



OHIO AUDITOR OF STATE
KEITH FABER



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BASIC AUDIT REPORT

Perry Township
Tuscarawas County
16115 State Route 258
Tippecanoe, Ohio 44699

We have completed certain procedures in accordance with Ohio Rev. Code § 117.01(G) to the accounting records and related documents of Perry Township, Tuscarawas County, (the Township) for the years ended December 31, 2020 and 2019.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code § 117.11(A). Because our procedures were not designed to opine on the Township's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Township's financial statements, transactions or balances for the years ended December 31, 2020 and 2019.

The Township's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code § 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. **Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1)** require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide the training to the elected official or his/her designee. Attendees who successfully complete the training will receive a certificate to serve as proof of training.

One of the Township's elected Trustee members and the former elected Fiscal Officer with terms ending in December 31, 2019 and March 1, 2020, respectively, did not, during their term of office, attend a required Certified Public Records Training or have an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders. The elected officials, or their designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training.

2. **Ohio Rev. Code § 149.43(B)(2)** states that a public office shall have available a copy of its current records retention schedule at a location readily available to the public.

The Township did not approve a formal records retention policy. This could result in public records being destroyed prior to an authorized time as well as records requests not being fulfilled in accordance with Ohio law.

The Township should generate and approve a record retention schedule to include provisions for the application or schedule for destruction of public records, including transmission to the Ohio Historical Society and approval by the Auditor of State's Office. This will help reduce the risk that the Township's records are mutilated or destroyed prior to an authorized time.

3. **Ohio Rev. Code § 149.43(E)(2)** provides that every public office must have a policy in place for responding to public records requests. Generally, a public records policy cannot: (1) limit the number of public records the office will make available to a single person; (2) limit the number of public records the office will make available during a fixed period of time; and (3) establish a fixed period of time before the office will respond to a request for inspection/copying of public records unless that period is less than eight hours. However, pursuant to **Ohio Rev. Code § 149.43(B)(7)(c)**, the policy may limit the number of public records the public office will physically deliver by U.S. Mail or other delivery service to ten per month unless the person certifies to the office in writing that the person does not intend to use or forward the requested records, or the information contained in them, for commercial purposes. "Commercial" is narrowly construed and does not include reporting or gathering news, reporting or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research.

Ohio Rev. Code § 149.43(E)(2) further requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook.

The Township has no formal written policy that would demonstrate compliance with the Ohio Revised Code. This could result in records requests not being fulfilled in accordance with Ohio law.

The Township shall establish a public records policy. The policy shall be distributed to the records custodian/manager and the Township should have a written acknowledgement of receipt from the records custodian/manager. In addition, a poster describing the public records policy must be conspicuously displayed in all of the Township's branch offices and the public records policy must be included in policy manuals or handbooks if any exist.

Pursuant to **Ohio Rev. Code § 109.43(E)(2)**, the Ohio Attorney General has developed and provided to all public offices a model public records policy for responding to public records requests. The policy, which is available at <https://www.ohioattorneygeneral.gov/Files/Government-Entities/Model-Public-Records-Policy.aspx>, provides guidance to public offices in developing their own policies for responding to public records requests in compliance with the Public Records Act.

4. Maintaining organized documentation and support for financial transactions is essential in assuring the Township financial statements are not materially misstated and that all expenditures are made for a proper public purpose. Additionally, **Ohio Rev. Code § 149.351** requires all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Rev. Code §§149.38 through 149.42.

The Township did not maintain underlying documentation and support for three transactions that were charged against the Township's credit card as detail store receipts were not available. The transactions totaling \$789 were paid from the Gasoline Tax Fund during 2020.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Township should maintain all invoices for all financial transactions and records be maintained in an orderly manner to support all transactions.

5. **Ohio Rev. Code § 505.24 (C)** sets forth the method by which township trustees' compensation should be allocated. Trustee salary is required to be paid from the township general fund or from other township funds in such proportions as the Board may specify by resolution. Each trustee must certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kind of services performed. Auditor of State Bulletin 2013-002 further clarified that townships were not permitted to allocate 100 percent of officials' salaries to restricted funds. Township officials are required to attend board meetings, and such activities supporting the general business of the Township must be all allocated to the General Fund.

A resolution was not approved that detailed the percent paid by fund for the Trustees' salaries. During 2020, the Fiscal Officer paid two Trustees 100 percent from the Gasoline Tax Fund. As a result, \$19,050 should have been paid from the General Fund instead of the Gasoline Tax Fund. Additionally, the Fiscal Officer paid \$2,492 in Ohio Public Employees Retirement System remittances from the Gasoline Tax Fund instead of the General Fund. We brought this to management's attention. The Township adjusted \$21,542 from the Gasoline Tax Fund in favor of the General Fund to correct the ledgers.

