



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

FRANKLIN TOWNSHIP
FRANKLIN COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2016 and 2015
Fiscal Years Audited Under GAGAS: 2016 and 2015

OHIO AUDITOR OF STATE KEITH FABER



Board of Trustees
Franklin Township
2193 Frank Road
Columbus, Ohio 43223

We have reviewed the *Independent Auditor's Report* of Franklin Township, Franklin County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Ohio Rev. Code § 742.33(A) states that "[e]ach employer shall pay monthly, on such dates as the board of trustees of the Ohio Police and Fire Pension Fund requires, from its General Fund, or from a levy imposed pursuant to division (J) or (W) of section 5750.19 of the Revised Code, to the fund an amount known as the 'police officer employers' contribution,' which shall be nineteen and one-half per cent of the salaries as defined in division (L) of section 742.01 of the Revised Code of the members of the police department of the employer."

Ohio Rev. Code § 4123.323(A) states that a payment required under Chapter 4123 of the Ohio Revised Code for workers compensation, including a payment due for purposes of continuing coverage, is due on the date specified in Chapter 4123, unless otherwise provided in a rule adopted by the Administrator of the Bureau of Workers' Compensation, with the advice and consent of the Bureau of Workers' Compensation Board of Directors.

Lisa Morris was reelected to the position of fiscal officer for Franklin Township, Franklin County with a term beginning on April 1, 2016. As fiscal officer, Lisa Morris is responsible for remitting the employer portion of retirement contributions and for paying workers compensation premiums in a timely manner.

The Township paid \$5,700 and \$600 in 2015 and 2016, respectively, from the General Fund in penalties and interest due to late payments of the employer remittance to the Ohio Police and Fire Pension Fund. In addition, the Township did not pay 2015 workers compensation premiums in a timely manner and the Township had a lapse in workers compensation coverage between September 2, 2015 and November 1, 2015. As a result the Township incurred and paid \$903 from the Police Levy Fund for a claim incurred by a Township employee during the period that coverage had lapsed.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, in the amount of \$6,300 and in favor of Franklin Township General Fund and \$903 and in favor of the Franklin Township Police Levy Fund.

The Township currently has a fiscal integrity act review pursuant to Ohio Revised Code Section 507.13 ongoing. The review is being completed to determine whether clear and convincing evidence supports allegations that the fiscal officer, with respect to their fiscal duties purposely, knowingly, or recklessly: failed to perform a fiscal duty expressly required by law or committed any act expressly prohibited by law. The review is currently pending with the Ohio Attorney General.

Board of Trustees
Franklin Township
Page 2

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Franklin Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, stylized initial 'K'.

Keith Faber
Auditor of State
Columbus, Ohio

May 10, 2019

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Franklin Township
Franklin County, Ohio
Table of Contents
For the Fiscal Years Ended December 31, 2016 and 2015

Title	Page
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2016	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2015	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	6
Schedule of Findings	8
Schedule of Prior Audit Findings	14

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Independent Auditor's Report

Franklin Township
Franklin County
2193 Frank Road
Columbus, Ohio 43223

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balance, receipts, and disbursements by fund type of Franklin Township, Franklin County, (the Township), as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

The Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016 and 2015, and the respective changes in financial position thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The Township's financial statements do not disclose financially significant information required by the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38. It is not practicable to include this information in the auditor's report.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, of Franklin Township, Franklin County as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2019, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Columbus, Ohio
January 30, 2019

