



**Auditor of State
Betty Montgomery**

**COLUMBIANA GENERAL HEALTH DISTRICT
COLUMBIANA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2003.....	3
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Findings	11
Schedule of Prior Audit Findings	18

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Columbiana General Health District
Columbiana County
7360 State Route 45
Lisbon, Ohio 44432

To Members of the Board:

We have audited the accompanying financial statements of the Columbiana General Health District, Columbiana County (the District) as of and for the year ended December 31, 2003. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 provides a reasonable basis for our opinion.

As discussed in Note 1, the District 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Columbiana General Health District as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2004 on our consideration of the District'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 the Board, management, 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

September 30, 2004

**COLUMBIANA GENERAL HEALTH DISTRICT
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Subdivision taxes	\$210,000	\$173,042	\$383,042
Intergovernmental	70,053	556,577	626,630
Fees, permits, licenses	288,642	216,558	505,200
Other receipts	19,437	185,843	205,280
	<u>588,132</u>	<u>1,132,020</u>	<u>1,720,152</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	247,601	393,867	641,468
Supplies	31,505	26,663	58,168
Remittances to State	30,175	34,107	64,282
Equipment	1,623		1,623
Contracts - Services	23,461	82,982	106,443
Membership/subscriptions	1,158		1,158
Travel	30,415	30,999	61,414
Advertising and printing	663	821	1,484
Public employee's retirement	38,507	64,858	103,365
Hospitalization	70,647	135,175	205,822
Medicare	3,263	5,144	8,407
Unemployment compensation	1,120		1,120
Other	41,280	326,881	368,161
	<u>521,418</u>	<u>1,101,497</u>	<u>1,622,915</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>66,714</u>	<u>30,523</u>	<u>97,237</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		16,671	16,671
Transfers-Out	(6,767)	(9,904)	(16,671)
	<u>(6,767)</u>	<u>6,767</u>	<u></u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	59,947	37,290	97,237
Fund Cash Balances, January 1	<u>27,544</u>	<u>284,470</u>	<u>312,014</u>
Fund Cash Balances, December 31	<u><u>\$87,491</u></u>	<u><u>\$321,760</u></u>	<u><u>\$409,251</u></u>

The notes to the financial statements are an integral part of this statement.

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**COLUMBIANA GENERAL HEALTH DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Columbiana General Health District, Columbiana County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a five-member Board and a Health Commissioner. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

The District's management believes these financial statements present all activities for which the District is financially accountable.

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 presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those restricted by law or contract.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Early Start Fund - This fund receives nursing costs reimbursed by the County for home care visits.

**COLUMBIANA GENERAL HEALTH DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The District did not encumber all commitments required by Ohio law.

A summary of 2003 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

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 District's basis of accounting.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2003 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$500,000	\$588,132	\$88,132
Special Revenue	968,891	1,148,691	179,800
Total	\$1,468,891	\$1,736,823	\$267,932

**COLUMBIANA GENERAL HEALTH DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$534,187	\$528,185	\$6,002
Special Revenue	1,152,871	1,111,401	41,470
Total	\$1,687,058	\$1,639,586	\$47,472

Contrary to Ohio law, the General Health District did not certify or encumber certain purchases until the time of payment.

3. INTERGOVERNMENTAL FUNDING

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. These amounts are included in intergovernmental receipts in the financial statements.

4. RETIREMENT SYSTEM

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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 2003, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2003.

5. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

6. CONTINGENT LIABILITIES

The District is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, counsel believes that the resolution of this matter will not materially adversely affect the District's financial condition.

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Auditor of State Betty Montgomery

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

Columbiana General Health District
Columbiana County
7360 State Route 45
Lisbon, Ohio 44432

To Members of the Board:

We have audited the financial statements of the Columbiana General Health District, (the District) as of and for the year ended December 31, 2003, and have issued our report thereon dated September 30, 2004. 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 District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 through 2003-010. We also noted certain immaterial instances of noncompliance that we have reported to the District's management in a separate letter dated September 30, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting 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 two 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 District'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 2003-011 and 2003-012.

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 the 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 does not require inclusion in this report, that we have reported to the District's management in a separate letter dated September 30, 2004.

This report is intended solely for the information and use of the Board, management, 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

September 30, 2004

**COLUMBIANA GENERAL HEALTH DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Finding for Recovery – Partially Repaid Under Audit -Barnes and Noble Purchases

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). Public officials who have control over public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Atty Gen. No. 80-074.

During our review of the Health District's credit card expenses from January 1 through December 31, 2003 the Health Commissioner, Robert Morehead, used the Health District's credit card to purchase books and office items from Barnes and Noble which were not purchased to benefit the Health District, were not for a proper public purpose, but were used for personal gain. The total of these charges during the audit period defined above was seven hundred sixteen dollars and sixty one cents (\$716.61).

