



**Auditor of State
Betty Montgomery**

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

West Central Community Correctional Facility
Union County
18200 State Route 4 North
P.O. Box 268
Marysville, Ohio 43040

To the Judicial Corrections Board:

We have audited the accompanying financial statements of West Central Community Correctional Facility, Union County, Ohio (the Facility) as of and for the years ended June 30, 2004, 2003 and 2002. These financial statements are the responsibility of the Facility's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Offender Funds for the six months ended December 31, 2003 and year ended June 30, 2003. Other auditors audited those financial statements. They have furnished their reports thereon to us, and we base our opinions, insofar as it relates to the amounts included for Offender Funds, on the reports of the other auditors.

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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 and the reports of the other auditors provide a reasonable basis for our opinion.

As discussed in Note 1, the Facility prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The financial statements for 2002 presents only the cash receipts, disbursements and cash balance related to State appropriations the Ohio Department of Rehabilitation and Corrections paid to the Facility. This statement is not intended to present the cash receipts, disbursements and balances of all Facility funds for the year ended June 30, 2002.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the fund cash balances and unpaid obligations of the West Central Community Correctional Facility as of June 30, 2004, 2003 and State Appropriations cash balance as of June 30, 2002, and the related cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2004, on our consideration of the Facility'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.

This report is intended solely for the information and use of management, the Judicial Corrections Board, the Ohio Department of Rehabilitations and Corrections 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

December 6, 2004

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED JUNE 30, 2004**

	State Appropriations and Grants			Offender Funds		Totals
	ODRC 501-501	Federal	Capital Project	Family Fund	Resident Fund	
Cash Receipts:						
Intergovernmental	\$ 2,646,814	\$ 114,150	\$ 181,006	\$ -	\$ -	\$ 2,941,970
Receipts for Offenders	-	-	-	-	176,640	176,640
Collections from Offenders	-	-	-	314	-	314
Cafeteria Sales	-	-	-	6,271	-	6,271
Telephone Commissions	-	-	-	16,956	-	16,956
Vending Sales	-	-	-	19,413	-	19,413
Charges for Services	-	-	-	41,590	-	41,590
Other	4,257	-	-	34,339	568	39,163
Total Cash Receipts	2,651,071	114,150	181,006	118,883	177,208	3,242,318
Cash Disbursements:						
Personnel	1,872,794	-	-	-	-	1,872,794
Operating costs	424,553	15,933	-	7,398	-	447,884
Program costs	134,981	64,442	-	33,583	-	233,006
Equipment	35,885	30,974	-	1,278	-	68,137
Other	306	-	-	2,737	-	3,043
Capital Projects	-	-	177,389	-	-	177,389
Offender Disbursements:						
Offender legal obligations	-	-	-	-	14,678	14,678
Offender personal costs	-	-	-	-	5,984	5,984
Offender recreational costs	-	-	-	20,407	22,184	42,591
Offender program operating costs	-	-	-	30,030	1,216	31,246
Offender payments to Family Fund	-	-	-	-	41,590	41,590
Offender savings paid at exit	-	-	-	-	77,466	77,466
Total Cash Disbursements	2,468,519	111,349	177,389	95,433	163,118	3,015,808
Refund to ODRC	-	6,907	-	-	-	6,907
Total Receipts Over/(Under) Disbursements	182,552	(4,106)	3,618	23,450	14,090	219,603
Fund Cash Balances, July 1, 2003	507,554	33,497	41	69,789	38,282	649,163
Fund Cash Balances, June 30, 2004	<u>\$ 690,106</u>	<u>\$ 29,391</u>	<u>\$ 3,659</u>	<u>\$ 93,239</u>	<u>\$ 52,372</u>	<u>\$ 868,766</u>
Unpaid Obligations/Open Purchase Orders	<u>\$ 357,588</u>	<u>\$ 12,729</u>	<u>\$ 72,611</u>			<u>\$ 442,928</u>

