



OHIO AUDITOR OF STATE
KEITH FABER



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88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

BASIC AUDIT REPORT

Village of South Salem
Ross County
South Salem, Ohio 45681

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Village of South Salem, Ross County, (the Village) for the years ended December 31, 2021 and 2020.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the Village's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Village's financial statements, transactions or balances for the years ended December 31, 2021 and 2020.

The Village's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. We examined the bank reconciliation prepared as of December 31, 2021. It included a bank balance variance of \$165 due to two receipts recorded in January 2022, which resulted in understated cash fund balances by this amount. There was also no documentation of the governing board review of the bank statement.

Reconciling cash is a critical control in assuring all transactions are posted accurately and in the proper accounting period. Unidentified differences result in inaccurate fund cash balance information, and conceivably could cause deficit spending.

Also, the Village's small size requires governing board involvement with critical accounting processes (such as bank reconciliation) to compensate for the inability to segregate these duties. The absence of these reviews is an internal control weakness, which could result in inaccurate cash balances, or even undetected theft.

2. The Village rented the Academy to citizens. Rates were charged according to the number of days the Academy was rented. The Village issued forms which were to indicate who was renting the Academy, date, time, and amount charged.

Forms were not filled out consistently with all applicable information, including date paid. Due to the lack of completed information on the rental forms, we were unable to determine if these receipts were posted and deposited in a timely manner; however, the receipts tested were deposited into the bank.

3. Ohio Rev. Code § 149.43(E)(2) provides that every public office must have a policy in place for responding to public records requests. Generally, a public records policy cannot: (1) limit the number of public records the office will make available to a single person; (2) limit the number of public records the office will make available during a fixed period of time; and (3) establish a fixed period of time before the office will respond to a request for inspection/copying of public records unless that period is less than eight hours. However, pursuant to Ohio Rev. Code § 149.43(B)(7)(c), the policy may limit the number of public records the public office will physically deliver by U.S. Mail or other delivery service to ten per month unless the person certifies to the office in writing that the person does not intend to use or forward the requested records, or the information contained in them, for commercial purposes. "Commercial" is narrowly construed and does not include reporting or gathering news, reporting or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research.

Ohio Rev. Code § 149.43(E)(2) further requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook.

The Village has no formal written policy that would demonstrate compliance with the Ohio Revised Code. This could result in records requests not being fulfilled in accordance with Ohio law.

The Village shall establish a public records policy. The policy shall be distributed to the records custodian/manager and the Village should have a written acknowledgement of receipt from the records custodian/manager. In addition, a poster describing the public records policy must be conspicuously displayed in all of the Village's branch offices and the public records policy must be included in policy manuals or handbooks if any exist.

Pursuant to Ohio Rev. Code § 109.43(E)(2), the Ohio Attorney General has developed and provided to all public offices a model public records policy for responding to public records requests. The policy, which is available at <https://www.ohioattorneygeneral.gov/Files/Government-Entities/Model-Public-Records-Policy.aspx>, provides guidance to public offices in developing their own policies for responding to public records requests in compliance with the Public Records Act.

4. Ohio Rev. Code § 149.39 provides, in part, that each municipal corporation create a records commission composed of the chief executive or the chief executive's appointed representative, as chairperson, and the chief fiscal officer, the chief legal officer, and a citizen appointed by the chief executive. The commission shall appoint a secretary, who may or may not be a member of the commission and who shall serve at the pleasure of the commission. The commission may employ an archivist or records manager to serve under its direction. The commission shall meet at least once every six months and upon the call of the chairperson.

The Village does not have a records commission or a records retention policy. Public records could be improperly maintained or destroyed as a result of the deficiencies.

The Village should form a records commission and establish a Council approved records retention policy as required by Ohio Rev. Code Chapter 149.

5. Ohio Rev. Code § 145.01, 145.03, 145.402, 145.47, 145.48, and Ohio Administrative Code Rule 145-1-26 - Public Employees Retirement System (PERS), definitions, exclusions, exemptions and rates of contributions. These sections require governments to enroll most of their employees in the appropriate retirement system, and to withhold from the employees' wages, or pay on behalf of the employees, a certain percentage of earned wages as defined and to pay over to the appropriate system the amounts withheld, matched with an appropriate percentage of employer matching contributions.

During 2021, the Village did withhold and remit retirement contributions; however, the Village accrued late fee penalties and interest for not timely paying their OPERS withholdings in the amount of \$4.74.

This could result in questions regarding whether payment of late fees and accrued fees are considered expenditures for proper public purpose. Expenditures deemed to not be for proper public purpose could result in findings for recovery being issued.

The Village should remit OPERS in a timely manner in order to avoid paying penalties on obligations.

Current Status of Matters Reported in our Prior Engagement

We also reported matters related to items two through five in our prior engagement.



Keith Faber
Auditor of State
Columbus, Ohio

January 3, 2022

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SOUTH SALEM

ROSS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/17/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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