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**FRANKLIN TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$ 189,663	\$ 3,534,540	\$ -	\$ 3,724,203
Charge for Services	17,676	1,059,103	-	1,076,779
License, Permits and Fees	107,920	104,212	-	212,132
Fines and Forfeitures	2,794	19,379	-	22,173
Intergovernmental	522,674	961,082	-	1,483,756
Special Assessments	46,000	890	-	46,890
Earnings on Investments	28	84	-	112
Miscellaneous	27,333	134,698	-	162,031
	<u>914,088</u>	<u>5,813,988</u>	<u>-</u>	<u>6,728,076</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	627,088	66,338	-	693,426
Public Safety	4,370	5,328,783	-	5,333,153
Public Works	-	340,968	-	340,968
Health	2,479	-	-	2,479
Human Services	290	76,575	-	76,865
Capital Outlay	50,006	-	-	50,006
Debt Service:				
Redemption of Principal	16,578	33,552	-	50,130
Interest and Fiscal Charges	1,320	4,017	-	5,337
	<u>702,131</u>	<u>5,850,233</u>	<u>-</u>	<u>6,552,364</u>
Total Cash Disbursements				
Excess of Receipts Over (Under) Disbursements	211,957	(36,245)	-	175,712
Other Financing Receipts (Disbursements):				
Sale of Capital Assets	-	51,014	-	51,014
Transfers In	-	84,949	-	84,949
Transfers Out	(84,949)	-	-	(84,949)
Advances In	443,000	475,000	-	918,000
Advances Out	(475,000)	(443,000)	-	(918,000)
Other Financing Sources	-	41,301	-	41,301
	<u>(116,949)</u>	<u>209,264</u>	<u>-</u>	<u>92,315</u>
Total Other Financing Receipts (Disbursements)				
Net Change in Fund Cash Balances	95,008	173,019	-	268,027
Fund Cash Balances, January 1	465,404	633,188	8,834	1,107,426
Fund Cash Balances, December 31				
Restricted	-	806,207	8,834	815,041
Unassigned	560,412	-	-	560,412
	<u>560,412</u>	<u>806,207</u>	<u>8,834</u>	<u>1,375,453</u>
Fund Cash Balances, December 31	<u>\$ 560,412</u>	<u>\$ 806,207</u>	<u>\$ 8,834</u>	<u>\$ 1,375,453</u>

**FRANKLIN TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$ 171,728	\$ 3,714,850	\$ -	\$ 3,886,578
Charge for Services	7,624	891,077	-	898,701
License, Permits and Fees	112,190	83,482	-	195,672
Fines and Forfeitures	3,140	10,157	-	13,297
Intergovernmental	462,962	465,330	-	928,292
Special Assessments	28,000	-	-	28,000
Miscellaneous	61,232	103,592	-	164,824
	<u>846,876</u>	<u>5,268,488</u>	<u>-</u>	<u>6,115,364</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	546,263	84,471	-	630,734
Public Safety	-	4,794,045	-	4,794,045
Public Works	-	318,201	-	318,201
Health	13,423	3,859	-	17,282
Human Services	-	50,838	-	50,838
Capital Outlay	14,220	-	-	14,220
Debt Service:				
Redemption of Principal	10,663	-	-	10,663
	<u>584,569</u>	<u>5,251,414</u>	<u>-</u>	<u>5,835,983</u>
Total Cash Disbursements				
Excess of Receipts Over (Under) Disbursements	262,307	17,074	-	279,381
Other Financing Receipts (Disbursements):				
Sale of Capital Assets	-	2,528	-	2,528
Transfers In	20,000	58,561	-	78,561
Transfers Out	(58,561)	(20,000)	-	(78,561)
Advances In	-	55,000	-	55,000
Advances Out	(55,000)	-	-	(55,000)
Other Financing Sources	-	40,538	-	40,538
	<u>(93,561)</u>	<u>136,627</u>	<u>-</u>	<u>43,066</u>
Total Other Financing Receipts (Disbursements)				
Net Change in Fund Cash Balances	168,746	153,701	-	322,447
Fund Cash Balances, January 1	296,658	479,487	8,834	784,979
Fund Cash Balances, December 31				
Restricted	-	633,188	8,834	642,022
Unassigned	465,404	-	-	465,404
	<u>465,404</u>	<u>633,188</u>	<u>8,834</u>	<u>1,107,426</u>
Fund Cash Balances, December 31	<u>\$ 465,404</u>	<u>\$ 633,188</u>	<u>\$ 8,834</u>	<u>\$ 1,107,426</u>



**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Required by *Government Auditing Standards***

Franklin Township
Franklin County
2193 Frank Road
Columbus, Ohio 43223

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type Franklin Township, Franklin County, (the Township) as of and for the years ended December 31, 2016 and 2015 and have issued our report thereon dated January 30, 2019, wherein we noted the Township followed financial reporting provisions that Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We further noted that the Township omitted the financial disclosures required by the regulatory basis of accounting permitted by Ohio Revised Code Section 117.38 and Administrative Code Section 117-2-03.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2016-001, 2016-003 and 2016-007 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2016-005 and 2016-006 described in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2016-002, 2016-003, 2016-004 and 2016-008 through 2016-011.

