



OHIO AUDITOR OF STATE
KEITH FABER



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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, 2023 and 2022.

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, 2023 and 2022.

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. 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; all receipts were traced to the bank statement.

2. **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.

Ohio Rev. Code § 149.43(B)(2) states that a public office also shall have available a copy of its current records retention schedule at a location readily available to the public.

The Village has not adopted a records retention schedule.

The Village should adopt a records retention schedule and maintain a copy at a location readily available to the public.

3. **Ohio Rev. Code §§ 109.43(B) and 149.43(E)(1)** require all state and local elected officials, or their designees, to attend 3 hours of training on Ohio's Public Records and Open Meetings Laws during each term of office. The training received must be certified by the Ohio Attorney General. Proof of completion of training must include documentation either from the Attorney General's Office or from another entity certified by the Attorney General to provide 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.

None of the Village's elected officials, during their term of office, attended a required Certified Public Records Training or had an appropriate designee attend a training, due to deficiencies in internal controls over public record laws training procedures and monitoring. This could result in improper education of public offices regarding the offices' duties related to public records requests as well as improper withholding of information from stakeholders.

The elected officials, or their designee(s), should, during their term of office, attend public records training and maintain proof of completion of the training.

4. **Ohio Rev. Code § 135.22(B)** states that to enhance the background and working knowledge of treasurers in investments, cash management, ethics, and in any other subject area that the treasurer of state determines is reasonably related to the duties of a treasurer, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall

complete the continuing education programs described, unless the treasurer annually provides a notice of exemption.

The Fiscal Officer did not attend the required annual continuing education programs provided by the Auditor of State or complete the annual exemption to the Auditor of State's office.

In order to maintain and/or enhance the working knowledge and prevent future occurrences of noncompliance, the Fiscal Officer shall attend the annual training or complete an annual exemption and submit to the Auditor of State's office.

5. **Ohio Rev. Code § 117.38** states, in part, that each public office, other than a state agency, shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. The report shall be certified by the proper officer or board and filed with the auditor of state within 60 days after the close of the fiscal year, except that public offices reporting pursuant to generally accepted accounting principles shall file their reports within 150 days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension.

The Village's December 31, 2022, annual financial report due by March 01, 2023, was not filed with the Auditor of State until October 21, 2024.

The Village's December 31, 2023, annual financial report due by February 29, 2024, was not filed with the Auditor of State until June 24, 2024

Failure to file a complete report by the established deadline, without an extension, could result in the assessment of penalties against the Village.

The Village should implement procedures to verify its annual financial report is filed with the Auditor of State by the required deadline. If the Village is unable to meet the deadline, the Village should file an extension request through the Auditor of State.

6. Maintaining organized documentation and support for financial transactions is essential in assuring the Village financial statements are not materially misstated and that all expenditures are made for a proper public purpose. Additionally, **Ohio Rev. Code § 149.351** requires all records that are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under **Ohio Rev. Code § 149.38 through 149.42**.

The Village did not maintain underlying documentation and support for July through December 2022 expenditures. We were able to perform alternative audit procedures to gain the necessary audit assurances.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Village should maintain all invoices for all financial transactions and records be maintained in an orderly manner to support all transactions.

Current Status of Matters Reported in our Prior Engagement

In addition to the matters reported in the current year observations above, our prior year basic audit report included the following matters:

1. Errors on the bank reconciliation which resulted in understated cash fund balance. This issue has been corrected for the current audit period.
2. Village rental forms were not completed accurately. This has not been corrected for the audit period. See Current Year Observation #1 above.
3. The Village has no formal public records policy or records retentions schedule in place. This has not been corrected for the audit period. See Current Year Observation #2 above.
4. The Village accrued late fees and interest for not timely paying their OPERs Withholdings. The December 2023 payment was not processed in the system, per documentation, however, no penalties or interest were incurred, there, this issue has been corrected for the current audit period.



Keith Faber
Auditor of State
Columbus, Ohio

November 15, 2024

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 12/3/2024

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This report is a matter of public record and is available online at
www.ohioauditor.gov