

MANAGEMENT LETTER

December 29, 2020

Northeast Ohio Community Alternative Program
Trumbull County
411 Pine Avenue Southeast
Warren, Ohio 44483

To the Members of the Judicial Advisory Board and Facility Governing Board:

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of **Northeast Ohio Community Alternative Program**, Trumbull County (the Facility), as of and for the years ended June 30, 2020 and 2019, and have issued our report thereon dated December 29, 2020.

Government Auditing Standards also requires that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and significant deficiencies in internal controls. We have issued the required report dated December 29, 2020, for the years ended June 30, 2020 and 2019.

We are also submitting for your consideration the following comments on the Facility's compliance with applicable laws and regulations and on its internal controls. These comments reflect matters that, while in our opinion do not represent material instances of noncompliance or significant deficiencies in internal controls, we believe represent matters for which improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below. However, these comments reflect our continuing desire to assist your government. If you have any questions or concerns regarding these comments, please do not hesitate to contact us.

RECOMMENDATIONS

1. Cash Reconciliations

A necessary step in the internal control over financial reporting is to reconcile the bank balance to the accounting record's cash balance. Bank reconciliation means accounting for the differences between the bank statement's balances and the cash balances according to the Facility's records at a specific point in time.

During both fiscal years 2019 and 2020, our testing revealed the Employee Health Insurance account had outstanding checks that were not accounted for within the fund balances.

RECOMMENDATIONS (CONTINUED)

1. Cash Reconciliations (Continued)

The fund balance at fiscal year-end should be the bank balance less outstanding checks. These checks should be recorded as expenses in the year the checks are written.

The Facility should perform and complete monthly bank reconciliations that take outstanding items into account and include the outstanding items into the fund balance when checks are written, not when they are paid by the bank.

2. Outstanding Checks

To assist in maintaining accurate accounting records, an entity should periodically investigate and eliminate old outstanding checks from the monthly bank-to-book reconciliations. The Facility carried old outstanding checks for the checking accounts.

Utilizing old outstanding checks as part of the reconciliation process increases the risk that errors and/or irregularities could occur and not be detected in a timely manner.

We recommend all checks outstanding for more than one year be voided, a stop payment made at the bank if cost effective, and funds handled in accordance with Management Advisory Services Bulletin Number 91-11.

These comments are intended for the information and use of the Facility Board, management and others within the Facility and are not intended to be and should not be used by anyone other than these specified parties.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio