



**Auditor of State  
Betty Montgomery**



**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Delaware-Morrow Mental Health and Recovery Services Board  
Delaware County  
40 North Sandusky Street, Suite 301  
Delaware, Ohio 43015

To the Members of the Board:

We have audited the accompanying financial statement of the Delaware-Morrow Mental Health and Recovery Services Board, Delaware County, Ohio (the Board) as of and for the year ended June 30, 2003. This financial statement is the responsibility of the Board's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Board prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash balance and reserve for encumbrances of the Delaware-Morrow Mental Health and Recovery Services Board, Delaware County, Ohio as of June 30, 2003, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2003, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the Board, federal awarding agencies and pass through entities, and other officials authorized to receive this report under § 117.26, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
**Auditor of State**

September 24, 2003

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH BALANCE  
FOR THE YEAR ENDED JUNE 30, 2003**

**Cash Receipts:**

Taxes	\$3,332,162
Grants	6,405,653
Other Receipts	<u>125,570</u>
Total Cash Receipts	<u>9,863,385</u>

**Cash Disbursements:**

Current:	
Salaries	463,619
Operating	909,887
Contracts - Services	<u>7,866,691</u>
Total Cash Disbursements	<u>9,240,197</u>

Total Receipts Over Disbursements 623,188

Cash Balance, July 1, 2002 3,095,883

**Cash Balance, June 30, 2003** **\$3,719,071**

Reserve for Encumbrances, June 30, 2003 \$1,131,724

The notes to the financial statement are an integral part of this statement.

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**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
JUNE 30, 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Delaware-Morrow Mental Health and Recovery Services Board, Delaware County, Ohio, (the Board) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board is a joint venture between Delaware and Morrow Counties and has a responsibility for development, coordinated continuation and ongoing modernization, funding, monitoring, and evaluation of community-based mental health and substance abuse programming. The Board is directed by an twelve-member Board. Board members are appointed by the District's Director and the legislative authorities of the political subdivisions making up the Board. The Board includes members from those legislative authorities as well as citizens of the Board. Those subdivisions are *Ohio Department of Mental Health, Ohio Department of Alcohol and Drug Addiction, Delaware County, and Morrow County*. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board. These services are provided primarily through contracts with private and public agencies. The Board exercises total control of the operation, including budgeting, appropriation, contracting, and design management.

The Board's management believes this financial statement presents all activities for which the Board is financially accountable.

**B. Basis of Accounting**

The financial statement follows the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash**

As required by Ohio Revised Code, the Delaware County Treasurer is custodian for the Board's cash. The Board's cash is held in the County's cash and investment pool, and is valued at the County Treasurer's carrying amount. At June 30, 2003, the Board's share of the County's cash and investment pool was \$3, 719, 071. All risks associated with deposits and investments held at the Treasurer's Office are the responsibility of Delaware County.

**D. Budgetary Process**

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
JUNE 30, 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process (Continued)**

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Board to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

**4. Budgetary Presentation**

Although, in accordance with Ohio law, the Board adopts a calendar year budget, the internal accounting records are maintained on a June 30 fiscal year end. This is done to facilitate reporting to the State of Ohio for the federal and state funding.

The Board has not adopted, nor reported, on a December 31 fiscal year end which is required by the Ohio Revised Code Section 9.34.

A summary of budgetary activity for the year ended June 30, 2003 appears in Note 2.

**E. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**F. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under Board's basis of accounting.

**2. BUDGETARY ACTIVITY**

Budgetary activity for the year ending June 30, 2003 follows:

2003 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$13,452,564	\$9,863,385	(\$3,589,179)

2003 Budgeted vs. Actual Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$11,959,112	\$10,371,921	\$1,587,191

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
JUNE 30, 2003  
(Continued)**

**3. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The Delaware and Morrow County Treasurers collect property taxes on behalf of all taxing Boards within their County and are responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board. Mental Health levy taxes collected in Morrow County are paid to the Delaware County, Treasurer, who is the fiscal agent of the Board.

**4. RETIREMENT SYSTEM**

The Board's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For the year ended June 30, 2003, PERS members contributed 8.5% of their gross salaries. The Board contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2003. The Board has paid all contributions required through June 30, 2003.

