



Interim Audit Report of the Audit Division on the Ohio Republican Party State Central & Executive Committee 01/01/2007 – 12/31/2008

Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.¹ The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

Future Action

The Commission may initiate an enforcement action, at a later time, with respect to the matter discussed in this report.

About the Committee (p. 2)

The Ohio Republican Party State Central & Executive Committee is a state party committee headquartered in Columbus, Ohio. For more information, see the chart on the Committee Organization, p. 2.

Financial Activity (p. 2)

• Receipts	
○ Contributions from Individuals	\$ 3,058,229
○ Contributions from Political Committees	1,666,512
○ Transfers from Affiliates	11,851,559
○ Transfers from Non-federal Accounts	2,385,909
○ Offsets/Other Receipts	1,310,775
Total Receipts	\$20,272,984
• Disbursements	
○ Operating Expenditures	\$ 5,304,397
○ Refunds of Contributions	1,747,000
○ Independent Expenditures	50,000
○ Coordinated Expenditures	13,003
○ Federal Election Activity	10,710,668
○ Other Disbursements	1,345,414
Total Disbursements	\$19,170,482

Finding and Recommendation (p. 3)

- Reporting of Debts and Obligations

¹ 2 U.S.C. §438(b).

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Part I

Background

Authority for Audit

This report is based on an audit of the Ohio Republican Party State Central & Executive Committee (ORP), undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 2 U.S.C. §438(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 2 U.S.C. §434. Prior to conducting any audit under this subsection, the Commission must perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act. 2 U.S.C. §438(b).

Scope of Audit

Following Commission approved procedures, the Audit staff evaluated various risk factors and as a result, this audit examined:

1. The disclosure of disbursements, debts and obligations.
2. The disclosure of expenses allocated between federal and non-federal accounts.
3. The disclosure of individual contributors' occupation and name of employer.
4. The consistency between reported figures and bank records.
5. The completeness of records.
6. Other committee operations necessary to the review.

Part II Overview of Committee

Committee Organization

Important Dates	
• Date of Registration	October 5, 1982
• Audit Coverage	January 1, 2007 – December 31, 2008
Headquarters	
	Columbus, OH
Bank Information	
• Bank Depositories	Two
• Bank Accounts	10 Federal, Six Non-federal
Treasurer	
• Treasurer When Audit Was Conducted	Mr. Paul Hoag
• Treasurer During Period Covered by Audit	Ms. Sara Brown
Management Information	
• Attended FEC Campaign Finance Seminar	Yes
• Who Handled Accounting and Recordkeeping Tasks	Paid Staff

Overview of Financial Activity (Audited Amounts)

Cash on hand @ January 1, 2007	\$ 172,248
o Contributions from Individuals	3,058,229
o Contributions from Political Committees	1,666,512
o Transfers from Affiliates	11,851,559
o Transfers from Non-federal Accounts	2,385,909
o Offsets/Other Receipts	1,310,775
Total Receipts	\$20,272,984
o Operating Expenditures	5,304,397
o Refunds of Contributions	1,747,000
o Independent Expenditures	50,000
o Coordinated Expenditures	13,003
o Federal Election Activity	10,710,668
o Other Disbursements	1,345,414
Total Disbursements	\$19,170,482
Cash on hand @ December 31, 2008	\$ 1,274,750

Part III

Summary

Finding and Recommendation

Reporting of Debts and Obligations

Audit fieldwork identified debts to five vendors that ORP failed to report. The debts totaled \$1,195,892. The Audit staff recommends that ORP amend its disclosure reports to include these debts. (For more detail, see p. 4)

Part IV

Finding and Recommendation

Reporting of Debts and Obligations

Summary

Audit fieldwork identified debts to five vendors that ORP failed to report. The debts totaled \$1,195,892. The Audit staff recommends that ORP amend its disclosure reports to include these debts.

Legal Standard

A. Continuous Reporting Required. A political committee must disclose the amount and nature of outstanding debts and obligations until those debts are extinguished. 2 U.S.C §434(b)(8) and 11 CFR §§104.3(d) and 104.11(a).

B. Separate Schedules. A political committee must file separate schedules for debts owed by and to the committee with a statement explaining the circumstances and conditions under which each debt and obligation was incurred or extinguished. 11 CFR §104.11(a).

C. Itemizing Debts and Obligations.

- Once it has been outstanding 60 days from the date incurred, a debt of \$500 or less must be reported on the next regularly scheduled report.
- A debt exceeding \$500 must be disclosed in the report that covers the date on which the debt was incurred. 11 CFR §104.11(b).

Facts and Analysis

A. Facts

Disclosure reports filed by ORP during the audit period did not disclose any debts owed. Although ORP paid the majority of invoices timely, it carried outstanding balances with five vendors that were not disclosed as debts. During audit fieldwork, a review of vendor invoices and computer files identified debts totaling \$1,195,892 that should have been disclosed on Schedules D (Debts and Obligations).² The vendors consistently invoiced ORP for the balances due. Some of the undisclosed debts were outstanding prior to the beginning of the audit period.

² Each debt in this amount was counted once. In order for ORP to correctly file amended reports, the schedule provided included the amount of each debt required to be reported for each reporting period.

B. Interim Audit Report & Audit Division Recommendation

The Audit staff informed ORP representatives of this matter at the exit conference and provided schedules detailing the undisclosed debts for each reporting period for the audited cycle. ORP representatives indicated that amended reports would be filed.

The Audit staff recommends that, within 30 calendar days of service of this report, ORP amend its reports to disclose the debts and obligations addressed above.