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued jointly and severally against Robert Morehead and Western Surety Company, in the amount of seven hundred sixteen dollars and sixty one cents (\$716.61), and in favor of the Health District's General Fund. As of October 8, 2004, Mr. Morehead has paid restitution totaling six hundred thirty nine dollars and sixty one cents \$639.61 for Barnes and Noble Purchases to the Health District's General Fund. Thus, a total of seventy seven dollars (\$77) of the seven hundred sixteen dollars and sixty one cents (\$716.61) remains unpaid.

FINDING NUMBER 2003-002

Finding for Recovery – Partially Repaid Under Audit - Automobile Travel Expenses

During our review of the Health District's travel records for Health Commissioner Robert Morehead from January 1 through December 31, 2003, it was noted the Health Commissioner Robert Morehead received a total of five thousand five hundred forty seven dollars and eighty cents (\$5,547.80) in mileage reimbursement based on a rate of \$.32 per mile. As defined in the Health District's travel policy, mileage reimbursement is considered to be total reimbursement for all vehicle related expenses (e.g. gas, oil, depreciation etc.) A review of the Health District's credit card expenses from January 1 through December 31, 2003 noted that Health Commissioner Robert Morehead used the Health District's credit card to purchase gasoline in the amount of three hundred seventy dollars and fifty one cents (\$370.51) and car washes in the amount of fifty one dollars (\$51) for his personal vehicle. As a result, Health Commissioner Robert Morehead was overcompensated by four hundred twenty one dollars and fifty one cents (\$421.51).

**FINDING NUMBER 2003-002
(Continued)**

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued jointly and severally against Robert Morehead and Western Surety Company, in the amount of four hundred twenty one dollars and fifty one cents (\$421.51), and in favor of the Health District's General Fund. As of October 8, 2004, Mr. Morehead has paid restitution totaling three hundred fourteen dollars and eighty one cents (\$314.81) for Automobile Travel Expenses to the Health District's General Fund. Thus, a total of one hundred six dollars and seventy cents (\$106.70) of the four hundred twenty one dollars and fifty one cents (\$421.51) remains unpaid.

FINDING NUMBER 2003-003

Finding for Recovery – In County Meal Reimbursements/Charges

During our review of the Health District's credit card expenses from January 1 through December 31, 2003 and the Health Commissioner's travel reimbursement requests for the same time period, it was noted that the Health Commissioner, Robert Morehead, used the credit card to charge eight hundred twenty nine dollars and ninety eight cents (\$829.98) and requested additional reimbursements totaling one hundred nineteen dollars and sixty four cents (\$119.64) for meals purchased at his own expense within the County. Pursuant to the Health District's policy, meals must be incurred while on official county business, extend through a normal meal period, and be approved by the appointing authority. During interviews held on June 3, 2004 and July 9, 2004, two of the Health District's Board members confirmed that the Health District's travel policy does not include the purchase of meals for employees when traveling within Columbiana County.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued jointly and severally against Robert Morehead and Western Surety Company, in the amount of nine hundred forty nine dollars and sixty two cents (\$949.62), and in favor of the Health District's General Fund.

FINDING NUMBER 2003-004

Finding for Recovery – Unsupported Out of County Hotel and Meal Expenses

During our review of the Health District's credit card expenses from January 1 through December 31, 2003 and the Health Commissioners travel reimbursement requests for the same period, the Health Commissioner, Robert Morehead, used the Health District's credit card and requested reimbursements for personal expenses for out of county hotel stays and meals. No evidence was provided that would assure the following expenditures were for a proper public purpose or for Health District business: 1) Credit card charges for hotel stays, in the amount of one thousand four hundred ninety dollars and forty seven cents (\$1,490.47); 2) meals in the amount of four hundred thirty five dollars and eighty one cents (\$435.81); 3) reimbursements for meals in the amount of two hundred ninety four dollars and thirteen cents (\$294.13). The Health District's travel policy allows reimbursement for the actual cost of overnight accommodation when travel requires overnight stay. Payment for meals is permitted only when the meal is incurred while on official county business, extends through a normal meal period, and is approved by the appointing authority with prior written approval for expenses for covering the actual costs of hotel room when an employee travels outside the county. No written approval or authorization was provided for the travel related expenses noted above and no evidence was provided that the stays were for official district business.

**FINDING NUMBER 2003-004
(Continued)**

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued jointly and severally against Robert Morehead and Western Surety Company, in the amount of two thousand two hundred twenty dollars and forty one cents (\$2,220.41), and in favor of the Health District's General Fund.

FINDING NUMBER 2003-005

Finding for Recovery – Partially Repaid Under Audit - Miscellaneous Purchases

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). Public officials who have control over public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Atty Gen. No. 80-074.