**5. RISK MANAGEMENT**

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Board also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**6. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed Through Ohio Department of Mental Health:</i>			
Social Services Block Grant	C-8-00-08	93.667	\$62,045
Medical Assistance Program	N/A	93.778	1,883,588
Block Grant for Community Mental Health Services		93.958	
Alternative Care for Teens	N/A		12,549
Community Block Grant	N/A		50,912
Consumer Outcomes Incentive Grant	N/A		3,000
Children's Block Grant	N/A		6,709
Total Block Grant for Community Mental Health Services			<u>73,170</u>
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Medical Assistance Program	N/A	93.778	217,473
Block Grant for Prevention and Treatment of Substance Abuse		93.959	
Treatment Block Grant	N/A		328,140
Prevention Block Grant	N/A		79,245
Drug Abuse Block Grant	N/A		2,790
Mentoring Project	N/A		79,117
Women's 10% Setaside Grant	N/A		34,365
Total Block Grant for Prevention and Treatment of Substance Abuse			<u>523,657</u>
Total U.S. Department of Health and Human Services			<u><b>2,759,933</b></u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Safe and Drug-Free Schools and Communities	21-01418-00-DFSC	84.186	118,000
Total U.S. Department of Education			<u><b>118,000</b></u>
<b>Total Federal Awards</b>			<u><u><b>\$2,877,933</b></u></u>

*The accompanying notes to this schedule are an integral part of this schedule.*

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Board's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B— SUB-RECIPIENTS**

The Board passes-through certain Federal assistance received from the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services to other governments or not-for-profit agencies (sub-recipients). As described in Note A, the Board records expenditures of Federal awards to sub-recipients when paid in cash. All monies recorded on the Schedule are passed along to provider agencies acting as sub-recipients.

The sub-recipient agencies have certain compliance responsibilities related to administering these Federal programs. Under Federal Circular A-133, the Board is responsible for monitoring sub-recipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements and that performance goals are achieved.

**NOTE C -- MATCHING REQUIREMENTS**

Certain Federal programs require that the Board contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Delaware-Morrow Mental Health and Recovery Services Board  
Delaware County  
40 North Sandusky Street, Suite 301  
Delaware, Ohio 43015

To Members of the Board:

We have audited the accompanying financial statement of Delaware-Morrow Mental Health and Recovery Services Board, Delaware County, Ohio, (the Board) as of and for the year ended June 30, 2003, and have issued our report thereon dated September 24, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Board's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted an immaterial instances of noncompliance that we have reported to management of the Board in a separate letter dated September 24, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design and operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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Delaware-Morrow Mental Health and Recovery Services Board  
Delaware County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the audit committee, management, the Board, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
**Auditor of State**

September 24, 2003





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Delaware-Morrow Mental Health and Recovery Services Board  
Delaware County  
40 North Sandusky Street, Suite 301  
Delaware, Ohio 43015

To the Members of the Board:

#### Compliance

We have audited the compliance of Delaware-Morrow Mental Health and Recovery Services Board, Delaware County, Ohio, (the Board) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board's compliance with those requirements.

As described in item 2003-002 and 2003-003 in the accompanying schedule of findings, the Board did not comply with requirements regarding reporting and sub-recipient monitoring that are applicable to its Safe and Drug-Free Schools and Communities grant. Compliance with such requirements is necessary, in our opinion, for the Board to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Delaware-Morrow Mental Health and Recovery Services Board, Delaware County, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2003.

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### **Internal Control Over Compliance**

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design and operation of the internal control over compliance that, in our judgment, could adversely affect the Board's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings as items 2003-002 and 2003-003.

A material weakness in a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, of the reportable conditions described above, we consider items 2003-002 and 2003-003 to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, the Board and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
**Auditor of State**

September 24, 2003

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §\_\_.505  
JUNE 30, 2003**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	<b>CFDA #84.186 – Safe and Drug- Free Schools and Communities CFDA #93.778- Medical Assistance Program ( Medicare)</b>
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A:> \$300,000 Type B: All others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**2. FINDING RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

<b>FINDING NUMBER</b>	<b>2003-001</b>
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Ohio Rev. Code Section 9.34 requires every governmental unit except the state and school boards to adopt a December 31 fiscal year-end.

The Board has adopted a June 30 fiscal year-end. The failure to report on a December 31 fiscal year-end may lead to inaccurate financial reporting, budgeting and monitoring difficulties.

We recommend the Board develop a plan to report on a December 31 fiscal year-end.

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §\_\_\_.505  
JUNE 30, 2003  
(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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<b>FINDING NUMBER</b>	<b>2003-002</b>
-----------------------	-----------------

<b><i>CFDA Title and Number</i></b>	#84.186- Safe and Drug- Free Schools and Communities
<b><i>Federal Award Number/Year</i></b>	21-01418-00-DFSCA-P-03-9910
<b><i>Federal Agency</i></b>	U. S. Department of Education
<b><i>Pass-through Agency</i></b>	Ohio Department of Alcohol and Drug Addiction Services

**Subrecipient Monitoring**

U. S. Office of Management and Budget ( OMB) Circular A-133§\_\_\_.400(d) provides that a pass-through entity shall perform the following for federal awards it makes:

- Inform subrecipients of the Catalog of Federal Domestic Assistance ( CFDA) number and award name.
- Advise subrecipients of requirements imposed by federal laws, regulations and the provisions of the grant agreement.
- Monitor the activities of subrecipients to ensure federal awards are used for authorized purposes and in compliance with laws, regulations, and provisions of contract or grant agreements and that performance goals are achieved.
- Ensure that subrecipients expending \$300,000 or more in federal awards during the subrecipients' fiscal year have single audits performed.
- Evaluate audit findings reported as a result of the subrecipients' single audit and ensure the subrecipients take appropriate and timely corrective action.
- Require each subrecipient to permit the pass-through entity and auditors to have access to records and financial statements as necessary for the pass-through entity to comply with its requirements under OMB Circular A-133.

