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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Auglaize County Family and Children First Council
Auglaize County
1045 Dearbaugh Ave., Suite 2
Wapakoneta, Ohio 45895

We have performed the procedures enumerated below, with which those charged with governance and the management of the Auglaize County Family and Children First Council, Auglaize County (the FCFC) agreed, solely to assist those charged with governance in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2012 and 2011, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and those charged with governance are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' Government Auditing Standards. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. The Auglaize County Auditor is custodian for the FCFC's deposits. We compared the FCFC's fund balances reported on its December 31, 2012 Board of Health Fund Report to the balances reported in the Auglaize County Auditor's accounting records. The amounts agreed.
2. We agreed the January 1, 2011 beginning fund balances recorded in the Combined MTD/YTD Fund Report for Month 12 to the December 31, 2010 balances in the prior year audited statements. We found no exceptions.

Intergovernmental and Other Confirmable Cash Receipts

1. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2012 and five from 2011.
 - a. We compared the amount from the above report to the amount recorded in the Detail Revenue Transactions Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Payroll Detail Check Register and:

Payroll Cash Disbursements (Continued)

- a. We compared the hours and pay rate, or salary recorded in the Payroll Detail Check Register to supporting documentation (timecard, legislatively approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 to determine whether remittances were timely charged by the fiscal agent (Auglaize County Auditor), and if the amounts charged agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding, period of 2012. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2013	December 28, 2012	\$1,207.96	\$1,207.96
State income taxes	January 15, 2013	December 28, 2012	\$ 147.70	\$ 147.70
Local income tax	January 31, 2013	December 28, 2012	\$ 495.16	\$ 495.16
School income tax	January 15, 2013	December 28, 2012	\$ 58.25	\$ 58.25
OPERS retirement	January 30, 2013	January 15, 2013	\$1,681.46	\$1,681.46

3. We haphazardly selected and recomputed one termination payment (unused vacation, etc.) using the following information, and agreed the computation to the amount paid as recorded in the Employee Detail Adjustment Report:
- a. Accumulated leave records
 - b. The employee's pay rate in effect as of the termination date
 - c. The FCFC's payout policy.

A severance payment, in the amount of \$529, was made to Angela Bowman on November 4, 2011. There was no evidence that this payment was approved by the Board or that it was authorized by an approved policy.

Finding for Recovery/Repaid Under Audit

Board Policy 3.16 A 1, states employees may voluntarily resign by submitting a written letter of resignation or a completed Letter of Resignation to their supervisor in advance of the date of separation. All positions require at least a two (2) week advance notice. However, the Board may elect to waive the required notice. Such written letter of resignation shall be a signed, dated statement indicating the desire to resign and the effective date of separation. Failure to give proper, timely notification shall render the employee ineligible for reinstatement or reemployment with the Employer.

On October 14, 2011, Angela Bowman submitted her letter of resignation, effective that same day. During the meeting held between Ms. Bowman and Charlotte Parsons, Fiscal Officer, to discuss the letter, Ms. Bowman verbally indicated that she would work two weeks in order to comply with the policy even though the resignation date in the letter was October 14th.

Ms. Parsons informed Ms. Bowman that the Board policy allowed the required notice to be waived and offered her one week of severance payment. On November 4, 2011, Ms. Bowman received \$529 for the one week of severance payment offered by Ms. Parsons. There was no indication that the Board approved the waiver of the two weeks' notice or the severance payment offered by Ms. Parsons.

Finding for Recovery/Repaid Under Audit (Continued)

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended may be issued against Angela Bowman, and her bonding company, Ohio Casualty Insurance Company, jointly and severally, in the amount of \$529 and in favor of Auglaize County Family and Children First Council's Welcome Home Grant Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Fiscal Officer Charlotte Parsons authorized the warrant resulting in the improper payment. Accordingly, Charlotte Parsons, and her bonding company, Ohio Casualty Insurance Company, will be jointly and severally liable in the amount of \$529 and in favor of Auglaize County Family and Children First Council's Welcome Home Grant Fund to the extent that recovery is not obtained from Angela Bowman.

On August 1, 2013, Charlotte Parsons repaid this finding with check number 3945. This repayment was receipted into the Welcome Home Grant Fund with receipt number 938-25.

OFFICIALS' RESPONSE: The board members of the Auglaize County Board of Health, as administrative agent, believe that Health Commissioner Parsons was acting within the scope of her authority and responsibility when approving the severance payment for Mrs. Bowman. The Health Commissioner's administration of the Board's policies on a day-to-day basis frequently involves interpretations of how those policies are to be applied in unique situations; no policy can be written with enough specificity to cover every possible instance of employee behavior. The ultimate intent of all Board policies is to provide the greatest overall benefit for the organization while complying with applicable laws and regulations.

One of the required abilities listed in the Health Commissioner's position description is the exercise of independent judgment and discretion. It is our belief that Mrs. Parsons was exercising that judgment as the specific situation required, and chose actions which were appropriate and were in compliance with the intent of the applicable personnel policy.

AUDITOR OF STATE'S CONCLUSION: A governing body is responsible for the establishment and implementation of controls, procedures, and policies to help assure the legal use of public money. This includes establishing the pay rates and benefits of employees. Absent a formal policy, contract agreement, legal statute, or action of the governing body prior to the payment, a severance payment is not a legal disbursement of public funds.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Detail Expense Transactions Report for the year ended December 31, 2012 and ten from the year ended 2011 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Detail Expense Transactions Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.

Compliance – Budgetary

We compared the total annual budget required by Ohio Rev. Code Section 121.37(B)(5)(a), to the amounts recorded in the Combined MTD/YTD Expense Report for Month 12- Auglaize County and MTD/YTD Revenue Report for Month 12- Auglaize County for 2012 and 2011 for the following funds: General and Family Stability. The amounts on the annual budget agreed to the amounts recorded in the Combined MTD/YTD Expense Report for Month 12- Auglaize County and MTD/YTD Revenue Report for Month 12- Auglaize County reports.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the FCFC's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance and others within the FCFC, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

August 1, 2013



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AUGLAIZE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

AUGLAIZE 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
AUGUST 29, 2013**