



OHIO AUDITOR OF STATE  
**KEITH FABER**





**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY  
DECEMBER 31, 2019, 2018, AND 2017**

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## **Report on the Financial Statements, Internal Control, and Compliance**

FRANKLIN TOWNSHIP  
FRANKLIN COUNTY  
2193 Frank Road  
Columbus Ohio 43223

To the Board of Trustees:

We have selectively tested certain accounts, financial records, reports and other documentation of Franklin Township, Franklin County, (the Township), as of and for the years ended December 31, 2017, 2018 and 2019. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

### ***Internal Control Over Financial Reporting***

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2019-001, 2019-003 through 2019-029, and 2019-031 through 2019-108 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

### ***Compliance and Other Matters***

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Township, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as item 2019-002, 2019-004 through 2019-008, 2019-011 through 2019-019, 2019-021, 2019-024, 2019-026, 2019-027, 2019-029 through 2019-033, 2019-035 through 2019-039, 2019-041 through 2019-043, 2019-045, 2019-048 through 2019-053, 2019-055, 2019-57, 2019-58, 2019-061 through 2019-063, 2019-066 through 2019-075, 2019-077 through 2019-087, 2019-090 through 2019-106 and 2019-108.

***Township's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

KEITH FABER  
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

December 10, 2025

Franklin Township - Franklin County  
Combined Statement of Receipts, Disbursement  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Type  
For the Year Ended December 31, 2019

|                                  | General          | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|----------------------------------|------------------|--------------------|---------------------|--------------------------------|
| Cash Receipts                    | \$1,232,313      | \$7,883,229        | \$0                 | \$9,115,542                    |
| Cash Disbursements               | (1,211,244)      | (8,104,306)        | 0                   | (9,315,550)                    |
| Net Change in Fund Cash Balances | 21,069           | (221,077)          | 0                   | (200,008)                      |
| Fund Cash Balances, January 1    | 296,740          | 1,214,588          | 8,834               | 1,520,162                      |
| Fund Cash Balances, December 31  | <u>\$317,809</u> | <u>\$993,511</u>   | <u>\$8,834</u>      | <u>\$1,320,154</u>             |

Franklin Township - Frankiln County  
Combined Statement of Additions, Deductions  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Fiduciary Fund Types  
For the Year Ended December 31, 2019

|  | Fiduciary<br>Fund Type |
|--|------------------------|
|  | Custodial              |
| <b>Additions</b>                         |                        |
| Other Amounts Collected for Distribution | \$0                    |
| Total Additions                          | <u>0</u>               |
| <b>Deductions</b>                        |                        |
| Other Distributions                      | <u>0</u>               |
| Total Deductions                         | <u>0</u>               |
| Net Change in Fund Balances              | 0                      |
| Fund Cash Balances, January 1            | <u>5,586</u>           |
| Fund Cash Balances, December 31          | <u><u>\$5,586</u></u>  |



Franklin Township - Frankiln County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2018

|                                  | General                 | Special<br>Revenue        | Capital<br>Projects   | Totals<br>(Memorandum<br>Only) |
|----------------------------------|-------------------------|---------------------------|-----------------------|--------------------------------|
| Cash Receipts                    | \$1,004,511             | \$7,066,552               | \$0                   | \$8,071,063                    |
| Cash Disbursements               | <u>(1,481,610)</u>      | <u>(7,391,182)</u>        | <u>0</u>              | <u>(8,872,792)</u>             |
| Net Change in Fund Cash Balances | (477,099)               | (324,630)                 | 0                     | (801,729)                      |
| Fund Cash Balances, January 1    | <u>773,839</u>          | <u>1,539,218</u>          | <u>8,834</u>          | <u>2,321,891</u>               |
| Fund Cash Balances, December 31  | <u><u>\$296,740</u></u> | <u><u>\$1,214,588</u></u> | <u><u>\$8,834</u></u> | <u><u>\$1,520,162</u></u>      |

Franklin Township - Franklin County  
Combined Statement of Additions, Deductions  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Fiduciary Fund Types  
For the Year Ended December 31, 2018

|  | Fiduciary<br>Fund Type |
|--|------------------------|
|  | Custodial              |
| <b>Additions</b>                         |                        |
| Other Amounts Collected for Distribution | \$5,586                |
| Total Additions                          | <u>5,586</u>           |
| <b>Deductions</b>                        |                        |
| Other Distributions                      | <u>0</u>               |
| Total Deductions                         | <u>0</u>               |
| Net Change in Fund Balances              | 5,586                  |
| Fund Cash Balances, January 1            | <u>          </u>      |
| Fund Cash Balances, December 31          | <u><u>\$5,586</u></u>  |

Franklin Township - Franklin County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2017

|  | General          | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|--|------------------|--------------------|---------------------|--------------------------------|
| Cash Receipts                            | \$1,230,477      | \$7,242,610        | \$0                 | \$8,473,087                    |
| Cash Disbursements                       | (1,017,051)      | (6,509,598)        | 0                   | (7,526,649)                    |
| Net Change in Fund Cash Balances         | 213,426          | 733,012            | 0                   | 946,438                        |
| Fund Cash Balances (Restated), January 1 | 560,413          | 806,206            | 8,834               | 1,375,453                      |
| Fund Cash Balances, December 31          | <u>\$773,839</u> | <u>\$1,539,218</u> | <u>\$8,834</u>      | <u>\$2,321,891</u>             |

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**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017, 2018 and 2019**

|                       |          |
|-----------------------|----------|
| <i>Finding Number</i> | 2019-001 |
|-----------------------|----------|

**Cash Reconciliation  
Internal Control Deficiency**

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) 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 Office is responsible for reconciling the book (fund) balance to the total bank balance monthly, and the Board and/or administrator are responsible for reviewing the reconciliations and related support.

The Fiscal Office did not perform cash reconciliations monthly during our audit period. The Uniform Accounting Network (UAN) shows the date the Fiscal Office posted the monthly reconciliations. This post date is an indication that the Fiscal Office has finalized the monthly reconciliation. In 2017 the Fiscal Office did not post the January monthly reconciliation until August 2017. The remaining months were not posted until March 1 through March 3, 2018. The 2018 monthly reconciliations were not posted to UAN until December 17, 2018, through March 5, 2019. The 2019 monthly reconciliations were not posted in UAN until December 17, 2019, through March 1, 2020.

The Board did not receive any financial information, such as monthly budget/actual reports or cash reconciliations to review.

Failure to reconcile monthly increases the possibility that the Township 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 Office should record all transactions and prepare monthly bank to book cash reconciliations timely, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected timely. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

**Officials' Response:**

As of 2021, the Township has completed monthly cash reconciliations, which are recorded in UAN.

**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017, 2018 and 2019  
(Continued)**

|                       |          |
|-----------------------|----------|
| <i>Finding Number</i> | 2019-002 |
|-----------------------|----------|

**149. 42 – Public Records Commission  
Non-Compliance Citation**

Ohio Rev. Code § 149.42 provides, in part, that each township creates a township records commission, composed of the chairperson of the board of township trustees and the fiscal officer of the township. The commission shall meet at least once every twelve months and upon the call of the chairperson.

The Township did not create a records commission during our audit period and therefore did not meet once every twelve months as required by state statute due to deficiencies in the Township's public records retention procedures. Public records could be improperly maintained or destroyed because of the deficiencies.

The Township must establish a records commission and should monitor the scheduling of record commission meetings to help ensure meetings are held as required by Ohio Rev. Code Chapter 149.

**Officials' Response:**

While we have made significant improvements, including adopting an approved records retention policy, as recommended by the OHS, which governs permitted destruction, we will establish a records commission moving forward.

|                       |          |
|-----------------------|----------|
| <i>Finding Number</i> | 2019-003 |
|-----------------------|----------|

**Proper Maintenance of Accounting Records and Preparation of Financial Statements  
Internal Control Deficiency**

In our engagement letter, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

While the Township filed classified financial statements and footnotes with the Auditor of State initially, due to the lack of proper cash reconciliation the Township hired consultants to reconstruct the Township's ledgers and financial statements. The consultants identified approximately 64 adjustments to the year-ended December 31, 2017 financial statements, approximately 33 adjustments to the year-ended December 31, 2018 financial statements, and approximately 28 adjustments to the year-ended December 31, 2019 financial statements. These adjustments include, but are not limited to unrecorded EMS receipts, checks voided in UAN but cleared the bank, duplicate receipts, and Homestead and Rollback revenue not posted.

The final financial statements presented for audit were in an unclassified format, presenting only total revenues and expenditures. Furthermore, these financial statements did not present footnotes.

**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017, 2018 and 2019  
(Continued)**

While reviewing the expenditure ledgers, the auditors noted the Fiscal Office was posting transactions to improper functions/programs. While no adjustments were presented for these misclassifications due to the final financial statements being presented in an unclassified format, misclassifying expenditures at the program level will ultimately result in the Board being unable to track cash position for each service (Fire, Police, and Road) properly. The Board subsidized many of these services through the general fund, paying for such things as repair, overtime, and professional services. When doing so, the Fiscal Office posted these expenditures to the General Government program, instead of to the correct programs such as Public Safety or Road maintenance.

Failure to post expenditures to the proper program does not allow the Board of Trustees to monitor the true expenditures for each service. This could lead to issues when negotiating collective bargaining agreements and/or determining the proper millage when requesting voters to approve levies.

We recommend the Township obtain training of the Board and Fiscal Office to ensure accounting records are maintained properly. The Board should be reviewing budgetary documentation, cash reconciliations, and other financial information deemed necessary to ensure accounting records are maintained properly. Additionally, we recommend the Township implement procedures to ensure the financial statements and footnotes are presented properly. This would include procedures requiring expenditures to be posted to the proper program on the classified financial statements.

**Officials' Response:**

In 2020, the Township hired a consultant to assist with reconstructing account statements and ledgers. The Board of Trustees reviews and approves monthly cash reconciliations and receives monthly management reports to help ensure accounting records are properly maintained. Since 2021, Hinkle Notes (footnotes) have been completed and submitted to the Auditor of State (AOS).

|                       |          |
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| <i>Finding Number</i> | 2019-004 |
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**Fire Loss Claims Proceeds  
Noncompliance / Internal Control Deficiency**

Ohio Rev. Code § 3929.86(C) states in part,

*"When the loss agreed to between the named insured or insureds and the company or companies equals or exceeds sixty per cent of the aggregate limits of liability on all fire policies covering the building or structure, the insurance company or companies, in accordance with division (F) of section [715.26](#) or division (G) of section [505.86](#) of the Revised Code, shall transfer from the insurance proceeds to the designated officer of the municipal corporation or township in the aggregate two thousand dollars for each fifteen thousand dollars, and each fraction of that amount, of a claim, or, if, at the time of a proof of loss agreed to between the named insured or insureds and the insurance company or companies, the named insured or insureds have submitted a contractor's signed estimate of the costs of removing, repairing, or securing the building or other structure, shall transfer from the insurance proceeds the amount specified in the estimate.*

**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017, 2018 and 2019  
(Continued)**

*The transfer of proceeds shall be on a pro rata basis by all companies insuring the building or other structure. Policy proceeds remaining after the transfer to the municipal corporation or township shall be disbursed in accordance with the policy terms."*

Additionally, Section (D) states in part,

*"Upon receipt of proceeds by the municipal corporation or township as authorized by this section, the designated officer shall place the proceeds in a separate fund to be used solely as security against the total cost of removing, repairing, or securing incurred by the municipal corporation or township pursuant to section [715.261](#) or [505.86](#) of the Revised Code."*

Furthermore, the Township adopted Resolution 11-128 which authorized the Township to use the provisions and procedures set forth in Ohio Rev. Code § 3929.86(C) and (D).

On December 13, 2016, the Township received a security deposit, in accordance with Ohio Rev. Code § 3929.86(C), in the amount of \$46,000 from the Cincinnati Insurance Company. These monies were recorded in the accounting system into the General Fund, rather than in a separate fund. Subsequently, Cincinnati Insurance Company provided proof the property damaged by the fire was removed and repaired, so the Township remitted \$46,000 back to the Company on August 24, 2017, and recorded the transaction as a disbursement from the General Fund.

The Township did not properly account for these monies in accordance with Ohio Rev. Code § 3929.86(D). Failure to properly account for these monies could result in the Township misusing the security deposit. The Township should implement proper controls to ensure they are following Ohio Rev. Code § 3929.86 (C) and (D).

**Officials' Response:**

The township has controls in place and is complying with O.R.C. 3929.86(C) and (C) as well as using a separate fund in UAN.

|                       |          |
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| <i>Finding Number</i> | 2019-005 |
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**Collection of Leaves – Road Department  
Non-Compliance/Internal Control Deficiency**

Ohio Rev. Code § 505.79 states the board of township trustees "may acquire, maintain, and operate equipment and facilities for the collection and disposal of tree leaves. The cost of providing this service shall be paid from the general fund of the township, from the waste collection fund of the township created under section 505.31 of the Revised Code, or from any fund created pursuant to section 505.29 of the Revised Code into which moneys arising from tax levies under that section are deposited."

Ohio Rev. Code § 5728.06(A), in part, provides that "for the following purposes, an excise tax is hereby imposed on the use of motor fuel to operate on the public highways of this state: to enable the municipal corporations to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to purchase, erect, and maintain traffic lights and signals; and to pay the interest, principal, and charges on bonds and other obligations issued pursuant to Section 2i of Article VIII, Ohio Constitution, and sections 5528.30 and 5528.31 of the Revised Code."



**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017, 2018 and 2019  
(Continued)**

Lastly, Ohio Rev. Code § 4503.02 provides that “an annual license tax is hereby levied upon the operation of motor vehicles on the public roads or highways. Such a tax, in part, is for the purpose of enforcing and paying the expense of administering the law relative to the registration and operation of such vehicles; planning, constructing, maintaining, and repairing public roads, highways, and streets; maintaining and repairing bridges and viaducts; paying the counties' proportion of the cost and expenses of cooperating with the department of transportation in the planning, improvement, and construction of state highways; paying the counties' portion of the compensation, damages, cost, and expenses of planning, constructing, reconstructing, improving, maintaining, and repairing roads; paying the principal, interest, and charges on county bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for highway improvements; enabling municipal corporations to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; and paying the principal, interest, and other charges on municipal bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for highway improvements.”

The Road Department, through the approval of the Board of Trustees, offer to collect leaves from the street curbs of residential properties in the fall of each year. The collection process is paid for out of the various Road Funds, including the above noted license tax and fuel excise tax monies.

While these funds might otherwise be used to pay for the collection of leaves from a street curb, Ohio Rev. Code § 505.79 limits the funds that can be used by a township to pay for the collection and disposal of leaves (“the cost of providing this service *shall be paid from* the general fund . . . [or other specific funds of the township]”). Therefore, the use of license tax and fuel excise tax monies to pay for the collection and disposal of leaves by the Road Department was inappropriate.

Additionally, the Township did not require the Road employees to track time or maintain documentation of other costs associated with the collection of leaves. .

By not maintaining any documentation to track the time spent or other costs, such as fuel and equipment maintenance related to the collection of leaves, results in the Road Department inappropriately allocating these costs to Road Funds. While we are unable to determine the actual leaf collection costs allocated to these funds for the audit period, the Township must correct this issue going forward. In future audits, findings for adjustment will be issued against the General Fund in favor of any inappropriately utilized Road Funds based on an estimate of cost and time spent on such activity.

We recommend the Township implement a process to track the time and costs associated with the collection and disposal of leaves and pay for this leaf collection and disposal program from the funds permitted by Ohio Rev. Code § 505.79.

**Officials’ Response:**

The Township has acknowledged this finding; action has been taken to correct the issues identified. The Township has implemented the Auditor’s recommendations, established proper tracking of labor and equipment costs, and ensured that charges are allocated to the appropriate funds in compliance with legal requirements. These actions have been completed and incorporated into ongoing operations to prevent recurrence.

**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017, 2018 and 2019  
(Continued)**

|                       |          |
|-----------------------|----------|
| <i>Finding Number</i> | 2019-006 |
|-----------------------|----------|

**Sales Tax  
Non-compliance/Internal Control Deficiency**

Ohio Rev. Code § 5739.02(A) imposes an excise tax, commonly referred to as a sales tax, on each retail sale made in the State of Ohio. Ohio Rev. Code § 5739.02(B)(1) explicitly exempts sales to the State of Ohio or any of its political subdivisions from this excise tax. "Political subdivision," while not expressly defined in Chapter 5739, has been generally understood by Ohio courts to include: municipal corporations, townships, counties, school districts, or other bodies corporate and politic responsible for governmental activities in a geographic area smaller than that of the state. Therefore, Franklin Township qualifies for this exemption.

Sales tax erroneously paid by a political subdivision, exempt from the sales tax under Ohio Rev. Code § 5739.02(B)(1), constitutes money owed to the political subdivision by virtue of the sales tax refund process provided for in Ohio Rev. Code § 5739.07. Under this refund process, a person has a legal right to claim and receive a refund for sales tax erroneously paid on a purchase that was properly subject to exemption. Generally, any refund application filed with the Tax Commissioner must be filed within four years from the date of the erroneous payment and is subject to the rules outlined in Ohio Admin. Code § 5703-9-07.

Further, at the August 23, 2018, Board of Trustees meeting, the following motion was approved: *no Township employee shall make purchases which incur sales tax*. Also, at the same meeting, the following motion was approved: *any Township employee who makes a purchase which incurs sales tax must attempt to reimburse the Township for the sale tax charges*.

We noted 83 credit/debit card transactions in which sales tax was paid during our audit period. While the fiscal office collected some of the sales tax paid, not all were collected.

This meant the Township did not utilize the exemption provided for in Ohio Rev. Code § 5739.02(B)(1) and violated the motion passed at the August 23, 2018 board meeting.

We recommend the Board of Trustees adopt formal policies to help reduce the number of transactions in which sales tax is paid. In addition, procedures should be implemented to ensure: (1) employees are reimbursing the Township in accordance with the motion passed by the Board at the August 23, 2018, meeting and/or (2) the township fiscal office is utilizing the above stated refund process to recover inappropriately paid sales tax from venders or the Ohio Department of Taxation.

**Officials' Response:**

The Township has acknowledged this finding, and the Fiscal Office has taken action to address the issues identified. The department has implemented the Auditor's recommendations, strengthened purchasing and reimbursement procedures, and ensured sales-tax-exempt purchasing practices are consistently followed. These corrective actions have been completed and incorporated into ongoing operations to prevent recurrence.

**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017, 2018 and 2019  
(Continued)**

|                       |          |
|-----------------------|----------|
| <i>Finding Number</i> | 2019-007 |
|-----------------------|----------|

**Establishment of Funds**

**Non-Compliance/Internal Control Deficiency**

As noted in the Ohio Township Handbook and in accordance with Ohio Rev. Code § 5705.12, the Auditor of State, in consultation of the Tax Commissioner, must approve all new funds established by a local government. Such is in addition to funds established under Ohio Rev. Code § 5705.09, 5705.121, 5705.13, and 5705.131.

General statutory requirements for the creation of funds are found in Ohio Rev. Code § 5705.09. This Revised Code section states:

Each subdivision shall establish the following funds:

- (A) General fund;
- (B) Sinking fund whenever the subdivision has outstanding bonds other than serial bonds;
- (C) Bond retirement fund, for the retirement of serial bonds, notes, or certificates of indebtedness;
- (D) A special fund for each special levy;
- (E) A special bond fund for each bond issue;
- (F) A special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose;
- (G) A special fund for each public utility operated by a subdivision;
- (H) A trust fund for any amount received by a subdivision in trust.

Based on this statute, it is unnecessary to request permission from the Auditor of State to establish a new fund when the purpose of the fund will be to record and expend the proceeds of debt, to account for a new grant whose use is restricted to a particular purpose or to account for money received in trust.

It is necessary to submit requests to the Auditor of State when the creation of the fund is not specifically authorized by statute or when the purpose of the fund is not identified in Ohio Rev. Code § 5705.09(A) - (H). Situations in which it would be appropriate to submit requests include: 1) when management wishes to create a new fund in order to capture additional financial information about a specific source of revenue or a specific activity; 2) when the fund will be used to account for restricted gifts or bequests that will not be held in trust; and 3) when management wants to impose internal restrictions on the use of otherwise unrestricted resources.

**Donations**

The Township received donations for National Night Out, an annual event held by the Township. The Fiscal Office used a cost center (CC) in the General Fund to track the receipts related to these donations, however, there was not a CC used when these monies were expended.

By not using the same CC or designating a CC for National Night Out expenditures, the Fiscal Office and Board of Trustees were not able to track all activity associated with the event.

**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017, 2018 and 2019  
(Continued)**

This could lead to monies donated for a specific purpose being spent on general operations or on expenditures not associated with National Night Out.

We recommend the Township ensure there is a CC used for the expenditures associated with each type of donation. This allows the Township to demonstrate to the public that such monies were spent in accordance with any restriction placed on a donation. Additionally, it allows the Board of Trustees to monitor the budget activity of the National Night Out event.

**Internal Restrictions**

The Board of Trustees, through various resolutions, place internal restrictions on the use of monies received from various resources. During the audit period there were two significant restrictions noted in the minutes. The Township received numerous donated properties from the Central Ohio Community Improvement Corporation. These properties were, in turn, sold by the Township. At the December 21, 2018, special meeting, the Board passed resolution 18-258, which states “be it resolved by the Board of Trustees of Franklin Township, Franklin County, Ohio that the Board approves any funds received from the selling of Township owned properties will be earmarked for potential properties purchased for future capital improvements.”

The Fiscal Office did not place a cost center on the revenues or expenditures associated with resolution 18-258. As such, the Township was unable to ensure the monies were used only for capital improvements. Furthermore, the Board did not have a policy in place addressing the order in which fund balances are to be used.

In addition to resolution 18-258, the Board passed three different resolutions regarding fees received from the fines received from tickets generated by speed cameras. Under Ohio Rev. Code, these fines are civil fines in nature and required no restrictions on use of funds received. However, the Township passed the following resolutions:

- Resolution 18-135 stated “be it resolved by the Board of Trustees of Franklin Township, Franklin County, Ohio that the Board approves the following distribution of traffic camera revenue: 60% Police Department (School Safety), 10% Road Department, 28% General Fund, 2% Community Scholarship Fund”,
- At the April 4, 2019, Board meeting the Board of Trustees amended Resolution 18-135 to state, “be it resolved by the Board of Trustees of Franklin Township, Franklin County, Ohio that the Board approves the following distribution of traffic camera revenue: 58% Police Department, 10% Road Department, 28% General Fund, 2% Community Scholarship Fund, 2% *Community Involvement*”
- Resolution 18-135 was again amended at the August 15, 2019, meeting to state 59% Police Department, 2% Community Scholarship Fund, 2% *Community Involvement*. *This excludes the 37% of revenues paid to a third party for the administration of the camera(s). associated with the Administrative Fee:*

The Board of Trustees did not specify what the Road Department, Community Involvement, or General Fund allocations were to be used for when passing the resolutions. According to the receipt ledger, the Road Department monies were placed in the Road and Bridge Fund, thus placing the same restrictions on those funds as required under law. The Community Involvement and Community Scholarship monies were placed in the Police Levy Fund.

