the Secretary of State's website.

Cash Reconciliation

1. The Committee did not prepare the December 31, 2017 reconciliation for the bank account used for restricted receipts and disbursements pursuant to Ohio Rev. Code Section 3517.1012(A). While the Committee did provide a check register listing certain balances, deposits and receipts, there was not a reconciliation to the bank balance. The Committee should reconcile monthly. This would allow the Committee to find any bank or posting errors and reduce the likelihood of fraud or theft going unnoticed.

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 2017. No exceptions were found as a result of applying the procedure.
2. Per Ohio Rev. Code 3517.13(X)(1), we inspected Disbursement Form 31-M filed for 2017 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 2017 restricted fund bank statements to disbursement amounts reported on Disbursement Forms 31-M filed for 2017. We found no discrepancies.
4. For each disbursement on Disbursement Forms 31-M filed for 2017, 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 inspected the payee for each 2017 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 2017 checks to the list dated 2017 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 inspected each 2017 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 3517.13(X)(4) prohibits. We found no evidence of any transfers.
8. We compared the purpose of each disbursement listed on 2017 Disbursement Forms 31-M to the purpose listed on the vendor invoice and to the purposes Ohio Rev. Code Section 3517.18 permits. We found one exception: The Committee issued Check No. 1101 for \$2,384.00 to the London Country Club for a golf outing, in of which \$673.20 of alcohol was included in the invoice. The purchase of alcohol is not a proper use of funds that Ohio Rev. Code Section 3517.18 permits.
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 2017 on the Secretary of State's website.

This agreed-upon procedures engagement was conducted in accordance with the *American Institute of Certified Public Accountants attestation standards and applicable attestation standards included in the Comptroller General of the United States' Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance requirements listed in Ohio Rev. Code Sections 3517.1012, 3517.13 (X)(1), 2(b), (3)(a), and (4), 3517.17 and 3517.18 for certain receipts, expenditures and restricted funds for the year ended December 31, 2017. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you.

This report is to provide assistance in evaluation of the Committee's 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, 2017. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.
April 16, 2018

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Dave Yost • Auditor of State

MADISON COUNTY REPUBLICAN PARTY

MADISON 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 12, 2018**