



**Auditor of State
Betty Montgomery**

TABLE OF CONTENTS

TITLE	PAGE
Schedule of Board Members and Relevant Individuals	1
Independent Accountants' Report	3
Supplement to the Special Audit Report	
Background	5
Issue No. 1 Review of Credit Card Expenditures	6
Issue No. 2 Review of Reimbursements	8

This page intentionally left blank.

COLUMBIANA COUNTY GENERAL HEALTH DISTRICT
SCHEDULE OF BOARD MEMBERS AND RELEVANT INDIVIDUALS

Board Members and Terms

Dr. Jack Amato, 1980 – 2011
Shawn Apple, 1994 – 2009
Matt Borza, 2003 – 2008
Thomas Haugh, 2001 – 2010
William Catlett, 2003 – 2007

Relevant Individuals

Robert Morehead, Health Commissioner
Cecile Donahey, Fiscal Officer

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Columbiana County General Health District
7360 State Route 45
Libson, OH 44432

We have conducted a special audit of the Columbiana County General Health District ("District") by performing the procedures enumerated in the attached Supplement to the Special Audit Report for the period January 1, 1996 through December 31, 2002 ("the Period"), solely to:

- Determine whether purchases made with District-issued credit cards were for purposes related to the operations of the District; and
- Determine whether nonpayroll disbursements/reimbursements were not also charged to the District's credit card.

The procedures and associated findings are detailed in the attached Supplement to the Special Audit Report. A summary of our procedures and significant results is as follows:

1. We reviewed charges for District credit cards issued to Robert Morehead and determined whether charges incurred were for purposes related to the operations of the District.

Significant Results – We issued Findings for Recovery against Mr. Morehead totaling \$4,225 for credit card purchases that were not related to operations of the District (\$2,857) and for cash advances processed on his District-issued credit card (\$1,368). We also referred these matters to the Columbiana County Prosecutor.

2. We reviewed supporting documentation for nonpayroll disbursements/reimbursements to Mr. Morehead and determined whether these expenses were not also charged to the District's credit card.

Significant Results – We issued Findings for Recovery against Mr. Morehead totaling \$1,217 for charging gasoline purchases to the District's credit card while also requesting reimbursement for mileage expenses (\$913) and for requesting reimbursement for charges which were previously paid on the District's credit card (\$304). We also referred these matters to the Columbiana County Prosecutor.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

November 2, 2006

This page intentionally left blank.

Supplement to the Special Audit Report

Background

The Columbiana County General Health District is directed by a five-member Board and a Health Commissioner. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issuing health-related licenses and permits.

Columbiana County Prosecutor Bob Herron contacted the Auditor of State and requested a Special Audit concerning the use of the District's credit card(s) by Health Commissioner Robert Morehead. A preliminary review of a limited number of 2003 credit card statements and supporting documentation revealed that Mr. Morehead made purchases for meals, car washes, fuel, lodging, monogrammed jackets, and other items at various grocery and retail department stores. There were no formal written policies and procedures concerning the use of District credit cards.

The 2003 credit card transactions were reviewed during the District's regular financial audit which was released on October 21, 2004. That report contained findings for recovery issued against Mr. Morehead totaling \$5,834, which included inappropriate bookstore purchases, overcompensation of mileage and automobile expenses, unsubstantiated, in-county meal expenses, unsupported out-of-county hotel and meal expenses, and travel reimbursements and purchases made with the District's credit card that were not for official business. Mr. Morehead repaid \$1,260 of the \$5,834 in findings issued against him during the course of the financial audit.

Following the release of the financial audit on October 21, 2004, the Auditor of State initiated a special audit of the credit card use for years prior to 2003.

Supplement to the Special Audit Report

Issue No. 1 – Review of Credit Card Expenditures

PROCEDURES

Using data received from the County Auditor's Office, we identified all payments on Robert Morehead's District-issued credit card during the Period. We scanned the monthly credit card statements for unusual vendors and/or purchases. We also reviewed supporting documentation for charges made by Mr. Morehead to determine whether the charges were for purposes related to District operations.

RESULTS

During the Period, Mr. Morehead charged a total of \$51,072 to District-issued/District-paid credit cards, as follows:

Year	Lodging	Meals	Books	Gasoline	Retail ¹	Total
1996 ²	\$1,050	\$53	\$0	\$15	\$575	\$1,693
1997	2,744	792	72	946	4,042	8,596
1998	3,709	464	0	150	4,611	8,934
1999	3,233	894	55	375	2,363	6,920
2000	2,732	1,029	131	87	3,024	7,003
2001	5,929	1,624	256	302	1,920	10,031
2002	2,545	1,557	602	315	2,876	7,895
Total	\$21,942	\$6,413	\$1,116	\$2,190	\$19,411	\$51,072

Of \$51,072 in credit card purchases and cash advances, \$13,958 was unsupported by any type of receipt, and \$5,916 was supported only by the signed credit card slip, without the detail of the purchase presented. Most notably, only \$422 in meals were supported by detailed receipts. Meals totaling \$958 had no receipt and meals totaling \$5,033 included just the credit card receipt without the detail of items purchased.

