

**AUBURN TOWNSHIP
GEAUGA COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2014-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions.

Numerous adjustments were made to the financial statements for the year ended December 31, 2014, to properly state financial statement amounts.

The audited financial statements and Township records have been adjusted for the misstatements identified during the audit.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

We recommend the Township consult with their auditors, the Township Handbook, Auditor of State and/or Ohio Municipal League to help ensure accurate financial reporting.

Client Response The Fiscal Officer will work to provide a sound fiscal environment for the Township and has implemented policies and procedures to help with financial statement presentation.

Finding Number	2014-002
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Noncompliance

Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the disbursement of monies are to be made unless there is certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Township had 26% of disbursements tested with an invoice that was dated prior to the purchase order, thus causing those disbursements not to be certified in a timely manner. In addition, the purchase orders were not consistently certified with the Fiscal Officer's signature.

Without proper certification the Township may expend more funds than available in the treasury or in the process of collection, or than funds appropriated. It may also result in unnecessary or undesirable purchases.

We recommend that all orders or contracts involving the disbursement of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Township should consider using "Then" and "Now" certificates where applicable. We also recommend the Township implement a system which only allows approval of expenditures if the purchase orders are properly endorsed.

Client Response The Township will monitor disbursements and use then and now certificates where applicable in the future.

**AUBURN TOWNSHIP
GEAUGA COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2014-003

Noncompliance

Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed estimated resources.

At December 31, 2014, the total appropriations exceeded the total estimated resources in the following fund:

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Resources</u>	<u>Excess</u>
<u>Special Revenue:</u>			
Road and Bridge Fund	\$ 1,422,700	\$ 1,295,589	\$ 127,111

With appropriations exceeding estimated resources, the Township is appropriating monies that are either not in the Treasury, in process of collection or have not been properly certified to the Budget Commission, which could cause a fund deficit to occur.

We recommend that the Township comply with the Ohio Revised Code monitoring appropriations so they do not exceed estimated revenue. This may be achieved by monitoring the budget more closely on a continued basis and amending estimated resources or appropriations as necessary.

Client Response The Township Fiscal Officer will attempt to request amended certificates when deemed necessary.

Finding Number	2014-004
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Noncompliance

Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased amended certificates of estimated resources if the legislative authority intends to appropriate and expend excess revenue.

Throughout the year ended December 31, 2014, the Township had appropriations exceeding estimated resources. Thus, the Township did not request appropriate amended certificates throughout the year or by fiscal year end upon notice of increased or decreased resources in order to equal or exceed appropriations.

The Township is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources.

We recommend that the Township review its available resources versus its appropriations throughout the year and file amended certificates when necessary. This will facilitate the Township's appropriation process.

Client Response The Township Fiscal Officer will attempt to request amended certificates when deemed necessary.

**AUBURN TOWNSHIP
GEAUGA COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2014-005

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.38(C) requires the following minimum level of budgetary control for Townships: “Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services”.

The Township’s appropriations for the year ended December 31, 2014 were passed at the department level but did not appropriately state the amount appropriated for personal services within each department, excluding permanent appropriations certified with the County.

By not appropriating at the level of control required by the Ohio Revised Code, the Township risks insufficient oversight over expenditures.

We recommend the Township pass appropriations in accordance with the Ohio Revised Code.

Client Response The Fiscal Officer will work to ensure that current appropriations and other budgetary information are properly input into the UAN system.

Finding Number	2014-006
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Noncompliance/Material Weakness

Ohio Administrative Code 117-2-02(C)(1) states that all public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

In 2014, the Township’s appropriations approved in the minutes did not agree to the Uniform Accounting Network (UAN) system appropriations.

By not correctly including appropriations into the financial software, it could become challenging for the Township to easily monitor its budgeted activity in comparison with its actual amounts. The Township is also at risk of overspending in excess of available funds, which could possibly result in negative fund balances.

We recommend that approved appropriation modifications as evidenced within the Board of Trustee’s minutes be incorporated into UAN by the Fiscal Officer in a timely manner. This will aid the Board and the Fiscal Officer in their review of disbursements versus appropriations and help ensure appropriations are in place prior to disbursements.

Client Response The Fiscal Officer will work to ensure that current appropriations and other budgetary information are properly input into the UAN system.

**AUBURN TOWNSHIP
GEAUGA COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2013-AT-001	<u>Material Weakness</u> - Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Numerous adjustments were made to the financial statements for the year ended December 31, 2013, to properly state financial statement amounts.	No	Repeated as finding 2014-001
2013-AT-002	<u>Noncompliance Citation</u> - Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the disbursements of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The Township had 15% of disbursements that were invoiced prior to the purchase order date.	No	Repeated as finding 2014-002