



# Dave Yost • Auditor of State

## MANAGEMENT LETTER

City of Belpre  
Washington County  
P.O. Box 160  
Belpre, Ohio 45714-0160

To the City Council:

We have audited the basic financial statements of the City of Belpre, Washington County, Ohio (the City), in accordance with *Government Auditing Standards*, as of and for the year ended December 31, 2017, and have issued our report thereon dated August 1, 2018.

*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 August 1, 2018, for the year ended December 31, 2017.

We are also submitting the following comments for your consideration regarding the City's compliance with applicable laws, regulations, grant agreements, contract provisions, and internal controls. 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. However, these comments reflect our continuing desire to assist your City. If you have questions or concerns regarding these comments please contact your regional Auditor of State office.

### Noncompliance Finding

**Ohio Rev. Code §§ 507.12(B) and (C)** provides that a newly elected or appointed fiscal officer shall complete at least six hours of initial education programs before commencing, or during the first year of office. An additional eighteen hours of continuing education must be completed within the fiscal officer's first term. Twelve hours of training shall be completed for each subsequent term. Consider the following training guidelines:

- Training obtained under Ohio Rev. Code §§ 117.44, 109.43 or 135.22 can be applied to the required hours.
- For fiscal officers who are appointed to fill a vacancy, these requirements shall be required proportionate to the time remaining in the vacated office.
- Two hours of ethics instruction shall be included in the continuing education requirements for each term.
- CPAs serving as a fiscal officer may apply hours of continuing education completed under Ohio Rev. Code § 4701.11.
- Fiscal officers who teach approved continuing education course(s) may apply that credit in the same manner as if they had attended the course.

**Noncompliance Finding  
(Continued)**

**Ohio Rev. Code §§ 507.12(B) and (C) (Continued)**

The City Auditor did not complete the required twelve hours of training during her term ending December 31, 2017.

In light of the continuing changes to the rules and regulations directly affecting the financial reporting requirement and compliance, the City Auditor should complete the required training hours and submit to the Auditor of State's on-line training database.

**Recommendation**

**Mayor's Court Checks**

During our test of Mayor's Court disbursements, we found several pre-signed checks. Additionally, the physical check number did not always agree to the check number assigned by the accounting system.

The differences in the check numbering occurred because EFT payments were assigned the next check number in the system and the physical check with that number was not destroyed. We scanned all checks and compared them to the system and were able to obtain assurances that all checks were recorded and accounted for both in amount and in the correct period.

Pre-signing blank checks increases the risk of loss due to theft or fraud for which the signer would be liable.

Management should require that checks are to be signed only when all required information is entered on them and the documents to support them (invoices, approval) are attached. Additionally, the Mayor's Court Clerk should destroy the physical check if an EFT payment is assigned that check number. Alternatively, EFT payments can be assigned unique identifying numbers in sequence that would eliminate the need to destroy the physical checks but still be able to ensure completeness.

We intend this report for the information and use of the City Council, audit committee, management.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 1, 2018