



**FAMILY AND CHILDREN FIRST COUNCIL
BROWN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**FAMILY AND CHILDREN FIRST COUNCIL
BROWN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Types - For the Year Ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Types - For the Year Ended December 31, 1999	4
Notes to the Financial Statements	5
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Findings	11

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INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Brown County
775 Mt. Orab Pike
Georgetown, Ohio 45121

To the Executive Council:

We have audited the accompanying financial statements of the Brown County Family and Children First Council, Brown County, Ohio (the Council), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described Note 1, the Council prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Council, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2001, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Brown County Family and Children First Council
Brown County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of management, the Audit Committee and other officials authorized to receive this report under Section 117.26, of the Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 8, 2001

**BROWN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$66,933	\$145,475	\$212,408
Total Cash Receipts	<u>66,933</u>	<u>145,475</u>	<u>212,408</u>
Cash Disbursements:			
Contract Services	20,709		20,709
Services Provided to Clients	6,689		6,689
Salaries and Benefits	6,849	140,071	146,920
Travel	290	8,111	8,401
Administrative	2,268		2,268
Other	5,950		5,950
Total Cash Disbursements	<u>42,755</u>	<u>148,182</u>	<u>190,937</u>
Total Receipts Over/(Under) Disbursements	<u>24,178</u>	<u>(2,707)</u>	<u>21,471</u>
Fund Cash Balances, January 1	<u>12,768</u>	<u>9,111</u>	<u>21,879</u>
Fund Cash Balances, December 31	<u><u>\$36,946</u></u>	<u><u>\$6,404</u></u>	<u><u>\$43,350</u></u>

The notes to the financial statements are an integral part of this statement.

**BROWN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$87,056	\$81,220	\$168,276
Lcoal Agency Contributions		5,000	5,000
	<u>87,056</u>	<u>86,220</u>	<u>173,276</u>
Cash Disbursements:			
Contract Services	87,360		87,360
Salaries and Benefits	27,651	99,670	127,321
Services Provided to Clients		8,468	8,468
Travel	1,741	6,502	8,243
Administrative	13,990		13,990
Other	6,200		6,200
	<u>136,942</u>	<u>114,640</u>	<u>251,582</u>
Total Receipts Over/(Under) Disbursements	<u>(49,886)</u>	<u>(28,420)</u>	<u>(78,306)</u>
Fund Cash Balances, January 1	<u>62,654</u>	<u>37,531</u>	<u>100,185</u>
Fund Cash Balances, December 31	<u>\$12,768</u>	<u>\$9,111</u>	<u>\$21,879</u>

The notes to the financial statements are an integral part of this statement.

**FAMILY AND CHILDREN FIRST COUNCIL
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37, of the Ohio Revised Code, created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils. Statutory membership of a county council consists of the following individuals:

- a. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of human services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to Section 5153.15 of the Ohio Revised Code;
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. The county's juvenile court judge senior in service;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the county;
- j. The chair of the board of county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in Section 3301.31 of the Revised Code;
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986";
- n. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty per cent of the council's remaining membership; and
- o. A non-profit agency.

A county family and children first council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

**FAMILY AND CHILDREN FIRST COUNCIL
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the "Education of the Handicapped Act Amendments of 1986";
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes; and
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

Clinical Committee

The Clinical Committee is chaired by a representative of a mandate Council agency, members are service providers of various agencies and representatives of the family seeking service(s). The committee meets on an "as needed" basis, members attending reflect those who are involved with the family or those whom the family chooses to have included.

Committee responsibilities include: (1) identifying service gaps or duplication in services to children and families; (2) developing recommendations to fill gaps or avoid duplication; (3) search for or develop needed service for children; (4) seek funds from serving agencies for nontraditional service; (5) emotional family support; and (6) monthly review of IFSP.

Executive Committee

The Council's Executive Committee consists of members elected as officers of the Council and chairpersons of all active committees of Council. The Executive Committee functions on behalf of the full Council when time restraints make it unable for full Council to convene.