During our review of the Health District's credit card expenses from January 1 through December 31, 2003 the Health Commissioner, Robert Morehead, used the Health District's credit card as well as his travel reimbursement requests to purchase miscellaneous items which were not purchased to benefit the Health District, were not for a proper public purpose, but were used for personal gain. The total of these charges during the audit period defined above was one thousand one hundred fifty three dollars and eighty seven cents (\$1,153.87) and total reimbursed by the Health District was one hundred forty eight dollars and fifty four cents (\$148.54).

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued jointly and severally against Robert Morehead and Western Surety Company, in the amount of one thousand three hundred two dollars and forty one cents (\$1,302.41), and in favor of the Health District's General Fund. As of October 8, 2004, Mr. Morehead has paid restitution totaling three hundred five dollars and thirty five cents \$305.35 for Miscellaneous Purchases to the Health District's General Fund. Thus, a total of nine hundred ninety seven dollars and six cents (\$997.06) of the one thousand three hundred two dollars and forty one cents (\$1302.41) remains unpaid.

FINDING NUMBER 2003-006

Finding for Recovery – Unnecessary Overnight Stay

During our review of the Health District's credit card expenses from January 1 through December 31, 2003, we noted Health Commissioner Robert Morehead used the Health District's credit card to pay for a three night hotel stay in Columbus, Ohio totaling three hundred eighty four dollars and twenty nine cents (\$384.29) for Mark Nichol, the Health District's Environmental Director. The three nights stayed were Sunday, May 11, through Tuesday, May 13, 2003. The reason for the overnight stay was to attend the Public Health Combined Conference which began on Monday evening May 12, 2003. The Health District's travel policy requires prior written approval for expenses covering the actual costs of hotel rooms when employees travel outside the county on official department business and such travel requires overnight stay. The Health District's travel policy also prohibits expenditures for entertainment. No written authorization was provided for the travel related expenses noted above.

**FINDING NUMBER 2003-006
(Continued)**

The conference did not begin until Monday evening and no additional evidence was provided to substantiate the hotel stay on Sunday, May 11, 2003 was necessary, purchased for the benefit of the District, or required for District business. Therefore, the one hundred fifty five dollars and eleven cents (\$155.11) charged to the Health District's credit card for the Sunday stay, and an additional charge of thirteen dollars and seventy four cents (\$13.74) for an in room movie on May 13, 2003 were not purchased to benefit the Health District, but were used for personal gain.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Mark Nichol, in the amount of one hundred sixty eight dollars and eighty five (\$168.85), and in favor of the Health District's General Fund.

FINDING NUMBER 2003-007

Finding for Recovery – Unnecessary Overnight Stay

During our review of the Health District's credit card expenses from January 1 through December 31, 2003, we noted Health Commissioner, Robert Morehead used the Health District's credit card to pay for a three night hotel stay in Columbus, Ohio totaling three hundred eighty four dollars and twenty nine cents (\$384.29) for Matt Borza, a member of the Health District's Board. The three nights stayed were Sunday, May 11, through Tuesday, May 13, 2003. The reason for the overnight stay was to attend the Public Health Combined Conference which began on Monday evening May 12, 2003. The Health District's travel policy requires prior written approval for expenses covering the actual costs of hotel room when an employee travels outside the county on official department business and such travel requires an overnight stay. No written authorization was provided for the travel related expenses noted above.

The conference did not begin until Monday evening and no additional evidence was provided to substantiate the hotel stay on Sunday, May 11, 2003 was necessary, purchased for the benefit of the District, or required for District business. Therefore, the one hundred fifty five dollars and eleven cents (\$155.11) charged to the Health District's credit card for the Sunday stay was not purchased to benefit the Health District, but was used for personal gain.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Matt Borza, in the amount of one hundred fifty five dollars and eleven cents (\$155.11), and in favor of the Health District's General Fund.

FINDING NUMBER 2003-008

Finding for Recovery – Unnecessary Overnight Stay

During our review of the Health District's credit card expenses from January 1 through December 31, 2003, we noted Health Commissioner, Robert Morehead used the Health District's credit card to pay for a three night hotel stay in Columbus, Ohio totaling three hundred eighty four dollars and twenty nine cents (\$384.29) for Dr. Jack Amato, a member of the Health District's Board. The three nights stayed were Sunday, May 11, through Tuesday, May 13, 2003. The reason for the overnight stay was to attend the Public Health Combined Conference which began on Monday evening May 12, 2003. The Health District's travel policy requires prior written approval for expenses covering the actual costs of hotel room when an employee travels outside the county on official department business and such travel requires an overnight stay. No written authorization was provided for the travel related expenses noted above.

