



Dave Yost • Auditor of State

CITY OF BEDFORD
CUYAHOGA COUNTY

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INDEPENDENT AUDITORS' REPORT

The Honorable Timothy J. McGinty
Cuyahoga County Office of the Prosecuting Attorney
The Justice Center, Courts Tower
1200 Ontario Street, 9th Floor
Cleveland, Ohio 44113

We conducted a special audit of the cities of Bedford, Bedford Heights, Maple Heights and the Village of Bentleyville (the Entities) by performing the procedures enumerated in the attached Supplement to the Special Audit Report for the period January 1, 2008 through December 31, 2013 (the Period) solely to:

- Examine available invoices for services rendered by attorney Kenneth Schuman to determine the cost and hours billed to each Entity and identify any duplicate billings and hours invoiced.

This engagement was conducted in accordance with the Quality Standards for Inspection and Evaluation established by the Council of the Inspectors General on Integrity and Efficiency (January 2012). 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:

We examined available invoices, checks and purchase orders for services rendered by attorney Kenneth Schuman to the Entities and determined the cost and hours billed each day.

Significant Results: We reviewed 209 invoices submitted by Mr. Schuman to the Entities for services rendered. For the services invoiced, Mr. Schuman or law firms associated with Mr. Schuman received payments totaling \$856,670 from the Entities. The number of combined hours per day which Mr. Schuman charged the Entities ranged from 0.5 hours to 23 hours. We identified 56 instances where the total combined hours invoiced to the Entities exceeded 12 hours¹ for a given work day. Due to the vagueness of invoice descriptions we were unable to identify any apparent duplicate billings.

Due to the nature of this engagement, we did not hold exit conferences with representatives of the individual cities. However, the results of our special audit were provided directly to, and discussed with, representatives of the Cuyahoga County Prosecuting Attorney's Office for their consideration of whether action by that agency was warranted.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 5, 2014

¹ Based on discussion with the Cuyahoga County Prosecuting Attorney's Office, for evaluation purposes it was determined 12 hours was a reasonable expectation of an average work day for an attorney.

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Supplement to the Special Audit Report

Background

Cuyahoga County Prosecuting Attorney Timothy McGinty requested the Auditor of State's assistance with an investigation of Kenneth Schuman, the former law director and former acting city manager for the City of Bedford. During the investigation, investigators became aware Mr. Schuman was also employed by the Village of Bentleyville as its director of law. In addition to his employment positions, Mr. Schuman provided separately contracted legal services for the cities of Bedford, Bedford Heights, and Maple Heights; and the Village of Bentleyville. Prosecutor McGinty requested we examine the invoices Mr. Schuman submitted to the Entities for contracted services. Investigators from the Cuyahoga County Prosecuting Attorney's Office issued subpoenas and gathered records from the Entities for our use in reviewing Mr. Schuman's billings.

The information was considered by the Special Audit Task Force and on April 15, 2014, the Auditor of State initiated a special audit of the cities of Bedford, Bedford Heights, Maple Heights and Village of Bentleyville.

Supplement to the Special Audit Report

Objective No. 1 – Review of Invoices

PROCEDURES

Using the invoices, checks and purchase orders provided to us by the Cuyahoga County Prosecuting Attorney's Office², we summarized the hours billed and payments made for services rendered. We compared the billing rates to approved Entity ordinances to determine if authorized billing rates were charged and attempted to identify potentially duplicate billings.

RESULTS

We reviewed 209 invoices which included 8,338.7 service hours. For these invoices, Mr. Schuman or law firms associated with Mr. Schuman received payments totaling \$856,670, as follows:

Entity	Billing Rate	Number of Hours Billed	Payments
City of Bedford	\$90 per hour	3,922.80	\$385,193
City of Bedford Heights	\$100 per hour	2,559.85	280,865
City of Maple Heights	\$115 per hour	1,272.70	135,194
Village of Bentleyville	\$95 per hour	583.35	55,418

Based on discussion with the Cuyahoga County Prosecuting Attorney's Office, for evaluation purposes it was determined 12 hours was a reasonable expectation of an average work day for an attorney. We identified 56 days where Mr. Schuman invoiced the Entities for more than a combined 12 hours per day. Of the 56 days, there were 10 days where Mr. Schuman invoiced the Entities for more than a combined 15 hours per day. There were two occasions where Mr. Schuman invoiced the Entities for more than a combined 20 hours per day.

We were unable to identify any apparent duplicate billings because the descriptions included on the invoices were vague and did not include specific hours of the day for which the services were allegedly performed.

² Although the Cuyahoga County Prosecuting Attorney's Office issued subpoenas to the Entities for production of documents supporting payments to Mr. Schuman, we noted the records provided in response to the subpoenas were incomplete. We contacted the Entities in an attempt to retrieve missing items; however, the Entities responded all documents in their possession were provided to the Cuyahoga County Prosecuting Attorney's Office. After notifying the Cuyahoga County Prosecuting Attorney's Office we did not have all documents, we were asked to review and report on the available records.



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CITY OF BEDFORD

CUYAHOGA 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
JUNE 18, 2015**