**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017, 2018 and 2019  
(Continued)**

Each allocation of the camera fees was documented in the receipt ledger with a specific cost center assigned, however, no expenditures were assigned a designated cost center to allow the Departments and Board to monitor how the monies were being expended.

We recommend that when the Board passes a resolution to designate funding resources, such resolutions should be more detailed regarding what restrictions are placed on each source of revenue. This will allow the public to understand what the Board is attempting to do with the monies, as well as allow the Board to properly monitor the spending of these monies. We recommend the Township establish CC's for both the revenues and expenditures in which the Trustees designate for specific use.

**Building Fund**

The Township had established a Building Fund prior to the audit period. The Building Fund was funded by permit fees for commercial properties. Ohio Rev. Code § 3781.102(E) allows a Township to establish a permit fee but does not place any restrictions upon these funding resources. Additionally, the Township was not able to provide us with any internal restrictions placed on the funds or any indication that the Building Fund's establishment was approved by the Auditor of State Office.

By establishing a fund that is not required under Ohio Rev. Code § 5705.09 or expressly permitted by other statutes or receiving proper approval from the Auditor of State Office in accordance with Ohio Rev. Code § 5705.12, has led to the establishment of an unauthorized fund.

We recommend the Board and Fiscal Office gain the knowledge needed through training, review of the Ohio Township Handbook and other sources available to provide the required knowledge of how to account for financial activity properly.

**Officials' Response:**

The Township has since removed the "Building Fund" as suggested by the AOS.

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| <i>Finding Number</i> | 2019-008 |
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**Reimbursement of Services and Maintaining Proper Payroll Records  
Non-compliance/Internal Control Deficiency**

As noted in the Ohio Compliance Supplement Manual, Implementation Guide, Appendix A, "Interfund services provided and used," as defined in GASB Cod. 1800.102, do not qualify as transfers. GASB classifies Interfund services provided and used as exchange transactions, related to services "purchased and sold" between funds. Most payments to internal service funds, as described in GASB Cod. C50.130, are examples of interfund services provided and used.

Subdivisions should report these transactions as disbursements in the paying fund (i.e., charge the function, etc. benefiting from the exchange) and receipts in the fund providing the service or asset, etc. Subdivisions should not classify these as transfers; rather, they are often charges for services.

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Ohio Rev. Code § 5705.10(A) states that “all revenue derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law, shall be paid into the general fund.”

Ohio Rev. Code § 5705.10(D) provides in part that “all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.”

The purpose of the Fire Levy states “providing and maintaining fire apparatus, mechanical resuscitators, underwater rescue and recovery equipment, or other fire equipment and appliances, buildings, and sites therefor, or sources of water supply and materials therefor, for the establishment and maintenance of lines of fire-alarm communications, for the payment of firefighting companies or permanent, part-time, or volunteer firefighting, emergency medical service, administrative, or communications personnel to operate the same, including the payment of any employer contributions required for such personnel under section 145.48 or 742.34 of the Revised Code, for the purchase of ambulance equipment, for the provision of ambulance, paramedic, or other emergency medical services operated by a fire department or firefighting company, or for the payment of other related costs.”

Ohio Rev. Code § 5728.06(A), in part, provides that for the following purposes, “an excise tax is hereby imposed on the use of motor fuel to operate on the public highways of this state: to enable the municipal corporations to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to purchase, erect, and maintain traffic lights and signals; and to pay the interest, principal, and charges on bonds and other obligations issued pursuant to Section 2i of Article VIII, Ohio Constitution, and sections 5528.30 and 5528.31 of the Revised Code.”

Ohio Rev. Code § 4503.02 provides that “an annual license tax is hereby levied upon the operation of motor vehicles on the public roads or highways. Such a tax, in part, is for the purpose of enforcing and paying the expense of administering the law relative to the registration and operation of such vehicles; planning, constructing, maintaining, and repairing public roads, highways, and streets; maintaining and repairing bridges and viaducts; paying the counties' proportion of the cost and expenses of cooperating with the department of transportation in the planning, improvement, and construction of state highways; paying the counties' portion of the compensation, damages, cost, and expenses of planning, constructing, reconstructing, improving, maintaining, and repairing roads; paying the principal, interest, and charges on county bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for highway improvements; enabling municipal corporations to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; and paying the principal, interest, and other charges on municipal bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for highway improvements.”

Ohio Rev. Code § 5705.19(G) states, in part, “the taxing authority of any subdivision at any time and in any year, by vote of two-thirds of all the members of the taxing authority, may declare by resolution and certify the resolution to the board of elections not less than ninety days before the election upon which it will be voted that the amount of taxes that may be raised within the ten-mill limitation will be insufficient to provide for the necessary requirements of the subdivision and that it is necessary to levy a tax in excess of that limitation . . . for the general construction, reconstruction, resurfacing, and repair of streets, roads, and bridges in municipal corporations, counties, or townships.”

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(Continued)**

Throughout the audit period we became aware of the Board of Trustees requesting the Road Department, the Fire Prevention Officer, and the Fire Chief to perform services that were not in compliance with the various restrictions placed on the revenues received by the Road Department; including, but not limited to Gas Tax, Motor Vehicle License Tax, Road and Bridge Funds, and the Fire Tax Levy.

The following were services provided by the Road Department, Fire Prevention Officer, and Fire Chief that were not in compliance with the restrictions placed on the funding sources noted above.

**Fire Prevention Officer**

The Fire Prevention Officer also assisted with the Building Department, however, the Prevention Officer was paid 100% out of the Fire Tax Levy fund each bi-weekly pay period. During the audit period the Township wrote three separate checks in the amounts of \$34,206 (check #45613), \$34,206 (check #48766), and \$39,466 (check #61475) from the Building Fund to reimburse the Fire Levy Fund for the Fire Prevention Officer's alleged time spent on building activity. Checks 48766 and 61475 were processed in November of 2018 and 2019 for alleged services provided in calendar years-ended December 31, 2018, and 2019. While check 45613 was processed in February 2018 for alleged services performed in 2017.

The Fire Prevention Officer was not required to track the time spent on Building Fund activity separately from Fire activity. Additionally, there was no support showing how the Fiscal Officer determined the amount to be reimbursed, i.e. was the amount reimbursed based on the Fire Prevention Officer's entire salary and benefits.

Based on the lack of documentation, we were unable to determine the completeness and accuracy of the amounts reimbursed from the Building Fund to the Fire Levy Fund. Failure to maintain the proper documentation supporting time spent on Building and Fire activities separately led to the Township spending monies out of the Fire Levy Fund that was not in compliance with the purpose of the Fire Levy.

We recommend the Township establish the proper policies and procedures to track time the Fire Prevention Officer spends on Building activity separately from Fire activity. This would also include maintaining documentation of how the amount reimbursed was calculated.

**Fire Chief**

During the audit, we learned the Fire Chief was required to perform many duties that impacted the Township as a whole and not just the Fire Department. These duties included, but were not limited to: negotiating health, dental and vision contracts for all employees of the Township, handling worker's compensation claims for the entire Township, and overseeing the Township's technology needs.