6. **Ohio Rev. Code § 505.64** states that the board of township trustees of any township may authorize an officer, employee, or appointee of the township to use a credit card account held by the board of township trustees in accordance with this section. Additionally, the board of township trustees of any township that holds a credit card account shall adopt a written policy for the use of credit card accounts.

The policy shall include provisions addressing all of the following:

- The officers, positions, or appointees authorized to use a credit card account;
- The types of expenses of which a credit card account may be used;
- The procedure for acquisition, use, and management of a credit card account and presentation instruments related to the account including cards and checks;
- The procedure for submitting itemized receipts to the fiscal officer or the fiscal officer's designee;
- The procedure for credit card issuance, credit card reissuance, credit card cancellation, and the process for reporting lost or stolen credit cards;
- The township's credit card account's maximum credit limit or limits;

- The actions or omissions by an officer, employee, or appointee that qualify as misuse of a credit card account.

Additionally, AOS Bulletin 2018-003 provided additional guidance relating to credit card policies by modeling two example policy types including the Custody and Control Model and Compliance Officer Model.

However, the Township had not established a credit card policy although the Township utilized credit cards.

The Township should review the requirements of Ohio Rev. Code § 505.64 as well as AOS Bulletin 2018-003 and adopt formal policies and procedures that conform to these requirements, respectively.

7. **Ohio Rev. Code § 507.12** provides that a newly elected fiscal officer shall complete 18 hours of training during the first term of office, with 6 hours being in the first year of that term. Also, fiscal officers shall complete twelve hours of continuing education courses in each subsequent term of office. Of these twelve hours, at least two hours of ethics instruction shall be included in the continuing education hours.

During the former Fiscal Officer's term of April 1, 2016 through March 31, 2020 and the newly elected Fiscal Officer's term of April 1, 2020 to March 31, 2023, neither the former Fiscal Officer nor the newly elected Fiscal Officer completed any of the required training.

The Fiscal Officer should attend and complete training for each term including the two hours of ethics training. Additionally, the Fiscal Officer should maintain support of completion.

8. **Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

During 2020, the Township reported \$261 in office supplies expenses and \$456 in fiscal officer bond expenses in the Gasoline Tax Fund instead of General Fund. As the Gasoline Tax Fund revenue is to be used for road maintenance and repairs, these disbursements should have been paid from the General Fund. The Township should review the purpose of all funds and disbursements prior to posting a payment to the Village ledgers in order to assure allowable payments were made by the Village. This adjustment of \$717 from the Gasoline Tax Fund to the General Fund was posted to the Village's ledgers in 2021.

9. **Ohio Admin. Code 117-2-02(C)(1)** requires all local public offices to integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system in order to effectively maintain the accounting and budgetary records. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations. The Township utilized the UAN financial accounting system which was capable of integrating budgetary and actual financial information at a level lower than the legal level of budgetary control.

The Township did not integrate County Budget Commission approved estimated revenue and Board approved appropriations into their UAN financial accounting system. Failure to accurately post estimated resources and appropriations to the ledgers could result in overspending and negative cash balances.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated revenue as certified by the County Budget Commission and appropriations as approved by the Board. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources have been properly posted to the ledgers.

10. Each month, the Fiscal Officer utilizes the Uniform Accounting Network to complete a bank reconciliation of the Township's general ledger to the bank accounts. The reconciliations are then approved and signed by the Board of Trustee members.

For December 31, 2020, the reconciliation was prepared by the Fiscal Officer and approved by the Board of Trustee members. However, the reconciliation shows other adjusting factors of \$1,078 that were unidentified. Once the reconciling items were identified in August 2021, the Township had to make fund balance adjustments to the UAN system to increase the General Fund by \$98 and to decrease the Gasoline Tax Fund and Road and Bridge Fund by \$622 and \$242, respectively.

The Township should carefully perform a reconciliation of the Township's general ledger to the bank statements. Any reconciling items should be properly identified in a timely manner. This will ensure that all Township activity is properly accounted for.

11. The Fiscal Officer is responsible for reviewing receipts received for the Township along with depositing the receipt in the bank and posting the receipts to the ledger in a timely manner. However, the Township was improperly mailed two 2019 December Gasoline Tax checks from Tuscarawas County as one of the checks was written to another Township. The former Fiscal Officer did not notice that the check amounting to \$12,800 did not belong to the Township and it was improperly deposited in the Township's bank account and recorded on the Township's general ledger. The Township did correct the error in November 2021 and properly remitted the funds to the appropriate Township. Procedures should be implemented to ensure that receipts are reviewed carefully before depositing in the bank and posting to the ledgers.



Keith Faber
Auditor of State
Columbus, Ohio

December 2, 2021

OHIO AUDITOR OF STATE KEITH FABER



PERRY TOWNSHIP

TUSCARAWAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/14/2021

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This report is a matter of public record and is available online at
www.ohioauditor.gov