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §\_\_\_.505  
JUNE 30, 2003  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS  
(Continued)**

<b>FINDING NUMBER ( Continued)</b>	<b>2003-002</b>
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**Subrecipient Monitoring (Continued)**

The *Ohio Department of Alcohol and Drug Addition Services' Prevention Services Conditions and Assurances for the State Fiscal Year 2002*, executed by and between the Ohio Department of Alcohol and Drug Addition Services (ODADAS) and Delaware-Morrow Mental Health and Recovery Board ( the Board) and their implementing agencies [service providers], dated May 9, 2002, in paragraph 20 of the general requirements states " the Agency [service provider] agrees to have an annual audit performed by an independent certified public accountant and to furnish such audit to ODADAS through the ADAMHS/ADAS Board [the Board] no later than the beginning of the next quarter after the end of its fiscal year. A separate audit for this grant is not necessary if the audit includes accountability and contract compliance as they relate to this grant. The Agency agrees that it will be subject to additional sub-recipient monitoring by ODADAS and the ADAMHS/ADAS Board [the Board]".

The Board has two service providers. For the year ended 2002 and 2003, both service providers had independent audits performed in accordance with OMB Circular A-133. However, the Safe and Drug-Free Schools and Communities Grant awards were not tested as major programs. These awards were for less than \$100,000. At this continued award level the likelihood of these awards being tested as major programs under OMB Circular A-133 is decreased. The Board did not review any grant expenditures of the service providers in this period for "accountability and contract compliance", over the Safe and Drug-Free Schools and Community grant, as required.

We recommend the Board develop procedures to ensure service providers undergo an audit which evaluates the Safe and Drug-Free Schools and Communities grants. The Board should review the audit results to suggest/implement corrective action, if warranted. And if corrective action is warranted, the Board should institute additional sub-recipient monitoring to assess the corrective measures' effectiveness in eliminating the compliance exceptions.

In the event accountability and contract compliance audits are not conducted by an independent auditor, the Board should review grant expenditures for accountability and contract compliance. The Board should develop policies and procedures governing its review of service providers.

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §\_\_\_.505  
JUNE 30, 2003  
(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS ( Continued)</b>
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<b>FINDING NUMBER</b>	<b>2003-003</b>
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<b><i>CFDA Title and Number</i></b>	#84.186- Safe and Drug- Free Schools and Communities
<b><i>Federal Award Number/Year</i></b>	21-01418-00-DFSCA-P-03-9910
<b><i>Federal Agency</i></b>	U. S Department of Education
<b><i>Pass-through Agency</i></b>	Ohio Department of Alcohol and Drug Addiction Services

**Reporting Requirements**

The Ohio Department of Alcohol and Drug Addition Services Grantee Reporting Requirements requires the implementing agencies (service providers) to file with the Delaware-Morrow Health and Recovery Board (the Board), the pass-through agency, their quarterly and final expenditure reports with the actual revenue report (ODADAS FIS-052) and actual expenditure report (ODADAS FIS-047) in accordance with the Board's specified timelines. The Board is to specify timelines for service providers so as to ensure it meets ODADAS report deadlines.

The quarterly expenditure reports are due to ODADAS October 30, January 30, April 30, and July 30 for the grant year of July 1 through June 30. The final expenditure and revenue reports are due to ODADAS by December 31 for the grant year of July 1 through June 30. The actual revenue and expenditure reports are to contain the revenues and expenditures, respectively, which occurred from July 1 through June 30. The Board has not established any timeline for service providers to submit these reports to the Board.

One of the two service providers did not submit the quarterly actual revenue and expenditure reports for the period of July 1 through June 30, 2003 to the Board or ODADAS.

We recommend the Board develop timelines to ensure reports are provided for review and timely submission to the granting agency, ODADAS, to comply with reporting requirements.

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2002-60621-001	The Board reports on a June 30 fiscal year.	Not Corrected	Re-issued as 2003-001

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 §.315 (c)**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2002-002	By the Board's written notice, the sub-recipients are required to file their financial reports with the Board five business days prior to the ODADAS deadline.	Next required submission date	Shirley Robinson, Fiscal Manager
2002-003	The Board has implemented an accountability and compliance review of all Safe and Drug-Free Schools and Communities awards to its sub-recipients by requiring Independent Auditors conducting the A-133 audit over the sub-recipients federal awards to review this program's compliance.	Next Schedule A-133 Audit	Shirley Robinson, Fiscal Manager





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**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD**

**DELAWARE 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  
NOVEMBER 6, 2003**