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

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

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

	<u>State Appropriations and Grants</u>			<u>Offender Funds</u>		<u>Totals</u>
	<u>ODRC 501-501</u>	<u>Federal</u>	<u>Capital Projects</u>	<u>Family Fund</u>	<u>Resident Fund</u>	
Cash Receipts:						
Intergovernmental	\$ 2,488,327	\$ 76,000	\$ -	\$ -	\$ -	\$ 2,564,327
Receipts for Offenders	-	-	-	-	175,628	175,628
Collections from Offenders	-	-	-	998	-	998
Cafeteria Sales	-	-	-	6,077	-	6,077
Telephone Commissions	-	-	-	17,591	-	17,591
Vending Sales	-	-	-	20,290	-	20,290
Charges for Services	-	-	-	88,286	-	88,286
Other	15,949	-	-	624	-	16,573
	<u>2,504,276</u>	<u>76,000</u>	<u>-</u>	<u>133,866</u>	<u>175,628</u>	<u>2,889,770</u>
Total Cash Receipts						
	2,504,276	76,000	-	133,866	175,628	2,889,770
Cash Disbursements:						
Personnel	1,891,951	-	-	-	-	1,891,951
Operating costs	397,538	10,002	-	15,794	-	423,334
Program costs	133,421	40,781	-	-	-	174,202
Equipment	35,091	-	-	3,994	-	39,085
Other	-	-	-	14,939	-	14,939
Offender Disbursements:						
Offender legal obligations	-	-	-	-	17,963	17,963
Offender personal costs	-	-	-	-	7,976	7,976
Offender recreational costs	-	-	-	19,177	23,105	42,282
Offender program operating costs	-	-	-	25,229	1,935	27,164
Offender payments to Family Fund	-	-	-	-	88,286	88,286
Offender savings paid at exit	-	-	-	-	81,781	81,781
	<u>2,458,001</u>	<u>50,783</u>	<u>-</u>	<u>79,133</u>	<u>221,046</u>	<u>2,808,963</u>
Total Cash Disbursements						
	2,458,001	50,783	-	79,133	221,046	2,808,963
Refund to ODRC	288,761	18,662	-	-	-	307,423
Total Receipts Over/(Under) Disbursements	(242,486)	6,555	-	54,733	(45,418)	(226,616)
Fund Cash Balances, July 1, 2002	750,040	26,942	41	15,056	83,700	875,779
Fund Cash Balances, June 30, 2003	\$ 507,554	\$ 33,497	\$ 41	\$ 69,789	\$ 38,282	\$ 649,163
Unpaid Obligations/Open Purchase Orders	\$ 228,229	\$ 24,204	\$ -			\$ 252,433

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

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>ODRC 501-501</u>
Cash Receipts:	
Intergovernmental	\$ 2,577,909
Other	<u>34,803</u>
Total Cash Receipts	<u>2,612,712</u>
Cash Disbursements:	
Personnel	1,865,927
Operating costs	464,258
Program costs	155,849
Equipment	<u>22,109</u>
Total Cash Disbursements	<u>2,508,143</u>
Total Receipts Over/(Under) Disbursements	104,569
Fund Cash Balance, July 1, 2001	<u>645,471</u>
Fund Cash Balance, June 30, 2002	<u><u>\$ 750,040</u></u>
Unpaid Obligations/Open Purchase Orders	<u><u>\$ 233,300</u></u>

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

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**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The West Central Community Correctional Facility, Union County, Ohio, (the Facility) provides an alternative to prison incarceration for felony offenders. The Facility is the last step in the continuum of increasing punishment before prison incarceration. The Facility is a minimum security operation housing approximately 90 offenders. The Judicial Corrections Board administers the Facility. The Board includes at least one common pleas court judge from each county the Facility serves. The Facility serves the following counties:

Champaign County	Logan County	Morrow County
Clark County	Madison County	Union County
Delaware County	Marion County	

For the year ended June 30, 2002, the accompanying financial statement presents only the activity of State appropriations received through the Ohio Department of Rehabilitations and Corrections. For the years ended June 30, 2004 and 2003, the financial statements present all funds related to the Facility.