Although the Fire Chief was required to perform duties outside of their responsibilities as Fire Chief, they were paid 100% of their salary and benefits from the Fire Levy Fund. The Fire Chief was not required to document time spent performing duties outside of the role as Fire Chief.

Requiring the Fire Chief to perform administrative duties that impact the entire Township has resulted in the Township violating the purpose of the Fire Levy.

We recommend the Board of Trustees be aware of the responsibilities placed on employees. The Township should adopt policies and procedures to ensure time spent outside of normal duties are not paid from restricted resources that do not cover those duties.

**Road Department**

During our review of the minutes and interview with the Road Superintendent, we discovered the Board of Trustees required the Road Department to perform duties that were not related to maintaining or repairing roads as required by Ohio Rev. Code § 5728.06(A), 4503.02, and 5705.19(G). These activities included, but were not limited to: moving the Fiscal Office from one place to another, remodeling bathrooms in the

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Administrative Office that housed the Fire Prevention Officer, Police, Road Superintendent, and some administrative employees, preparing land to house the Police Office, mowing and clean-up of properties within the Township in accordance with Ohio Rev. Code § 505.87, and general maintenance around the Township.

The Road Superintendent maintained documentation, such as the number of employees and hours, as well as estimated indirect cost, such as fuel, usage of Township equipment, etc., for many of the services the Road Department provided to the Township. The Township initially paid the Road employees' salaries out of the Gasoline Tax and the Road and Bridge Funds, while paying employee benefits, such as retirement, health insurance, etc., out of the Permissive Motor Vehicle License Tax and Motor Vehicle License Tax Funds.

Once a year, the Road Superintendent would submit requests to the Fiscal Office to reimburse the Road Department for services related to Ohio Rev. Code § 505.87, as well as the mowing of Township property and Georgesville Road. In addition to the work completed for Ohio Rev. Code § 505.87 and mowing services, the Road Superintendent also submitted a request to be reimbursed for services related to demolition of Township owned properties (2017), and clearing land for the new Police Station (2019).

While requesting reimbursement for these services, the Road Superintendent was instructed to request payment for these services be placed in the Road Fund with the lowest fund balance, as opposed to the funds in which salary and benefits were initially paid. As such, we determined the allocation of yearly salary and benefit across the various Road Funds; Motor Vehicle License Tax (MVLT), Gas Tax (Gas), Road and Bridge Fund (R&B), and Permissive Motor Vehicle License (PMVL) and compared to the funds in which monies were reimbursed. For instance, in 2019, following the instructions of requesting monies be reimbursed to the lowest the Road Superintendent requested a transfer of \$20,585 to the Gas Tax Fund for mowing services. However, in 2019, we calculated the Road Department's salary and benefits were allocated across the following funds, MVLT (4%), Gas Tax (42%), R&B (43%) and PMVL (11%). This resulted in adjustment to move \$11,665 from the Gas Tax to MVLT; \$726, R&B; \$8,590, and PMVL; \$2,349. In addition, the Fiscal Office treated these interfund services as transfers, however, as noted above the Fiscal Officer should treat these as receipts in the various Road Funds and expenditures to the General Fund.

Additionally, we noted the Road Superintendent requested a reimbursement in the amount of \$6,819 for mowing of Township properties in 2018 that was not recorded by the Fiscal Office per review of the receipt and expenditure ledgers. In 2019, the Road Superintendent requested a \$22,091 reimbursement for the services provided for clearing land for the new Police Station, however, only \$20,585 was reimbursed by the Fiscal Office.

Based on these facts, we have proposed adjustments, which were made by the Fiscal Office, to properly allocate funds received for these funds to the funds that initially reflected the expenses. The following adjustments were made to the financial records, in aggregate, for the audit period:

| Fund                            | Amount        |
|---------------------------------|---------------|
| Motor Vehicle Lics. Tax         | \$ 4,071.56   |
| Gas Tax                         | \$ 2,759.16   |
| Road and Bridge                 | \$ (4,169.86) |
| Permissive Motor Vehicle<br>Lic | \$ 5,664.14   |
| General Fund                    | \$ (8,325.00) |



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Finally, the Township did not have any support to show the time spent by the Road Department performing the services of moving the Fiscal Office or remodeling the Administrative Office's bathrooms. As such, we were unable to propose an adjustment for these services.

The Board of Trustees should understand the restrictions placed on the Road Department's funding resources and ensure they are complying with these restrictions when requiring the Road Department to perform certain duties. Additionally, the Township should implement a process to ensure the reimbursements are accounted for under accounting standards, as well as ensure reimbursements are made by the Fiscal Office. This may include expending payroll out of the General Fund when the Road Department is performing services that are not in compliance with the restrictions placed on the funding resources.

**Officials' Response:**

- The Building Department is now administered by the Administrative Assistant rather than the Fire Prevention Captain.
- The Fire Chief's duties are now limited exclusively to matters directly related to the Fire Department and no longer include responsibilities associated with other Township departments.
- The Road Department now tracks the specific hours spent on road-related work versus non-road-related work to ensure that all labor costs are charged to the appropriate funds.

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**Police Department Fees – Tracking and Oversight  
Internal Control Deficiency**

Sound internal controls require Departments to track and perform oversight, through invoices or other forms of documentation, for over-the-counter fees, fines, and services. This tracking and oversight should include, but not be limited to, ensuring all fees charged were collected, an outstanding list is maintained, where applicable, and ensuring receipts are properly posted to the correct fund.

**Annual and False Alarm Fees**

The Police Department assessed annual monitoring and false alarm fees. The false alarm fees are assessed in accordance with Ohio Rev. Code §505.511, which states, in part,

*“(A) A board of township trustees that operates a township police department, the board of township trustees of a township police district, or a joint police district board may, after police constables, the township police, a law enforcement agency with which the township contracts for police services, the joint police district police, and the county sheriff or the sheriff's deputy have answered a combined total of three false alarms from the same commercial or residential security alarm system within the township in the same calendar year, cause the township fiscal officer to mail the manager of the commercial establishment or the occupant, lessee, agent, or tenant of the residence a bill for each subsequent false alarm from the same alarm system during that year, to defray the costs incurred. The bill's amount shall be as follows:*

*(1) For the fourth false alarm of that year \_\_\_\_\_ \$50.00;*

*(2) For the fifth false alarm of that year \_\_\_\_\_ \$100.00;*

*(3) For all false alarms in that year occurring after the fifth false alarm \_\_\_\_\_ \$150.00.*

*If payment of the bill is not received within thirty days, the township fiscal officer or joint police district treasurer shall send a notice by certified mail to the manager and to the owner, if different, of the real estate of which the commercial establishment is a part, or to the occupant, lessee, agent, or tenant and to the owner, if different, of the real estate of which the residence is a part,*

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*indicating that failure to pay the bill within thirty days, or to show just cause why the bill should not be paid, will result in the assessment of a lien upon the real estate in the amount of the bill. If payment is not received within those thirty days or if just cause is not shown, the amount of the bill shall be entered upon the tax duplicate, shall be a lien upon the real estate from the date of the entry, and shall be collected as other taxes and returned to the township treasury to be earmarked for use for police services.*

*The board of township trustees shall not cause the township fiscal officer, or the joint police district board shall not cause the joint police district treasurer, to send a bill pursuant to this division if a bill has already been sent pursuant to division (B) of this section for the same false alarm.*

*(C) As used in this section, "commercial establishment" has the same meaning as in section [505.391](#) of the Revised Code."*

In addition to the false alarm fees the Township required an annual fee of \$35 per commercial property for monitoring alarms.

Police Officers tracked false alarms and notified the Administrative Secretary of each false alarm. The Administrative Secretary tracked the number of false alarms through a spreadsheet; however, auditors were not able to obtain a complete spreadsheet for 2017, 2018 or 2019. As such, auditors were not able to determine the completeness of annual monitoring or false alarm fees.

Failure to completely track annual monitoring or false alarm fees prohibits the Township from determining if all fees were properly billed and collected. Furthermore, this could lead to the misuse of monies.

We recommend the Township adopt formal policies and procedures over the annual monitoring and false alarm fees. The policy should ensure the Township is complying with Ohio Rev. Code §505.511. The procedures adopted should require such things as tracking all false alarms, tracking opening and closing of commercial properties located within the Township, as well as tracking receipts associated with the monitoring and false alarms fees to ensure any outstanding balances are followed up on.

**Impounds**

During the audit period the police impounded cars for various reasons. Impound fees for storage and towing are established by Ohio Admin. Code 4901:2-24-03. The Board of Trustees also charged an administrative fee for impounded cars: \$30 per car from January through August 2017, then in August 2017 the fee increased to \$50 per impound.

The increased fee in August 2017 was not approved by the Board of Trustees. The Police Department did track impounded cars and their release separately from the information documented by the Administrative Secretary. However, no control was in place to ensure the amounts collected by the Administrative Secretary reconciled with the information maintained by the Police Department.

We recommend the Board formerly adopt fee increases and implement policies and procedures to allow proper monitoring of this financial activity. We recommend the Township reconcile information maintained by the Police Department to the fees collected by the Administrative Secretary.

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**Police Reports**

The Police Department assessed a \$4 fee for each police report requested and allowed organizations such as Law firms, to request monthly reports for a fee of \$125. An individual could request a police report directly from the Township, which was generated by the Administrative Secretary, or requested from Lexis Nexis, statewide software company used to document police reports. If requested through Lexis Nexis, and the report was available online, Lexis Nexis would send a check for all monthly report requests.

The Administrative Secretary's only tracking of police reports requested were manual receipts given to individuals upon payment for services. The Administrative Secretary used one receipt book to document all Police fees. The detail submitted with the payment from Lexis Nexis did not detail the number of reports requested online.

Failure to track police report requests did not allow the Police Department and Fiscal Office to monitor the completeness of requested reports and the revenue this activity generated.

We recommend the Township implement a process to track report requests. This could include but not be limited to requiring individuals to formally request police reports on a pre-numbered form or assigning sequential numbers to report requests and tracking said requests on a spreadsheet. We further recommend the Township contact Lexis Nexis to determine if more detail can be provided to allow the Township to ensure Lexis Nexis has provided the Township with the proper payment.

Finally, the Fiscal Office did not provide the Police Department with any financial information. During the reconstruction of the financial records, it was noted that some police fees were posted to the General Fund, instead of the Police Levy Fund.

We recommend the Fiscal Office provide the Police Department with financial data monthly, at a minimum. The Police Department should review, and provide evidence of their review, of the financial information to ensure data is complete and accurate.

**Officials' Response:**

- Annual and False Alarm Fees: Since the hiring of the new Administrative Assistant in 2021, annual permit fees and false alarm fees have been consistently recorded and tracked on a dedicated spreadsheet. Beginning in 2024, any unpaid fees are assessed to the property as special assessments and added to the property tax bill, ensuring proper collection and accountability.
- Impounds: The Township no longer collects impound fees directly. These fees are now paid directly to the impound lot. The impound lot submits payments to the Township weekly in a locked money bag, accompanied by a tracking sheet to verify and reconcile the amounts collected each week. This four person check process strengthens internal controls and ensures accurate documentation.

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**Building Permits – Oversight  
Internal Control Deficiency**

The Township has established building codes in accordance with Ohio Rev. Code § 505.73 and collects fees associated with permits submitted to the Township for approval. The Township maintains an excel spreadsheet tracking each building plan submitted. This spreadsheet shows the project number assigned, business name, address, cost of project, type of project, date plans were received by the Township, date in which plans were submitted to third party administrator for review, date plan was approved, date plans were picked up by business/contractor, as well as various other items such as number of inspections, invoice is four times original cost due to construction being prior to plan approval, etc.

The Administrative Secretary, as well as the Fire Prevention Officer, oversaw the collection of the Building Permits. The Administrative Secretary maintained the spreadsheet and collected most of the receipts; others such as the Fire Prevention Officer, Township Administrator, Fiscal Officer, and Fire Chief also collected some of the fees when the Administrative Secretary was not available. There was no control requiring someone other than the Administrative Secretary to monitor the spreadsheet to determine the completeness and accuracy of the information input to the spreadsheet. Furthermore, the spreadsheet did not maintain information regarding the receipt of fees collected for each project. Several issues were noted regarding the collection of fees which included, but were not limited to, the following:

- 10 out of 48 permits issued in 2017, 11 out of 77 permits issued in 2018, and 11 out of 66 permits issued in 2019 appear to have outstanding balances.
- Approximately \$350 collected for fire inspections that should have been posted to the Building Fund were improperly posted to the Fire Levy Fund.
- 19 out of 48 permits issued in 2017, 10 out of 77 permits issued in 2018, and 7 out of 66 permits issued in 2019 appear to have received more fees than the invoices associated with the projects.
- Three duplicate receipts were posted to UAN in 2017 totaling \$18,264.

The lack of oversight potentially resulted in the overcollection of fees. Additionally, outstanding permit fees were not followed up on, which could result in construction being performed without any inspections. Also, the lack of oversight led to duplicate receipts being posted to UAN. Finally, without the proper written procedures and oversight, the Township is collecting fire inspection receipts and not posting to the proper fund.

We recommend the Township adopt formal policies and procedures regarding the tracking of permit fees. This should include requiring someone to monitor the tracking mechanism to determine the completeness and accuracy of the data input, as well as, tracking receipts per project to allow the Township to track outstanding permits, which should be followed up by the Township, and any potential overpayments. The Fiscal Office should provide the Building Department with monthly financial data to allow the Department to review financial data for completeness and accuracy to help prevent duplicate postings.

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**Officials' Response:**

Permit logs, fee verification, and receipt reconciliation improvements have been implemented.

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**Building Department Deposits  
Non-compliance/Internal Control Deficiencies**

At the December 13, 2017 Board of Trustees meeting, the Board passed the following resolution, 17-379, be it resolved by the Board of Trustees of Franklin Township, Franklin County, Ohio, that the Board approves to accept the changes to the Building Department Fee Schedule:1: non-refundable deposit of \$250.00 2: Occupancy Permit Fee of \$100.00 3: Transfer of permit fee will be \$100.00 4: Permit Renewal will be \$100.00: Day Temporary Certificate of Occupancy will be \$250.00.We were unable to locate any resolution establishing building permit deposits prior to Resolution 17-379.

We obtained the invoices for January 1, 2017 through December 31, 2019, from the third-party administrator approving plans and creating permit invoices. The Township is required to pay an administrative fee to the third-party administrator for each plan submitted for approval.

Upon collecting a deposit, the individual collecting the deposit is to inform the third-party administrator of the amount of the deposit collected. The invoices for 33 out 48 permits issued in 2017 did not indicate any deposit collected. However, our testing of the receipts indicated 13 of the 33 had deposits associated with the permit.

In 2018, 19 out of 77 permit invoices did not document a deposit was received, our receipt testing indicated approximately 15 out of the 19 had deposits associated with the permit. In 2019, 8 out of 66 permit invoices did not document a deposit was received, our receipt testing indicated approximately 2 out of the 8 had deposits associated with the permit.

