



**Auditor of State
Betty Montgomery**

OHIO REPUBLICAN PARTY
FRANKLIN COUNTY

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Auditor of State Betty Montgomery

REPORT OF INDEPENDENT ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

Ohio Republican Party
211 S Fifth Street
Columbus, Ohio 43215

We have performed the procedures enumerated below, which were agreed to by the Ohio Republican Party, solely to assist the Party in evaluating its compliance with Sections 3517.17 and 3517.18 of the Ohio Revised Code for the year ended December 31, 2002. Management is responsible for the Party's compliance with those 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

We confirmed Ohio Political Party Fund receipts with the State of Ohio and agreed them to the amounts on the Political Party Fund Finance Report (PPFFR) and Ohio Campaign Finance Report (OCFR).

We found no exceptions as a result of our procedures, except as noted below:

- The OCFR cover page "Other Contributions" Line Item was overstated by \$700 related to a deposit recorded in the party's ledger to adjust for a bank error. Initially, the party had written a check for a utility payment in the amount of \$724; however, only \$24 of the \$724 was debited from the party's account. Consequently, the vendor was due \$700. A subsequent disbursement to the vendor of \$700 was paid and recorded in the party's internal ledger; however, the initial disbursement of \$724 was not adjusted to reflect the actual transaction of \$24; rather, an additional deposit was recorded in the internal ledger for \$700. Therefore, the internal ledger reflected \$1,424 in disbursements to the vendor and an offsetting \$700 deposit.

Bank Reconciliation

1. We compared the sum of the PPFFR and OCFR cash balance as of 12/31/02 with cash balances recorded on the bank reconciliation.

We found no exceptions as a result of our procedures, except as noted below:

- The ending cash balances as of 12/31/02 of \$105 on both the PPFFR and OCFR did not agree to the ending cash balance on the party's December bank reconciliation of (\$95). The difference related to a pending deposit of \$200 at 12/31/02 which was not recorded as a reconciling item on the bank reconciliation.
2. We agreed the bank balance on the reconciliation to the bank statement. We recomputed the mathematical accuracy of the reconciliation.

We found no exceptions as a result of our procedures.

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Bank Reconciliation (Continued)

3. We agreed reconciling items appearing on the reconciliation to canceled checks, deposit slips, or other documentation. We determined whether dates recorded on those documents support that those items were proper reconciling items at 12/31/02.

We found no exceptions as a result of our procedures, except as noted below:

- One reconciling item, a pending deposit at 12/31/02 of \$200, was not included in the party's bank reconciliation. As a result, the ending book balance per the reconciliation did not agree to the actual balance reported in the party's books.

Non-Payroll Cash Disbursements

1. We performed mathematical computations to confirm the mathematical accuracy of the disbursement listing and compared the total to the total disbursements shown on the PPFRR and OCFR.

We found no exceptions as a result of our procedures, except as noted below:

- The OCFR cover page "Expenditures" Line Item was overstated by \$700 due to a disbursement recorded in the party's ledger to adjust for a bank error. Initially, the party had written a check for a utility payment in the amount of \$724; however, \$24 of the \$724 was debited from the party's account. Consequently, the vendor was due \$700. A subsequent disbursement to the vendor of \$700 was paid and recorded in the party's internal ledger; however, the initial disbursement of \$724 was not adjusted to reflect the actual transaction of \$24; rather, an additional deposit was recorded in the internal ledger of \$700. Therefore, the internal ledger reflected \$1,424 in disbursements to the vendor and an offsetting \$700 deposit.
2. We traced selected recorded disbursements to source documentation such as invoices and canceled checks. We determined that selected checks corresponded to the names on the invoice and that the checks were signed by the authorized signatories and endorsed by the payee.

We found no exceptions as a result of our procedures, except as noted below:

- Four of 17 Income Tax Check-off Account (ITCA) non-payroll disbursements selected for testing, totaling \$15,914, did not have adequate supporting documentation justifying the amount of the disbursement, as detailed below. We recommend the party take appropriate measures to reasonably ensure appropriate support is maintained for all disbursements.
 - A payment to Medical Mutual of Ohio, in the amount of \$16,514, comprised of an ITCA payment in the amount of \$14,368 and a Federal Account payment in the amount of \$2,146, did not agree to the attached invoice. The invoice for the period 4/1/02 through 5/1/02 totaled \$16,475, a difference of \$39 paid with ITCA funds. The party was not able to obtain additional supporting documentation for the difference since they no longer utilized this vendor, and indicated the difference was due to late fees. The payments (dated 4/12/02 and 4/17/02) occurred subsequent to the due date (4/1/02);
 - A payment to Columbia Gas of Ohio in the amount of \$724 did not agree to the attached invoice. The invoice for the month ending 2/28/02 totaled \$671, a difference of \$53. However, upon further inquiry, the party was able to obtain a Customer Bill Image Inquiry from the vendor supporting the original payment;

Non-Payroll Cash Disbursements (Continued)