B. Basis of Accounting

These financial statements follow 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 expenditures include amounts disbursed through the following September 30 but chargeable against the preceding year's budget.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

The Clark County Treasurer is the custodian of the Facility's grant funds and State appropriations. The County holds these Facility assets in the County's cash and investment pool, valued at the County Treasurer's reported carrying amount. The Facility holds offenders' cash in basic checking accounts.

D. Fund Accounting

The Facility uses fund accounting to segregate amounts that are restricted as to use. The Facility has the following funds:

State Appropriations and Grants

Ohio Department of Rehabilitation and Corrections (ODRC) 501-501 Funding: ODRC grants this funding, appropriated from the State's General Fund, to the Facility to support general operating costs.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Federal: Reports amounts received from the Federal government passed through ODRC. The Facility received ABLE and Title I funding for contracting instructors and specialist to aid in the rehabilitation of offenders.

Capital CAP 003: Reports amounts received from ODRC to finance all or part of the cost of renovating or building facilities.

Offender Funds

Resident Fund: Amounts the Facility receives and holds in a custodial capacity for each offender while confined. The Facility holds personal funds, including salaries offenders earn while confined, and maintains separate balances for each offender. The Facility makes payments as directed by the offender or per program requirements. Upon release, the Facility pays remaining funds to the offender.

Family Fund: This fund receives other Offender Funds, such as telephone commissions, vending and commissary sales, and a per diem rate charged to employed offenders. This fund pays for programs and services benefiting offenders and staff employed by the Facility, such as indigent offenders' supplies and entertainment. The Resident Fund reimburses this Fund for costs chargeable to Offender Funds.

E. Budgetary Process

1. Appropriations

The Facility must budget its intended uses of ODRC 501-501 funding as part of its funding application to ODRC. After ODRC approves the budget, the Board formally adopts it. The Facility cannot spend or obligate (i.e., encumber) more than the appropriation. The Facility must obtain approval from ODRC to transfer amounts between budget categories.

2. Encumbrances

Disbursements from State appropriations and Grants are subject to the payment approval process of Clark County. The County Auditor must approve (i.e., certify and encumber) certain payments when the Facility commits to make a payment. The budgetary disbursement amounts reported in Note 2 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts budgeted for commitments not liquidated within ninety days of June 30 are subject to refund to ODRC, unless ODRC approves an extension. (See Note 4.)

A summary of 2004, 2003 and 2002 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

The Facility records acquisitions of property, plant and equipment as capital project or equipment disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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 the basis of accounting the Facility uses.

2. BUDGETARY ACTIVITY

Budgetary activity for ODRC 501-501 funding for the years ending June 30, 2004, 2003 and 2002 follows:

2004 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,646,814	\$2,594,409	\$52,405

2003 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,488,327	\$2,470,884	\$17,443

2002 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$2,577,909	\$2,573,499	\$4,410

3. COLLATERAL ON DEPOSITS AND INVESTMENTS

Grants and State Appropriations

The County Treasurer is responsible for collateralizing deposits and investments for grants and State appropriations the County holds as custodian for the Facility.

Offender Funds

Deposits

The Facility has Federal Deposit Insurance Corporation coverage of \$100,000 for Offender Funds. There were no uncollateralized amounts at June 30, 2004, 2003 and 2002.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003 AND 2002
(Continued)**

4. REFUND TO ODRC

The agreement between the Facility and ODRC permits the Facility to retain a maximum of one-twelfth of the 501-501 grant award after liquidating encumbrances outstanding at June 30. The Facility must refund any excess over this amount to ODRC. The schedule below computes the refund to ODRC for the years ending June 30, 2004, 2003 and 2002. Disbursements below include cash paid to liquidate encumbrances outstanding at June 30 and exclude disbursements made during the fiscal year against amounts encumbered the prior June 30. The Facility refunds amounts computed below in the year following the computation .