Additionally, the Township was collecting deposits that did not match the amount approved by the Board's resolution. For instance, in 2018 and 2019, several invoices; supported by receipt testing, recorded deposits in the amount of \$150. In 2018 and 2019, there were six invoices in each year that indicated deposits in the amount of \$150 or \$225.

By not collecting the deposits, the Township could potentially lose monies associated with the administrative fee and other costs, such as time spent on gathering all necessary documentation and transporting plans to the third-party administrator. Additionally, our testing demonstrates that by not informing the third-party administrator of the deposits, the Township was collecting what appears to be double deposits. Resulting in an over collection of permit fees.

We recommend the Building Department ensure that staff are aware of the deposit requirements and monitor projects to ensure deposits are being collected properly.

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DECEMBER 31, 2017, 2018 and 2019  
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**Officials' Response:**

The Township acknowledges that, in prior years, multiple individuals were involved in the handling of permits and payments, which led to inconsistencies in documentation and tracking. This process has since been corrected. At present, a single designated individual is responsible for all permit intake, fee collection, and recordkeeping. Each permit transaction—whether or not a deposit is collected at the outset—is documented with a handwritten receipt, a printed copy of the final invoice total, and is recorded in an Excel tracking spreadsheet. The Township believes these controls provide clear, consistent, and auditable tracking of all permit-related payments and related third-party invoices.

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**Deposit of Public Monies**

**Non-compliance/Internal Control Deficiency**

Ohio Rev. Code § 9.38 provides in part, all public monies received shall be deposited with the treasurer of the public office or designated depository on the business day next following the day of receipt, if the total amount of such monies received exceeds \$1,000. If the total amount of public moneys so received does not exceed \$1,000, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public monies until they are deposited...”

The Township collected fees, in the form of cash or checks only, for building permits, impound cars, false alarms, etc. The Township had no official policy regarding deposits or safeguarding of monies collected. Also, most fees were collected at the administrative office, which was located a few miles from the fiscal office. The July 2017 Board minutes noted undeposited checks and cash were found in the former Administrative Secretary's Office, and according to representatives of the fiscal office, monies were not deposited with the fiscal office or deposited at the bank daily.

Finally, in approximately March 2017, the auditors noted a money order in the amount of \$1,500; at no other time was a money order issued related to impound fees being deposited into the Township's bank account. Impound fees were required to be paid in cash only. Upon further review, auditors were able to tie this money order to several impound fees collected in January and February of 2017.

Delays of this nature resulting from deficiencies in internal control procedures could cause receipts to be lost, misplaced, or stolen without being detected in a timely manner.

The Township should draft, approve, and implement policies and procedures to help ensure timely depositing of public monies in accordance with Ohio Rev. Code § 9.38.

**Officials' Response:**

The Township has acknowledged this finding, and the Fiscal Office has implemented improved controls to ensure all public monies are deposited timely, accurately, and in accordance with statutory requirements.

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**Notary Fees**

**Non-Compliance/Internal Control Deficiency/Finding for Recovery**

On July 17, 2017, the Board approved the following: "Teresa Rodriguez and Erin Crome to become a Notary. The Township will pay for the class and items needed, not to exceed \$100.00 each. The Township is to be reimbursed for the cost of the class, if employment ends within two years of becoming a Notary."

During 2018, the Board passed resolution 18-073 "be it resolved by the Board of Trustees of Franklin Township, Franklin County, Ohio, that the Board approves to allow Jessica Rice and Robyn Watkins to become a Notary Public. The Township will pay for the class and items needed, not to exceed \$100.00 each. The Township is to be reimbursed for the cost of the class, if employment ends within two years of becoming a Notary."

Teresa Rodriguez resigned in 2018, while Jessica Rice was terminated in October 2018. The Township did not withhold or seek reimbursement for any of the \$80 each, paid for the notary classes.

We recommend the Trustees and Fiscal Office comply with policies they adopt. Furthermore, the Board and Fiscal Office should adopt procedures and controls to ensure compliance with Township policies.

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

Upon becoming aware of these concerns during the audit, the Township took corrective action and is moving toward full compliance.

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| <i>Finding Number</i> | 2019-014 |
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**Filing Financial Statements Timely**

**Non-Compliance/Internal Control Deficiency**

Ohio Rev. Code § 117.38, requires entities filing on a cash-basis file annual reports with the Auditor of State within 60 days of the fiscal year-end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of \$25 for each day the report remains unfiled, not to exceed \$750. The report shall contain the amount of: (A) receipts and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

The Township filed its annual reports on the cash basis accounting method. The 2017 report was filed on October 24, 2019, which was more than 19 months after the deadline. The 2018 report was filed on March 5, 2019, or four days late. The 2017 and 2018 filed reports appeared to be complete, meaning they included

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both the financial statements and the notes to the financial statements. While the 2019 report was filed by the deadline, it was incomplete; it included financial statements, but there were no notes to the financial statements filed with this report.

We recommend the Township implement internal controls to ensure that all annual financial reporting deadlines are met, and all financial reports include the necessary components for compliance with the Ohio Revised Code.

**Officials' Response:**

In 2020, the Township's contracted CPA assisted with ensuring timely reporting. The Township now utilizes reporting calendars, checklists, and a dual-review process to support timely and accurate filings in accordance with ORC 117.38.

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| <i>Finding Number</i> | 2019-015 |
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**Board Oversight of Credit Card Transactions  
Non-compliance/Internal Control Deficiency**

Ohio Rev. Code § 505.64(C) (2) states, in part, "if the township fiscal officer does not retain general possession and control of the credit card account and presentation instruments related to the account including cards and checks, the following applies: In a township that has not adopted a limited home rule government under Chapter 504 of the Revised Code, the fiscal officer monthly shall present to the board credit card account transaction detail from the previous month. The board shall review the credit card account transaction detail, and the chairperson of the board shall sign an attestation stating the board reviewed the credit card account transaction detail."

Additionally, Ohio Rev. Code § 505.64(G) states, "the fiscal officer or the fiscal officer's designee annually shall file a report with the board detailing all rewards received based on the use of the township's credit card account."

Article II, section 2, of the Township's credit card policy states, "the Fiscal Officer or Fiscal Officer's designee annually shall file a report with the Board detailing all rewards received based on the use of the Credit Card Accounts."

Article II, section 4, states "each month the Fiscal Officer shall present a Credit Card Account transaction detail from the previous month to the Board. The Board shall review the Credit Card Account transaction detail, and the chairperson of the Board shall sign an attestation stating the Board reviewed the Credit Card Account transactions in detail."

There is no mention in the Board minutes, after the adoption of the credit card policy on February 21, 2019, that the Board was given a detailed transaction report of all credit cards as defined by Ohio Rev. Code § 505.64. Additionally, no signed attestations were available, indicating the Board reviewed the credit card transactions. Finally, the PNC credit card received a "cash back" reward, however, the Board did not receive an annual report detailing the rewards received, in accordance with Ohio Rev. Code § 505.64 (G) and Article II, section 2 of the Township's credit card policy.



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The lack of oversight by the Board can lead to the misuse of credit cards, ultimately leading to fraudulent activity by the Authorized Users.

We recommend the Board ensure the Township follows the relevant provisions of the Ohio Rev. Code and their own policies regarding the Board's oversight of credit card transactions. This includes ensuring the Fiscal Officer is presenting all monthly and annual reports, as well as, maintaining the attestation signed by the Board Chairperson stating they have reviewed the Credit Card Transaction detail reports and found no anomalies.

**Officials' Response:**

Upon identification during the audit, corrective steps were taken to address this matter and move toward compliance.

