



OHIO AUDITOR OF STATE
KEITH FABER



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Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

Elmwood Place Community Improvement Corporation
Hamilton County
6118 Vine Street
Cincinnati, Ohio 45216

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Elmwood Place Community Improvement Corporation, Hamilton County, (the Corporation) for the years ended December 31, 2020 and 2019.

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 Corporation's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Corporation's financial statements, transactions or balances for the years ended December 31, 2020 and 2019.

The Corporation'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. **Ohio Rev. Code § 1724.05** provides, in part, that the Corporation shall prepare an annual financial report according to generally accepted accounting principles (GAAP) and shall be filed with the auditor of state within one hundred twenty days following the last day of the corporation's fiscal year. The Corporation did not file their 2020 and 2019 annual reports in the HINKLE system until September 9, 2021 and March 31, 2021, respectively, which was not within the allotted timeframe.

The Corporation may be fined subject to various other administrative remedies for its failure to file the required financial report. The Corporation should file its annual report with the Auditor of State in a timely manner.

2. Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board and/or other administrator are responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared or reviewed each month of 2020 and 2019. Failure to reconcile monthly increases the possibility that the Corporation will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

3. **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 commissions provided for under Ohio Rev. Code §§149.38 through 149.42.

Maintaining organized documentation and support for financial transactions is essential in assuring the Corporation's financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

The Corporation did not maintain or provide underlying documentation and support for disbursements totaling \$2,980 to Bastin & Company, LLC, \$1,236 to Robert A. Gehring, Treasurer, and \$673 to Greater Cincinnati Water Works in 2019.

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 Corporation should maintain supporting documentation for all financial transactions, and records be maintained in an orderly manner to support all transactions.

4. **Ohio Admin. Code § 117-2-02** states that: (A) All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions. (B) The management of each local public office is responsible for the assertions underlying the information in the public office's financial statements. (D)(3) All local public offices should maintain an appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts and include the amount, fund, date, check number, amount of disbursement, and any other information required may be entered in the appropriate columns.

The Corporation did not have a formal accounting system to record receipts and disbursements transactions. The Corporation's financial statements were prepared from a bank activity analysis. Also, the Corporation did not have compilation controls in place to prevent financial reporting errors.

Failure to properly maintain the accounting system, or exercise controls over financial reporting could result in material misstatements to the financial statements and noncompliance

The Corporation should utilize an accounting system and implement compilation controls to help prevent errors in financial reporting.

5. **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.

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.

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

The Corporation 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 Corporation shall establish a public records policy. The policy shall be distributed to the records custodian/manager and the Corporation 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 Corporation's branch offices and the public records policy must be included in policy manuals or handbooks if any exist. Furthermore, the Corporation shall establish a records retention schedule.

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.

6. **Ohio Rev. Code § 1702.16** provides, in part, for an annual meeting of voting members. The Corporation failed to hold an annual meeting for 2020 or 2019. The Corporation should take steps to hold an annual meeting.
7. **Ohio Rev. Code § 733.81(C)** states that a newly elected or appointed fiscal officer shall complete at least six hours of initial education programs before commencing, or during the first year of office. An additional eighteen hours of continuing education must be completed during the fiscal officer's first term.

The Corporation's Fiscal Officer did not complete the required training for 2020 and 2019. Failure to receive regular training increases the likelihood of errors. The Treasurer should obtain the required amount of continuing education hours.

8. The Corporation sold a property for \$16,000 in 2017 and executed a non-interest bearing loan agreement with the buyer for complete payment by December 1, 2018. The buyer only paid \$6,500 to the Corporation within the loan period. As of December 31, 2020 the Corporation is owed \$9,500 principal from the buyer and has not decided to seek interest although the loan was not repaid in accordance with the loan agreement.

Current Status of Matters Reported in our Prior Engagement

1. The prior report also identified late filing of the annual reports reported in item 1 above.
2. The prior report also identified cash reconciliation deficiencies reported in item 2 above.
3. The prior report also identified lack of supporting documentation reported in item 3 above.
4. The prior report also identified lack of a formal accounting system reported in item 4 above.

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

Keith Faber
Auditor of State
Columbus, Ohio
October 22, 2021

OHIO AUDITOR OF STATE KEITH FABER



ELMWOOD PLACE COMMUNITY IMPROVEMENT CORPORATION

HAMILTON 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 11/16/2021

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
www.ohioauditor.gov