

OHIO AUDITOR OF STATE KEITH FABER



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MANAGEMENT LETTER

Orange Township
Delaware County
1680 E. Orange Rd.
PO Box 397
Lewis Center, OH 43035

To the Board of Trustees:

We have audited the financial statements of Orange Township, Delaware County, Ohio (the Township) in accordance with *Government Auditing Standards*, as of and for the year ended December 31, 2018, and have issued our report thereon dated September 11, 2019.

Government Auditing Standards require us to report significant internal control deficiencies, fraud, (including noncompliance with laws and regulations), and also abuse and noncompliance with contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated September 11, 2019, for the year ended December 31, 2018.

We are also submitting the following comments for your consideration regarding the Township's compliance with applicable laws, regulations, grant agreements, contract provisions, and internal control. These comments reflect matters that do not require inclusion in the *Government Auditing Standards* report. Nevertheless, these comments represent matters for which we believe improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing these recommendations. These comments reflect our continuing desire to assist your Township but are only a result of audit procedures performed based on risk assessment procedures and not all deficiencies or weaknesses in controls may have been identified. If you have questions or concerns regarding these comments please contact your regional Auditor of State office.

NONCOMPLIANCE FINDINGS

1. Notification of Fraud Reporting System

Ohio Rev. Code § 117.103(B)(1) – A public office shall provide information about the Ohio fraud-reporting system and the means of reporting fraud to each new employee upon employment with the public office. Each new employee shall confirm receipt of this information within thirty days after beginning employment. The auditor of state shall provide a model form on the auditor of state's web site (<https://ohioauditor.gov/fraud/FraudReportingSystemModelForm.pdf>) to be printed and used by new public employees to sign and verify their receipt of information as required by this section. The auditor of state shall confirm, when conducting an audit under Ohio Rev. Code § 117.11, that new employees have been provided information as required by this division.

Of the three employees tested, none had completed Fraud Reporting System Acknowledgement forms to be included in their personnel files.

Failure to provide information to employees regarding the Ohio fraud-reporting system could result in employees being unaware of the means for reporting fraud.

In order to help document employees are properly provided information regarding the fraud reporting system, we recommend the Township develop and implement control procedures to provide for the maintenance of fraud reporting system acknowledgement forms.

2. Investment Education Requirement

Ohio Rev. Code §135.22(B) states that to enhance the background and working knowledge of treasurers in investments, cash management, the collection of taxes, ethics, and in any other subject area that the Treasurer of State determines is reasonably related to the duties of the fiscal officer, the Treasurer of State shall provide annual continuing education programs for fiscal officers. A fiscal officer annually shall complete the continuing education programs described in this section, unless the fiscal officer annually provides a notice of exemption.

In 2018, the Township Fiscal Officer did not attend the annual continuing education programs provided by the Auditor of State or complete the annual exemption to the Auditor of State's office.

Failure to complete the required continuing investment education programs could lead to the Township improperly investing public funds.

We recommend the Township provide a notice of exemption to the Auditor of State's office annually or attend the required training.

RECOMMENDATION

Outstanding Checks

Cash reconciliations are completed and outstanding check lists are maintained to account for checks that have not cleared the bank. The reconciliation is used as a monitoring control to help ensure accountability for expenditures and payments.

At December 31, 2018, the Township's had 56 outstanding checks in excess of one year that totaled, \$11,608.58.

Reconciling items, such as outstanding checks, should be timely researched and resolved. Maintaining outstanding checks for a long period of time could result in inaccurate reconciliations and financial records.

We recommend the Township review current practices, policies and procedures over the reconciliation process. The policies and procedures should include, but not be limited to, a process to research and resolve outstanding checks within a specified period of time. The Trustee's should monitor and review the number and amount of checks outstanding at monthly meetings to determine adherence to management intentions.

We intend this report for the information and use of the governing board and management.



Keith Faber
Auditor of State

Columbus, Ohio

September 11, 2019