Purpose of this Report

This report only describes the scope of our internal control testing and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group, Inc.
Columbus, Ohio
January 30, 2019

<p>Franklin Township Franklin County Schedule of Findings December 31, 2016 and 2015</p>

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>
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FINDING NUMBER	2016-001
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MATERIAL WEAKNESS

Sound financial reporting is the responsibility of the fiscal officer and Township Trustees and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Township’s internal controls over financial reporting. Misstatements were identified in the following areas:

- Intergovernmental revenues
- License, Permits and Fees revenues
- Charges for Services revenues
- Miscellaneous revenue
- Principal Payments expense
- Interest and Fiscal Charges expense
- Other Financing Sources
- Other Financing Uses

All of the above noted adjustments have been posted to the financial statements and to the Township’s UAN accounting system.

To ensure the Township’s financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Township Handbook for guidance on the correct line item to post various receipts and expenditures of the Township.

Client Response: We did not receive a response from the Township regarding this matter.

FINDING NUMBER	2016-002
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MATERIAL NONCOMPLIANCE

Ohio Revised Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision’s fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

<p>Franklin Township Franklin County Schedule of Findings December 31, 2016 and 2015</p>

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER	2016-002 (Continued)
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1. “Then and Now” certificate - If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 88% of the expenditures tested during 2016 and 94% of the expenditures tested during 2015 and there was no evidence that the Township followed the aforementioned exceptions. Without these certifications, the management of the Township lost budgetary control over expenditures.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, “then and now” certification should be used.

Client Response: We did not receive a response from the Township regarding this matter.

<p>Franklin Township Franklin County Schedule of Findings December 31, 2016 and 2015</p>

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER	2016-003
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MATERIAL WEAKNESS/NONCOMPLIANCE

Ohio Admin. Code Section 117-2-02 requires governments to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

While performing audit procedures the it was noted that the Township failed to maintain supporting documentation for the items listed below:

- Bank Statements for the Township’s Money Market Account for 2015 except for the December 2015 Statement
- Debt agreements
- Grant Agreements
- Lease Agreements

We recommend that all relevant financial documentation be maintained by the Township.

Client Response: We did not receive a response from the Township regarding this matter.

FINDING NUMBER	2016-004
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MATERIAL NONCOMPLIANCE

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources.

The Township had appropriations in excess of estimated resources in the General and Motor Vehicle License Tax funds in the amounts of \$185,747 and \$13,859, respectively, in 2015. The Township had appropriations in excess of estimated resources in the General fund in the amounts of \$7,235 in 2016.

The Township should take due care to ensure close budgetary monitoring, and amend appropriations and estimated resources when necessary to ensure compliance.

Client Response: We did not receive a response from the Township regarding this matter.

<p>Franklin Township Franklin County Schedule of Findings December 31, 2016 and 2015</p>

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER	2016-005
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SIGNIFICANT DEFICIENCY

Credit Card Policy

Although the Township does have certain credit card policies that are being followed, there is no formal documentation of these policies. We recommend that the Township document formal credit card policies and possibly expand on them to make sure they include a requirement that supporting receipts be submitted for all charges for which it is practical to obtain a receipt. Also, the business purpose of the expense should be clearly documented, and the policies should limit the use of the credit card for certain specified transactions.

During our audit procedures, it was noted that support for credit card charges is not consistently attached to the payment vouchers of credit card statements. This practice could result in the payment of unsupported credit card charges and thereby unauthorized expenses.

We recommend that the procedures related to credit card charges be amended to require supporting documentation for all charges or written documentation stating the business purpose of charges if it is not practical to obtain a receipt.

Client Response: We did not receive a response from the Township regarding this matter.

FINDING NUMBER	2016-006
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SIGNIFICANT DEFICIENCY

Petty Cash Policy

Although the Township does have certain petty cash policies that are being followed, there is no formal documentation of these policies. We recommend that the Township document formal a formal policy and possibly expand on them to make sure they include a requirement that supporting receipts be submitted for all charges for which it is practical to obtain a receipt. Also, the business purpose of the expense should be clearly documented, and the policies should limit the use of the petty cash for certain specified transactions.

During our audit procedures, it was noted that supporting documentation for petty cash usage did not exist. This practice could result in the payment of unsupported credit card charges and thereby unauthorized expenses.

We recommend that the procedures related to petty cash be amended to require supporting documentation for all charges or written documentation stating the business purpose of charges if it is not practical to obtain a receipt.

Client Response: We did not receive a response from the Township regarding this matter.