Refund to ODRC			
	2004	2003	2002
Cash, July 1	\$507,554	\$750,040	\$645,471
Disbursements Against Prior Year Budget	(\$213,942)	(\$201,059)	(\$135,703)
Payable to ODRC, July 1	(\$86,251)	(\$334,155)	(\$288,761)
Sub-Total	\$207,361	\$214,826	\$221,007
501 Cash Receipts	2,650,023	2,504,276	2,612,712
Budgetary Basis Disbursements	(2,594,409)	(2,470,884)	(2,573,499)
Amount Subject to Refund, June 30	\$262,975	248,218	260,220
One-Twelfth of 501 Award	(220,568)	(207,361)	(214,826)
Refundable to ODRC	\$42,407	\$40,857	\$45,394

Calculation of Payable to ODRC			
	2004	2003	2002
Payable, July 1	\$86,251	\$334,155	\$288,761
Cash Refunded	-	(288,761)	-
Refundable to ODRC, June 30	42,407	40,857	45,394
Payable, June 30	\$128,658	\$86,251	\$334,155

5. RETIREMENT SYSTEM

The Facility's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2004, 2003 and 2002, OPERS members contributed 8.5 percent of their gross salaries to OPERS. The Facility contributed an amount equal to 13.55 percent of participants' gross salaries. The Facility has paid all contributions required through June 30, 2004.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004, 2003 AND 2002
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The Facility has obtained commercial insurance for the following risks:

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

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Auditor of State Betty Montgomery

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

West Central Community Correctional Facility
Union County
18200 State Route 4 North
P.O. Box 268
Marysville, Ohio 43040

To the Judicial Corrections Board:

We have audited the financial statements of West Central Community Correctional Facility, Union County, Ohio (the Facility) as of and for the years ended June 30, 2004, 2003, and 2002 and have issued our report thereon dated December 6, 2004. Our audit for the year ended June 30, 2002 included only State appropriations the Ohio Department of Rehabilitation and Corrections paid to the Facility. Our opinions on the financial statements of Offender Funds for the six months ended December 31, 2003 and year ended June 30, 2003, were based solely on the reports of other auditors. 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 Facility's financial statements are 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 the 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 we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. We also noted certain other immaterial instances of noncompliance that do not require inclusion in this report, that we have reported to management of the Facility in a separate letter dated December 6, 2004.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Facility's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting 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 or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Facility's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2004-002 through 2004-005.

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A material weakness is 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 misstatements 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. Our consideration of internal control over financial reporting 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 to be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Facility's management in a separate letter dated December 6, 2004.

This report is intended solely for the information and use of management, the Judicial Corrections Board, and the Ohio Department of Rehabilitation and Corrections, 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

December 6, 2004

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2004, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

Fund Balance Reconciliations

The Community Based Correctional Facility Grant Manual '02-'03 Part IV,F(3)(c)(1), Pg. 58; '04-'05 Part II, F (3)(c)(1) Pg. 24 states in part that when a County government serves as the fiscal agent for a CBCF, the CBCF must reconcile its cash balances with the County records on a monthly basis.

The Facility does not perform a formal reconciliation of Facility fund balances to County cash fund balances monthly. Not only is this reconciliation a requirement, per the grant manual, it is an effective internal control procedure necessary to ensure that all financial activity has been properly posted by the Fiscal Agent.

We recommend that the Facility perform a formal reconciliation to the County cash balances monthly for all funds.

FINDING NUMBER 2004-002

Board Monitoring of Offender Funds Activity

The Judicial Corrections Board does not receive detailed reports of the financial activity of the Facility's Offender funds (Family Fund and Resident Fund) as a component of their quarterly financial information packets. Currently the board is reviewing and monitoring only the collection and disbursement of court fines, child support payments and restitution; as receipted by and remitted from the Resident Fund. By not monitoring all the activity of these funds errors or omissions could occur and go undetected by management.

We recommend that the Board receive detailed expenditure and receipt information within their quarterly packets for all activity for both the Family Fund and the Resident Fund. By reviewing and approving this data, the Board can better monitor the financial activity for the Facility's Offender's funds.

