MEMORANDUM

To: The Commission

Through: Alec Palmer
Acting Staff Director

From: Patricia Carmona
Chief Compliance Officer

Thomas Hintermister
Acting Assistant Staff Director
Audit Division

Thomas Nurthen
Audit Manager

By: Terry O'Brien
Lead Auditor

Subject: Audit Division Recommendation Memorandum on the Ohio Republican Party State Central & Executive Committee (A09-14)

Pursuant to Commission Directive No. 70 (FEC Directive on Processing Audit Reports), the Audit staff's recommendation is presented below and the finding is discussed in the attached Draft Final Audit Report. The Office of General Counsel has reviewed this memorandum and concurs with the recommendation.

Reporting of Debts and Obligations
The Audit staff recommends that the Commission find that the Ohio Republican Party State Central & Executive Committee failed to disclose debts and obligations for calendar years 2007 and 2008.

The Committee did not request an audit hearing.

If this memorandum is approved, a Proposed Final Audit Report will be prepared within 30 days of the Commission's vote.
Should an objection be received, Directive No. 70 states that the Audit Division Recommendation Memorandum will be placed on the next regularly scheduled open session agenda.

Documents related to this audit report can be viewed in the Voting Ballot Matters folder. Should you have any questions, please contact Terry O’Brien or Tom Nurthen at 694-1200.

Attachments:
- Draft Final Audit Report of the Audit Division on the Ohio Republican Party State Central & Executive Committee

cc: Office of General Counsel
Draft Final Audit Report of the Audit Division on the Ohio Republican Party State Central & Executive Committee
(January 1, 2007 - December 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, or when it determines that a committee complied with the limits, 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.

Finding and Recommendation

Finding and Recommendation (p. 3)
- Reporting of Debts and Obligations

Financial Activity (p. 2)
- Receipts
  - Contributions from Individuals $3,058,229
  - Contributions from Political Organizations
  - Transfers from Non-Federal Accounts
  - Other Receipts 1,310,775
Total Receipts $20,272,984
- Disbursements
  - Operating Expenditures $5,304,397
  - Independent Expenditures 1,747,000
  - Coordinated Expenditures 13,003
  - Federal Election Activity 10,710,668
  - Other Disbursements 1,345,414
Total Disbursements $19,170,482

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 Committee Organization, p. 2.

1 2 U.S.C. §438(b).
Draft Final Report of the Audit Division on the Ohio Republican Party State Central & Executive Committee

(January 1, 2007 - December 31, 2008)
Table of Contents

Part I. Background
  Authority for Audit 1
  Scope of Audit 1

Part II. Overview of Committee
  Committee Organization 2
  Overview of Financial Activity 2

Part III. Summary
  Finding and Recommendation 3

Part IV. Finding and Recommendation
  Reporting of Debts and Obligations 4
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 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 whether those reports filed by a particular committee meet the threshold requirements for subs§. 438 compliance with the Act. 2 U.S.C. §438(b).

Scope of Audit
Following Commission approved procedures, the Audit Division evaluated various risk factors and as a result, this audit examined:
1. The disclosure of individual contributors' occupations, names of employer.
2. The disclosure of disbursements, contributions, and obligations.
3. The disclosure of expenses allocated between federal and non-federal accounts.
4. The consistency between reported figures and books.
5. The completeness of financial reports.
6. Other committee operations necessary to the review.
Part II
Overview of Committee

Committee Organization

<table>
<thead>
<tr>
<th>Important Dates</th>
<th>October 5, 1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Registration</td>
<td>January 1, 2007 - December 31, 2008</td>
</tr>
<tr>
<td>Audit Coverage</td>
<td></td>
</tr>
</tbody>
</table>

Headquarters
Columbus, Ohio

Bank Information

- Bank Depositories
- Two

- Bank Accounts
- 10 Federal, Six Non-Federal

Treasurer

- Treasurer When Audit Was Conducted
  - Mr. Paul Hong January 23, present (as of date of this report)

- Treasurer During Period Covered by Audit

Management Information

- Attended FEC Campaign Finance Seminar
- Treasurer

- Who Handled Accounting and Recordkeeping Tasks

Overview of Financial Activity
(Audited Amounts)

<table>
<thead>
<tr>
<th>Cash on hand @ January 1, 2007</th>
<th>$ 172,248</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts</td>
<td></td>
</tr>
<tr>
<td>o Contributions from Individuals</td>
<td>3,058,229</td>
</tr>
<tr>
<td>o Contributions from Political Committees</td>
<td>1,666,512</td>
</tr>
<tr>
<td>o Transfers from All Sources</td>
<td>11,851,559</td>
</tr>
<tr>
<td>o Transfers from Non-Federal Accounts</td>
<td>2,385,909</td>
</tr>
<tr>
<td>o Offsets/Other Receipts</td>
<td>1,310,775</td>
</tr>
<tr>
<td>Total Receipts</td>
<td>$ 20,272,984</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Disbursements</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>o Operating Expenditures</td>
<td>5,304,397</td>
</tr>
<tr>
<td>o Refunds of Contributions</td>
<td>1,747,000</td>
</tr>
<tr>
<td>o Independent Expenditures</td>
<td>50,000</td>
</tr>
<tr>
<td>o Coordinated Expenditures</td>
<td>13,003</td>
</tr>
<tr>
<td>o Federal Election Activity</td>
<td>10,710,668</td>
</tr>
<tr>
<td>o Other Disbursements</td>
<td>1,345,414</td>
</tr>
<tr>
<td>Total Disbursements</td>
<td>$ 19,170,482</td>
</tr>
</tbody>
</table>

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. In response to the Interim Audit Report recommendation, ORP amended its reports to disclose 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. In response to the Interim Audit Report recommendation, ORP amended its reports to disclose these debts.

Legal Standard
A. Continuous Reporting Required. A political committee must disclose the amount and nature of outstanding debts and obligations until these 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 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 in 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
DISCLOSURES reports file, ORP 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 expenditure file identified debts totaling $1,195,892 that should have been disclosed on Schedule D (Debts and Obligations). The vendors consistently invoiced ORP for the balances due. Some of the undisclosed debts were outstanding prior to the beginning of the audit 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.

---

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.
In the Interim Audit Report, the Audit staff recommended that ORP amend its reports to disclose the debts and obligations addressed above.

C. Committee Response to Interim Audit Report
In response to the Interim Audit Report, ORP filed amended reports disclosing the debts and obligations.