We originally planned to review Mr. Morehead's meal purchases in detail after interviews with Board members revealed there was not any written authorization for in-county meals. However, while we were conducting our audit, the District Board provided us with a letter which stated, "...Mr. Morehead does have currently and has had in the past, discretionary authority to purchase lunches and dinners in county." At times Mr. Morehead was charging an average of \$30 per week in meals and one night's hotel stay each week. Because the Board informed us these charges were appropriate for Mr. Morehead to perform his duties, we did not perform any detailed test over Mr. Morehead's lodging or meal purchases. However, we believe the Board should create and enforce a policy for meal charges and include a requirement that detailed receipts be provided.

FINDINGS FOR RECOVERY

Credit Card Purchases

Robert Morehead, District Health Commissioner, was provided a credit card for which the District paid. During the Period, Mr. Morehead used the District credit card to make purchases totaling \$51,072.

Of that amount, we determined \$2,857 were for items which were unrelated to the operation of a general health district. Among the significant credit card transactions were various retail purchases including items such as a Swiss Army Duetto watch, tickets for a Rolling Stones concert, groceries, men's furnishings, and books, all of which lacked any evidence to support the purchase was related to the operations of the District.

¹ This amount includes \$1,746 in cash advances.

² The District's records only contained two months of credit card statements in 1996.

Supplement to the Special Audit Report

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for illegal expenditure of public money is hereby issued against Robert Morehead, District Health Commissioner, and Western Surety Company, jointly and severally, in the amount of \$2,857, and in favor of the Columbiana County General Health District.

Credit Card Cash Advances

During the Period, Robert Morehead used the District's credit card to process cash advances totaling \$1,746. Receipts were provided to document the purpose of cash advances totaling \$378. There was no evidence the remaining cash advances were for a District purpose or whether they were reimbursed by Mr. Morehead.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for illegal expenditure of public money is hereby issued against Robert Morehead, District Health Commissioner, and Western Surety Company, jointly and severally, in the amount of \$1,368, and in favor of the Columbiana County General Health District.

Supplement to the Special Audit Report

Issue No. 2 – Review of Reimbursements

PROCEDURES

Using the County Auditor's payment files, we identified non-payroll disbursements/reimbursements issued to Robert Morehead during the Period. We reviewed supporting documentation for those payments and determined whether they were not also charged to the District credit card.

RESULTS

During the Period, Mr. Morehead received the following payments as reimbursements:

Year	Mileage & Lodging	Meals	Misc.	Total
1996	\$514	\$270	\$1,783	\$2,567
1997	1,422	588	576	2,586
1998	4,122	105	198	4,425
1999	3,451	407	591	4,449
2000	4,410	434	379	5,223
2001	6,052	454	404	6,910
2002	5,457	429	389	6,275
Total	\$25,428	\$2,687	\$4,320	\$32,435

FINDINGS FOR RECOVERY

Gasoline

Throughout the Period, Robert Morehead used a District-issued credit card to routinely purchase gasoline in addition to claiming mileage expenses for reimbursement. Mr. Morehead was reimbursed \$0.25 to \$0.32 per mile for the mileage expenses he claimed on his travel expense reports. We compared Mr. Morehead's credit card charges with his mileage reimbursements and determined that he was reimbursed \$913 for mileage expenditures for which he also charged gasoline purchases on the District-issued credit card.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for illegal expenditure of public money is hereby issued against Robert Morehead, District Health Commissioner, and Western Surety Company, jointly and severally, in the amount of \$913, and in favor of the Columbiana County General Health District.

Duplicate Reimbursements

We compared the District's reimbursement payments to Robert Morehead with the District-issued credit card which was used by Mr. Morehead. Our review identified that Mr. Morehead requested and received reimbursements totaling \$304 for items which had already been paid on the District's credit card.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for illegal expenditure of public money is hereby issued against Robert Morehead, District Health Commissioner, and Western Surety Company, jointly and severally, in the amount of \$304, and in favor of the Columbiana County General Health District.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

COLUMBIANA COUNTY GENERAL HEALTH DISTRICT

COLUMBIANA 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
JANUARY 4, 2007**