FINDING NUMBER 2004-003

Inventory of Vending Machine Items

The Correctional Facility purchases miscellaneous items for resale in vending machines located within the Facility. Items sold consist of snack and soda products and certain personal care items, which can be purchased by residents directly from these machines. The Facility purchases its own stock for these vending machines from various local suppliers. Cost for these items will vary depending on which supplier items are purchased from, availability of items, or available sale pricing. The Facility does not always purchase the same products, but will substitute products for others due to lack of availability or the ability to purchase an alternate item for less money. General mark-up on these items is set by the Fiscal Coordinator, but the mark-up is not adjusted to reflect any fluctuations in purchase prices or changes in products stocked.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2004, 2003 AND 2002
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2004-003 (Continued)

Inventory of Vending Machine Items (Continued)

Inventory records are not maintained for the number of individual items purchased, or for the number of individual items sold. Cash collected from the machines cannot be compared to the number of items sold from machines to determine accuracy of the sales or determine if mark-up is adequate as it relates to the initial cost. Further, by not maintaining these records the Facility cannot ensure that all items purchased are accounted for, and are not being lost due to misappropriation.

The Board should establish and approve a policy regarding the maintenance of inventory records for items purchased by the Facility for resale in vending machines. The Board should also approve the mark-up amount as established by the Fiscal Coordinator. The establishment of, and adherence to, this policy will allow the Facility to adequately monitor financial activity related to these vending machine sales, and allow for the monitoring and safekeeping of inventory.

FINDING NUMBER 2004-004

Non-payroll Invoice Review

The fiscal staff is not reviewing all invoices for accuracy or marking invoices as "OK to pay", prior to their submission to the Fiscal Agent for payment. Employees requesting the purchase of goods or services do not always sign or initial invoices to verify that items requested were received by the Facility. Forty-eight of sixty transactions tested did not have signatures or initials of employees, or fiscal staff, indicating they were approved for payment.

We recommend that the Facility require employees requesting the purchase of goods or services to sign the related invoices verifying that invoiced items were received. Further, we recommend that the fiscal staff review all invoices for accuracy and indicate that the invoice is determined to be "OK to pay" prior to its submission to the Fiscal Agent for payment. These procedures will not only ensure that all expenditures were reviewed for accuracy, but will also reduce the possible risk of payment being made for items that the Facility did not actually receive.

FINDING NUMBER 2004-005

Individual Resident Accounts

The Facility maintains a Resident Fund to account for monies held on behalf of the residents of the Facility. The Fiscal Specialist maintains an individual account detail summary sheet for each resident, and records each deposit and expenditure on the individual account summary as they occur.

The Fiscal Specialist posts all deposits and warrant expenditures for resident funds to the accounting system; however, charges for in-house fees for commissary items or services, are not posted to the accounting system. By not posting these in-house charges, the total expenditure amount for the Resident Fund may not be reported accurately. In addition, the Facility will not be able to calculate the total amount for the charges that should be reimbursed and remitted to the general operating 501 fund or Family fund, which can affect the accuracy of the revenues reported in those funds.

**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2004, 2003 AND 2002
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2004-005 (Continued)

Individual Resident Accounts (Continued)

Further, the Fiscal Specialist is not compiling an aggregate cash balance total for all individual accounts per the manual summary sheets, or reconciling this total to the accounting system. By not reconciling the total account activity for all individuals to the accounting system and bank statements, errors or omissions made in postings to the accounts may not be detected.

We recommend that the Fiscal Specialist record all expenditure transactions made with resident funds to the accounting system, including those charges assessed to resident accounts for in-house fees for goods or services, as they occur. Warrants should be issued for amounts equal to the charges posted to resident accounts for in-house fees, and these funds should be reimbursed to the general operating 501 fund or other Family fund, as necessary. The Fiscal Specialist should also calculate and maintain an aggregate cash balance total of all individual resident accounts, and this total balance should be reconciled to the accounting system and to the cash balance on deposit with the financial institution on a monthly basis.



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Betty Montgomery**

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**WEST CENTRAL COMMUNITY CORRECTIONAL FACILITY
UNION 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
JANUARY 20, 2005**