



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 13, 2011

MEMORANDUM

TO: Lynn Fraser
Director of Alternative Dispute Resolution

THROUGH: Alec Palmer *AP*
Staff Director

FROM: Pat Carmona *PC*
Chief Compliance Officer

Thomas Hintermister *TH*
Acting Assistant Staff Director
Audit Division

Thomas J. Nurthen *TJN*
Audit Manager

Terry O'Brien *TOB*
Lead Auditor

SUBJECT: Ohio Republican Party State Central & Executive Committee (A09-03) –
Referral Matter

On August 22, 2011, the Commission approved the final audit report on the Ohio Republican Party State Central & Executive Committee. The report was released to the public on September 9, 2011. In accordance with the Commission approved materiality thresholds, the final audit report includes a matter that meets the criteria for referral to Alternative Dispute Resolution: Finding – Reporting of Debts and Obligations.

All workpapers and related documentation are available for review in the Audit Division. Should you have any questions regarding this matter, please contact Terry O'Brien or Tom Nurthen at 694-1200.

Attachment: Finding – Reporting of Debts and Obligations.

cc: Reports Analysis Division

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Part IV

Commission Finding

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. The Commission approved this finding.

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.

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.

D. Draft Final Audit Report

In the Draft Final Audit Report, the Audit staff acknowledged that ORP filed amended reports disclosing the debts and obligations.

Commission Conclusion

The Commission approved this finding.

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