

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

MANAGEMENT LETTER

Shelby City Health Department
Richland County
43 West Main Street
Shelby, Ohio 44875

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements defined in our Independent Auditor's Report of the Shelby City Health Department, Richland County, Ohio (the Health Department) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements and have issued our report thereon dated October 28, 2024.

Government Auditing Standards require us to communicate deficiencies in internal control, as well as, report on compliance with certain provisions of laws, regulations, contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated October 28, 2024, for the years ended December 31, 2023 and 2022.

We are also submitting the following comments for your consideration regarding the Health Department's compliance with applicable laws, regulations, grant agreements, contract provisions, and internal control. The comments reflect matters that do not require inclusion in the *Government Auditing Standards* report. Nevertheless, the 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 the recommendations. The comments reflect our continuing desire to assist your Health Department 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 the comments please contact your regional Auditor of State office.

NONCOMPLIANCE FINDING

1. Annual Financial Report Filing

Ohio Rev. Code § 117.38 provides that each public office, other than a state agency, shall file a financial report for each fiscal year. The report shall be certified by the proper officer or board and filed with the Auditor of State within sixty days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within one hundred fifty days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension.

Furthermore, any public office, other than a state agency, that does not file its financial report at the time required by this section shall pay to the Auditor of State twenty-five dollars for each day the report remains unfiled after the filing date; provided, that the penalty payments shall not exceed the sum of seven hundred fifty dollars. The Auditor of State may waive all or any part of the penalty assessed upon the filing of the past due financial report.

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NONCOMPLIANCE FINDING – (Continued)

1. Annual Financial Report Filing (continued)

The Health Department filed its fiscal year 2022 annual financial report with the Auditor of State on March 3, 2023, which is not within the required timeframe. The Health Department did not file for an extension.

Failure to timely file its annual financial reporting may result in the Health Department incurring penalties.

The Health Department should file a complete annual report with the Auditor of State within the required sixty days after fiscal year end.

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 2022 financial statements were adjusted to properly classify a vehicle purchase in the amount of \$32,695 as capital outlay expenditures rather than materials & supplies. Adjustments were also made to add note disclosures which were inadvertently omitted from the 2022 annual report. These include disclosures related to the reporting entity, summary of significant accounting policies, risk management, defined benefit pension plans, postemployment benefits, and contingent liabilities.

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

The Health Department should implement additional procedures to provide assurance over the completeness and accuracy of information recorded in their accounting records and reported within the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

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



Keith Faber
Auditor of State
Columbus, Ohio

October 28, 2024