



**CUYAHOGA REPUBLICAN PARTY
CUYAHOGA COUNTY**

AGREED UPON PROCEDURE

FOR THE YEAR ENDED DECEMBER 31, 2011



Dave Yost • Auditor of State

**CUYAHOGA REPUBLICAN PARTY
CUYAHOGA COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Secretary of State of Ohio
Republican Executive Committee
Cuyahoga County
The MK Ferguson Building
1500 W 3rd Street, Suite 120
Cleveland, Ohio 44114

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, 2011. 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 2011. We noted no computational errors.
3. We compared bank deposits reflected in 2011 restricted fund bank statements to total deposits recorded in Deposit Forms 31-CC filed for 2011. The bank deposit amounts agreed to the deposits recorded in the Form.
4. We scanned the Committee's 2011 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 2011 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 2011 on the Secretary of State's website.

Cash Reconciliation

1. We recomputed the mathematical accuracy of the December 31, 2011 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, 2011. The balances agreed.
3. We agreed the reconciling item appearing on the reconciliation to the canceled check. We determined that the date and amount on the document supports that the item was a proper reconciling item and was recorded in the proper amount on the reconciliation as of December 31, 2011.

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 2011. We noted no computational errors.
2. Per Ohio Rev. Code 3517.13(X)(1), we scanned Disbursement Form 31-M filed for 2011 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 2011 restricted fund bank statements to disbursement amounts reported on Disbursement Forms 31-M filed for 2011. We found no discrepancies.
4. We haphazardly selected a sample of forty disbursements on Disbursement Forms 31-M filed for 2011, 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 2011 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 2011 checks to the list 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 2011 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.

Cash Disbursements (Continued)

8. We compared the purpose of the disbursements we selected in step 4 above listed on 2011 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 three exceptions:

On September 1, 2011, disbursements were made to The Union Club for a dinner party. Included in these disbursements was \$637 for the purchase of alcoholic beverages.

On October 20, 2011, disbursements were made to The Union Club for a dinner party. Included in these disbursements was \$381 for the purchase of alcoholic beverages.

On November 18, 2011, disbursements were made to Mavis Winkle's for beverages. Included in these disbursements was \$170 for the purchase of alcoholic beverages.

There was no evidence the disbursements were for operating and maintenance costs for party headquarters, voter registration programs, administration of party fundraising drives, or voter registration drives. As a result the disbursements were not for a purpose Ohio Rev. Code Section 3517.18(A) permits. In addition, the Auditor of State explained in Auditor of State Bulletin 2003-005 that the Auditor does not view the expenditure of public funds to purchase alcoholic beverages as a proper public purpose and will issue a finding for recovery for such expenditures as manifestly arbitrary and incorrect.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28 a Finding for Recovery for public money illegally expended is hereby issued against the Cuyahoga County Republican Party in the amount of \$1,188, and in favor of the restricted funds of the Cuyahoga County Republican Party. On July 24, 2012, the Republican Party's local campaign fund reimbursed the restricted fund for the disbursements.

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 2011 on the Secretary of State's website.

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 2011, 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

July 27, 2012

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CUYAHOGA REPUBLICAN PARTY

CUYAHOGA 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
AUGUST 16, 2012