**FINDING NUMBER 2003-008
(Continued)**

The conference did not begin until Monday evening and no additional evidence was provided that would substantiate the hotel stay on Sunday, May 11, 2003 was necessary, purchased for the benefit of the District, or required for District business. Therefore, the one hundred fifty five dollars and eleven cents (\$155.11) charged to the Health District's credit card for the Sunday stay was not purchased to benefit the Health District, but was used for personal gain.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Dr. Jack Amato, in the amount of one hundred fifty five dollars and eleven cents (\$155.11), and in favor of the Health District's General Fund.

FINDING NUMBER 2003-009

Finding for Recovery – Unnecessary Overnight Stay

During our review of the Health District's credit card expenses from January 1 through December 31, 2003, we noted Health Commissioner, Robert Morehead used the Health District's credit card to pay for a three night hotel stay in Columbus, Ohio totaling three hundred eighty four dollars and twenty nine cents (\$384.29). The three nights stayed were Sunday, May 11, through Tuesday, May 13, 2003. The reason for the overnight stay was to attend the Public Health Combined Conference which began on Monday evening May 12, 2003. The Health District's travel policy requires prior written approval for expenses covering the actual costs of hotel rooms when employees travel outside the county on official department business and such travel requires an overnight stay. No written authorization was provided for the travel related expenses noted above.

The conference did not begin until Monday evening and no additional evidence was provided that would substantiate the hotel stay on Sunday, May 11, 2003 was necessary, purchased for the benefit of the District, or required for District business. Mr. Morehead also used the credit card to purchase meals on Sunday evening May 11 and Monday morning May 12 for himself and the other three Health District representatives attending the conference. The one hundred fifty five dollars and eleven cents (\$155.11) for the Sunday night hotel stay and the sixty eight dollars and seventy seven cents (\$68.77) accumulated total for the Sunday evening and Monday morning meals were not purchased to benefit the Health District, but were used for personal gain.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued jointly and severally against Robert Morehead and Western Surety Company, in the amount of two hundred twenty three dollars and eighty eight cents (\$223.88), and in favor of the Health District's Fund.

FINDING NUMBER 2003-010

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(D), provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon. This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of amount due upon such contract or order by resolution within thirty (30) days from the receipt of such certificate.
2. If the amount involved is less than three thousand dollars (\$3,000), the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board, if such expenditure is otherwise valid.

Our test of disbursements indicated that 43% of the 2003 expenditures tested were committed prior to the certification of available funds by the fiscal officer. Neither exception listed above was followed, contrary to Ohio Rev. Code 5705.41(D). This condition does not provide adequate accountability over the Health District's disbursements. Obligations may be incurred which either the Health Board or management has not authorized or which the Health District cannot afford.

The Health District should establish control policies and procedures that are sufficient to ensure that purchases are certified and encumbered by the fiscal officer at the time of purchase.

FINDING NUMBER 2003-011

Reportable Condition - Cell phone and credit card policies

Governmental entities have the authority to provide cell phones, credit cards and purchasing cards for use by authorized employees for business purposes. The use of these items should be specified in a policy established by the public entity's legislative body. This policy should at a minimum, identify authorized users; guidelines for allowable use/purchases; method of reimbursement (if incidental personal use is allowed) and types of supporting documentation required for reimbursement; specific unallowable uses; reporting; monitoring of use by appropriate levels of management, and other guidelines deemed appropriate by the legislative body.

The Health District has authorized the use of cell phones and corporate credit cards for various employees, however they have not developed a policy which states the authorized users or specific uses for these items.

We recommend that the Health District establish a detailed policy outlining the appropriate users and uses of both the cell phone and corporate credit cards. This will help to identify that use of these items is for a proper public purpose.

FINDING NUMBER 2003-012

Reportable Condition - Travel policy

Governmental entities have the authority to allow employees and/or officials to be reimbursed for travel related to official business, training, etc. The public entity should have a policy governing travel reimbursements established by the entity's legislative body. This policy should, at a minimum, identify the types of travel authorized; guidelines for allowable and unallowable expenses; limitations on amount of reimbursement, types of supporting documentation required for reimbursement requests; reporting; monitoring of use by appropriate levels of management; and other guidelines deemed appropriate by the legislative body.

Additionally, public entities should have a policy which addresses frequent flyer miles and other types of discounted or free travel rewards that are accumulated by officials while on official business.

We examined the Health District's policy manual which was established in 1984 and has not been updated since that time. The travel policy noted in the manual is outdated.

We recommend that the Health District update its policy manual in regard to travel reimbursement and outline specific types of travel authorized. Additionally, we recommend that a policy be developed using any reward points that may be offered to the health district in order to utilize the benefits. The policy should restrict the use of reward points and/or frequent flyer miles to be used only for official travel and/or business expenses.

**COLUMBIANA GENERAL HEALTH DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-001	5705.41(D), failure to certify funds	No	Not Corrected, repeat in current year report



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COLUMBIANA GENERAL HEALTH DISTRICT

COLUMBIANA 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
OCTOBER 21, 2004**