Finance Review Committee

The Finance Review Committee will consist of Council members with the opportunity for nonmembers participation if deemed appropriate by Council. The Finance Review Committee will work with the Treasurer and Fiscal Agent to oversee financial matters of the Council by monitoring reports, expenditures, contracts and additional matters with financial impact on Council operation.

**FAMILY AND CHILDREN FIRST COUNCIL
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions are reflected in a self-balancing group of accounts. The Council classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund of the Council. It is used to account for all financial resources, except those required by law or contract to be restricted.

2. Special Revenue Fund

This fund is used to account for proceeds from specific sources that are restricted to expenditure for specific purposes.

D. Fiscal Agent

The Brown County Auditor serves as the Council's fiscal agent. The Brown County Department of Jobs and Family Services serves as the Council's administrative agent.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

2. FUND CASH BALANCES

The Brown County Treasurer maintains a cash pool used by all of the County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County at December 31, 2000 and 1999, was \$43,350 and \$21,879, respectively. The Brown County Treasurer is responsible for maintaining adequate depository collateral for all funds in Brown County's pooled cash and investments.

**FAMILY AND CHILDREN FIRST COUNCIL
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. RETIREMENT SYSTEMS

The Council's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of participants' gross salaries in 1999 and an amount equal to 10.84% in 2000. The Council has paid all contributions required through December 31, 2000.

4. RISK MANAGEMENT

The Council is covered under Brown County's Insurance Policy.



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Family and Children First Council
Brown County
775 Mt. Orab Pike
Georgetown, Ohio 45121

To the Executive Council:

We have audited the financial statements of Brown County Family and Children First Council, Brown County, Ohio (the Council), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 8, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Council in a separate letter dated June 8, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Council's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-60408-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Council in a separate letter dated June 8, 2001.

This report is intended solely for the information and use of management, the Audit Committee and other officials authorized to receive this report under Section 117.26, of the Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 8, 2001

**BROWN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
BROWN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2000-60408-001

System Access Controls - Reportable Condition

The Brown County Auditor is the fiscal agent for the Brown County Family and Children First Council. The Brown County 1999 audit report disclosed management should periodically confirm their users' computer access rights to data and applications. The failure to do so can leave the County vulnerable to theft, loss, and/or malicious tampering of system resources.

The County Auditor and Treasurer did not perform a periodic confirmation of the appropriateness of user access rights within their departments despite the following:

1. This has been a repeated comment in previous management letters to the County.
2. The County's technical support agreement with their computer vendor, MacDonald, Friedberg, Carr, and Dixon (MFCD), stated that one County employee was to be made primarily responsible for technical supervision of the County's computer system. This was never acted upon by the County.

On March 5, 1999, the County experienced a system crash. During our testing, in March 2000, we determined that when the system was restored the system level access controls were not properly reconfigured. Specifically, user profiles were not assigned mandatory menus, which restrict access to specified menus and options. Without mandatory menus, users could access any application on the system through the command line. In addition, resource (library) level security was not enabled, therefore, users could make changes to data with no restrictions. This lack of system security even included the public terminals, which are normally used by the general public for "inquiry" access only to the County's data. Since this situation occurred, we performed extensive additional substantive testing of the County's financial records to gain assurance that they fairly represented the County's financial condition.

Per discussion with County officials and representatives from MFCD, this situation has been remedied and user profiles are now assigned mandatory menus. However, the underlying problem of having no County employee assigned the responsibility to supervise the system still exists. This lack of control gives no assurance that a repeat of this situation or a similar situation could not occur in the future.

We recommend Brown County Family and Children First assure the County assigns a person to supervise the routine day-to-day operation of the County's computer system. The County should work out an agreement with their vendor to provide this person the proper training to handle this job. This person would work with the vendor to monitor that the computer system is functioning as County management intended. In addition, this person would also be in charge of periodically reviewing users' access rights to verify they are appropriate based upon the users' current job duties.



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FAMILY AND CHILDREN FIRST COUNCIL

BROWN 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
JULY 10, 2001**