

NONCOMPLIANCE FINDINGS – (Continued)

2. Timely Deposits

Ohio Rev. Code § 9.38 states a person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited.

During 2019, we noted the Health Department deposited cash with the City Finance Director once per week, and does not have a policy permitting a different time period for amounts less than one thousand dollars.

Failure to deposit receipts timely increases the risk of Health Department funds being lost, misappropriated, or improperly posted, and these errors going undetected by management.

We recommend the Health Department implement procedures to ensure receipts are deposited timely in accordance with State statute.

RECOMMENDATION

1. Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Health Department did not have sufficient internal controls in place to help ensure fund balances were properly classified on the financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54. As a result, the December 31, 2019 General fund balance in the amount of \$267,200 was reclassified from unassigned to assigned for excess of subsequent year appropriations versus estimated receipts. The Health Department has recorded this reclassification to the financial statements and accounting records.

Additionally, we identified the following items which were reported to management as unadjusted differences:

- General fund balance reclassification of \$11,284 from unassigned to assigned for end of year encumbrances.
- Reclassification of \$14,910 of restricted food service license receipts and related expenditures into a separate Special Revenue fund.

By not ensuring proper financial statement presentation, the Health Department cannot report accurate financial activity to its constituents.