- A payment to DeSantis Florists, Inc. in the amount of \$573 did not agree to the attached invoice. The invoice for the statement date of 1/25/02 totaled \$557, a difference of \$16. However, upon further inquiry, the party was able to obtain an additional statement from DeSantis Florists, Inc. indicating the difference was due to late fees; and
 - A payment to the party's Caging Supervisor for travel reimbursement in the amount of \$249 did not agree to the attached supporting documentation. The supporting documentation totaled \$255, a difference of (\$6). The party indicated the Caging Supervisor had been under reimbursed due to a mathematical error.
 - During the period, the party paid several late fees, some of which are noted above; incurred six non-sufficient funds bank charges totaling \$158 (averaging approximately \$26) related to the ITCA; and required four transfers into the ITCA from other sources totaling \$750. We recommend management ensure procedures are implemented to more closely monitor the cash flow needs of the ITCA to reduce or eliminate the number of late fees, transfers and non-sufficient funds fees.
 - During the period, the party incurred 13 monthly bank service charges totaling \$854 (averaging approximately \$66 per month) for the ITCA. We recommend management evaluate possible alternatives to reduce the bank service charges.
3. We vouched selected disbursements for compliance with Section 3517.18 of the Ohio Revised Code. We selected transactions to be tested using non-statistical sampling methods consistent with Statement on Auditing Standards No. 39.

We found no exceptions as a result of our procedures, except as noted below:

- We identified four disbursements totaling \$4,931, as detailed in the following table, which did not comply with Section 3517.18 of the Ohio Revised Code. The disbursements were for the purchase of insurance premiums for employees not employed by the party, flower deliveries to various candidates, politicians, their family members and party employees, and a loan to a party employee.

DESCRIPTION	CHECK NO.	AMOUNT
Insurance premiums for employees not employed by the party and the associated non-employee portion of the late fee incurred	1336	\$ 3,527
Flower deliveries to various candidates, politicians, their family members and party employees	1326	573
Flower deliveries to various candidates, politicians, their family members and party employees	1377	431
Loan to a party employee	1431	400
	TOTAL	\$4,931

On June 23, 2003 the Ohio Republican Party deposited \$4,931 into the ITCA from another funding source as reimbursement for these expenditures.

Non-Payroll Cash Disbursements (Continued)

- In April 2002, the Party transferred \$8,200 from the ITCA to the Federal Account to offset operational activities. During calendar year 2002, the Federal Account was utilized for party operations, as well as campaigning activities. Although the total amount of allowable disbursements from the Federal Account exceeded \$8,200 in April 2002, there was a lack of itemized documentation tying the transfer to specific operational expenses. As a result, we recommend the Party prepare, and attach to the transfer documentation, a detailed listing of the operating expenses associated with the transfer. This will provide a link between transfers from the ITCA and the specific disbursements made from other accounts to provide reasonable assurance the transactions are allowable per Ohio Revised Code section 3517.18(A).

Payroll Disbursements

We compared all personnel positions paid with Ohio Political Party Fund monies to those allowable under Section 3517.18 of the Ohio Revised Code.

We found no exceptions as a result of our procedures.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on compliance of the political party fund finance report which is attached to this report. Accordingly, we do not express such 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 Ohio Republican Party and is not intended to be and should not be used by anyone else.



BETTY MONTGOMERY
Auditor of State

June 23, 2003

OHIO REPUBLICAN PARTY
POLITICAL PARTY FUND FINANCE REPORT
FOR THE YEAR ENDED DECEMBER 31, 2002 (UNAUDITED)

BEGINNING BALANCE, JANUARY 1, 2002		\$48
RECEIPTS:		
STATE DISTRIBUTION	114,098	
OTHER INCOME	<u>12,579</u>	
TOTAL RECEIPTS		<u>126,677</u>
DISBURSEMENTS:		
OFFICE OVERHEAD	73,982*	
UTILITIES/BUILDING MAINTENANCE	25,196	
TRANSFERS TO FEDERAL ACCOUNT	8,200	
OFFICE STAFF PAYROLL	8,000	
OFFICE SUPPLIES	5,911	
SHIPPING POSTAGE	4,319	
BANK SERVICE FEES	<u>1,012</u>	
TOTAL DISBURSEMENTS		<u>126,620*</u>
ENDING BALANCE, DECEMBER 31, 2002		<u>\$105*</u>

* These amounts reflect the disbursement activity and ending balance as submitted to the Secretary of State on the Ohio Campaign Finance Report for the calendar year ended December 31, 2002. At the direction of personnel from the Secretary of State's Office, the Ohio Republican Party will reflect an adjustment for unallowable expenditures from 2002 and the related reimbursement, totaling \$4,931, in the Ohio Republican Party's December 31, 2003, Ohio Campaign Finance Report.

(See Independent Accountant's Report)



**Auditor of State
Betty Montgomery**

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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
SEPTEMBER 9, 2003**