<p>Franklin Township Franklin County Schedule of Findings December 31, 2016 and 2015</p>

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER	2016-007
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MATERIAL WEAKNESS

Bank Reconciliations

The Fiscal Officer did not prepare accurate or timely monthly reconciliations of bank balances to book balance. Outstanding checks and deposits in transit were detailed to enable a proper reconciliation to be performed. However, the bank reconciliation did not correctly detail the Township’s money market investment account in 2015. The lack of proper reconciliations among the Bank statements, cash book and ledger could result in numerous errors.

We recommended the Fiscal Officer prepare detailed and timely bank reconciliations that include all bank account balances being reconciled to total fund balances. Copies of bank reconciliations should be presented to the Board of Trustees for the Trustee’s review and use in managing the Township. Other reconciling items should be traced down and identified accurately.

Client Response: We did not receive a response from the Township regarding this matter.

FINDING NUMBER	2016-008
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MATERIAL NONCOMPLIANCE

All state and local elected officials, or their designees, must attend at least 3 hours of training on Ohio’s Public Records Laws during each term of office. [Ohio Rev. Code §109.43(B) & §149.43(E)(1)] The training received must be certified by the Ohio Attorney General. Proof that training has been completed must include documentation that either the Attorney General’s Office or another entity certified by the Attorney General provided 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.

During the audit period, it was noticed that the Township’s officials did not have public records training.

We recommend that elected officials or their designees receive the minimum 3 hours of training on the Ohio’s Public Records Laws during each term in office.

Client Response: We did not receive a response from the Township regarding this matter.

<p>Franklin Township Franklin County Schedule of Findings December 31, 2016 and 2015</p>

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER	2016-009
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MATERIAL NONCOMPLIANCE

Pursuant to Ohio Rev. Code 149.43(B)(2), the entity shall have available a copy of its current records retention schedule at a location readily available to the public.

During the audit period, it was noticed that the Township did not have a records retention policy in place.

We recommend a formal policy should be adopted by the Township Trustees and monitored monthly to ensure that the policy is being followed accordingly.

Client Response: We did not receive a response from the Township regarding this matter.

FINDING NUMBER	2016-010
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MATERIAL NONCOMPLIANCE

Ohio Revised Code, Section 135.22, requires fiscal officers to attend annual continuing education training provided by the Treasurer of State in order to enhance their background and working knowledge of investments, cash management, and ethics. Fiscal officers may be exempt from the Treasurer of State training if the Treasurer of State certifies that the fiscal officer invests only in interim deposits, STAR Ohio, or no-load money market mutual funds.

During the audit, it was noted that fiscal officer did not attend training or file an exemption form with the Treasurer of State for CPIM training in 2015 and 2016.

We recommend that the fiscal officer attend all continuing education requirements as outlined by the Auditor and Treasurer of State or provide a notice of exemption to the Treasurer of State.

Client Response: We did not receive a response from the Township regarding this matter.

FINDING NUMBER	2016-011
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MATERIAL NONCOMPLIANCE

AOS Bulletin 2015-007 requires Regulatory Cash Basis Entities are required to file Basic Financial Statements that include Statements or Combined Statement of Receipts, Disbursements and Changes in Fund Balances - Governmental, Proprietary and Fiduciary, as applicable and Notes to the Basic Financial Statements on the Hinkle System beginning in 2016.

During review of the Township’s Hinkle Filing for the 2016 fiscal year we noted the Township’s filing was significantly incomplete since the Township did not include Notes to the Basic Financial Statements.

We recommend that the Township file Notes to the Basic Financial Statements along with their Combined Statement of Receipts, Disbursements and Changes in Fund Balances – Governmental Funds.

Client Response: We did not receive a response from the Township regarding this matter.

Franklin Township
Franklin County
Schedule of Prior Audit Findings
December 31, 2016 and 2015

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2014-001	Material Weakness – Posting Receipts and Disbursements	No	Reissued as 2016-001
2014-002	Material Noncompliance – ORC 5705.41(D)	No	Reissued as 2016-002
2014-003	Material Weakness/Noncompliance – Accounting System/Records	No	Reissued as 2016-003
2014-004	Material Weakness/Noncompliance – Expenditures for a proper public purpose	Yes	
2014-005	Material Noncompliance – ORC 5705.41(B)	Yes	
2014-006	Material Noncompliance – ORC 5705.39	No	Reissued as 2016-004

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OHIO AUDITOR OF STATE
KEITH FABER



FRANKLIN TOWNSHIP

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 16, 2019**