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| <i>Finding Number</i> | 2019-016 |
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**Authorized Users of Credit Cards  
Non-compliance/Internal Control Deficiency**

Resolution 19-26, passed February 21, 2019, adopted the Township Credit Policy, wherein:

- Article 1, section 4(A) states, "the Board must authorize an individual to use a Credit Card Account before a person may become an Authorized User and acquire access to the Credit Card or other presentation instrument associated with the Credit Card Account. The Board may place limits on the authorization of use of a Credit Card Account at such time as person receives authorization to use a Credit Card or any time thereafter, at the Board's discretion and upon notice to the Authorized User. Upon the Board's authorization, the person receiving authorization must sign a copy of the attached Exhibit B acknowledging they received a copy of this Policy and agreeing to abide by it."
- Article 1, section 4 (D) states "prior to using a credit card the Authorized User should make a good faith effort to notify the Board, their authorized representative, or the Fiscal Officer of the intended purchase."

Resolution 19-26 also states " no credit card purchase/transaction shall exceed \$5000.00 and no credit card shall be signed out for a period longer than 72 hours.

While the Policy expressly placed limitation on how long an Authorized user could sign out a card, be in possession of the credit card, the Township's practice was to allow Authorized Users to maintain possession of each credit card; meaning they were not following the requirement for Authorized Users to sign-in/out credit cards.

As noted in finding 2019-091, the Township did not properly encumber funds. According to our interviews with many Authorized Users, those in possession of a credit card, purchased items they deemed necessary, and the only notification of these credit card purchases were the credit card statements or when a detailed receipt of a purchase/transaction was submitted to the Fiscal Office.

Exhibit A of the policy listed Authorized Users but did not list which specific credit card(s) the Authorized Users were assigned to use. However, the Township utilized a Credit Card Authorization Form to document the Authorized User. The Authorization Form documented the type of credit card, credit card number, as

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well as a statement indicating the Authorized User had read the Policy. The Authorization Form was only signed by the Authorized User.

Credit Card Authorization Forms were only provided for a limited number of users, i.e. not all Authorized Users identified in Exhibit A had an Authorization Form and Authorization Forms were only associated with the Township's PNC credit card. Additionally, one employee submitted an Authorization Form when they were not listed as an Authorized User or formally approved by the Board, per the Board minutes.

Failure to comply with the Policy could result in Unauthorized Users accessing credit cards. This could result in the misuse of public funds. Failure of the Board to update the Policy to include the requirement to sign out and place a limitation on the amount of hours an Authorized User can be in possession of a credit card resulted in the Township adopting practices that are not in compliance with the Board's above-mentioned directive (Resolution 19-26). These failures, as well as the failure to notify the Fiscal Office of the intended use of credit cards, results in a higher risk that public funds could be misused.

We recommend the credit card policy be updated to include the required sign out of credit cards for no longer than 72 hours. The Township should adopt procedures to ensure Authorized Users comply with the 72-hour limitation. The Township should require a Credit Card Authorization Form for all credit cards meeting the definition of credit card account as defined by Ohio Rev. Code § 505.64(H), not just the PNC credit card. Furthermore, the Board should approve all new Authorized Users in accordance with Article 1, Section 4 of the Policy.

**Officials' Response:**

Credit Card Controls: The Township has discontinued the use of individual departmental credit cards. Departments are now required to complete a Card use request form and sign the bank issued card out prior to use. Upon return, the user must sign the card back in and provide all related receipts and purchase orders. This process ensures strengthened internal controls, proper documentation, and improved accountability for all credit card transactions. A monthly attestation statement is signed by the chairman of the board of trustees. The board will continue to review and update policy as needed.

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**Unauthorized Expenditures in Accordance with Board Directive  
Non-compliance/Internal Control Deficiency**

At the August 23, 2018, Board meeting, Trustees passed the following motion that the Township does not support future purchases at Walmart pending legal objection from legal counsel.

The Township had no formal credit card policy prior to the Board's approval of resolution 19-26, at the February 21, 2019, Board meeting. Resolution 19-26 established a formal credit policy wherein:

- Article 1, Section 2 states in part, "the Board may expressly limit the terms of use of the Credit Card Account with each Authorized User at any time"
- Article 1, Section 3 states, in part, "any purchases made beyond specific authorized limits imposed by the Board, if any, or what is authorized in the Policy, is an unauthorized expense."
- Article 1, Section 5 (D) states, in part, "the Authorized User will be personally liable for reimbursing the Township for any Unauthorized Expense. "

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Township employees continued to use credit cards to purchase items totaling \$811 from Walmart after the resolution was passed. This included \$234 for credit card transactions after resolution 19-26 was passed, which would be considered unauthorized expenses in accordance with Section 2 and Section 3 of the Policy. We are not aware of any formal communication, beyond the resolution adopted in the minutes, of the Board notifying all employees of the limitations placed on purchases.

Any purchase made from Walmart after the August 23, 2018 resolution could be construed as circumventing a Board directive. Since the directive places a limitation on the use of the credit cards, any use of the credit card in contravention of the Board's limits could result in an unauthorized expense. In accordance with section 5(D) of Resolution 19-26, Authorized Users are personally liable for any unauthorized expense.

We recommend that the Board implement policies to ensure all Authorized Users and employees are made aware of any directive that places limitations on expenses, specifically credit card expenses. We recommend the Township implement a control to ensure that employees are following directives of the Board of Trustees. Any credit card usage that does not conform with the limitations placed on any expense should require the Authorized Users to reimburse the Township.

**Officials' Response:**

Policies are in place and purchasing restrictions are strictly enforced, and unauthorized vendor purchases are prohibited.

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**Credit Card Limit Exceeded  
Non-compliance/Internal Control Deficiency**

Article 1, Section 2 of the Township credit card policy adopted by the Board on February 21, 2019, states, in part, "No transaction shall exceed \$5,000. In the event of an emergency, the Authorized User shall notify the Fiscal Officer of the need to spend an amount in excess of the limit. The required documentation for such transactions contained in this Policy shall be submitted to the Fiscal Officer not later than 48 hours after the transaction."

Article 1, Section 3 states, in part, "any purchases made beyond specific authorized limits imposed by the Board, if any, or what is authorized in the Policy, is an unauthorized expense."

Article 1, section 4 (D) states "prior to using a credit card the Authorized User should make a good faith effort to notify the Board, their authorized representative, or the Fiscal Officer of the intended purchase."

Article 1, Section 5 (D) states, in part, "the Authorized User will be personally liable for reimbursing the Township for any Unauthorized Expense. "

On March 9, 2019, the Police Chief used a credit card to purchase laptops for police cruisers in the amount of \$7,480. According to the Expenditure Ledger from the Uniform Accounting Network (UAN) the purchase order, 393-2019, was not issued until April 19, 2019, which matches the date the expenditure was entered into UAN. There is no other evidence the Police Chief notified the Fiscal Officer indicating this was an emergency purchase. Also, there is no evidence the Board or Fiscal Officer pre-approved the use of the credit card to exceed the \$5,000 limit.

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Since the amount exceeded the \$5,000 limit established by the Policy and there is no evidence indicating this expense was an emergency purchase, this transaction could be characterized as an unauthorized expense in accordance with Article 1, Section 3 of the Policy. As a result, this failure to comply with the Policy could lead to the Police Chief being personally liable for the unauthorized expense.

We recommend that Authorized Users adhere to policies established and the Board adopt policies and procedures to hold Authorized Users accountable for following adopted policies and procedures.

**Officials' Response:**

When the Township became aware of these concerns during the audit exit interview, the Township began taking steps to address them. The Township will review the requirements of O.R.C. 505.64, review Auditor of State Bulletins 2018-003 and 2016-004, and update the current policy adopted under Resolution 2022-059 to ensure appropriate control procedures are in place to mitigate the risk of misappropriation of assets.

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**Credit Card Policy**

**Noncompliance / Internal Control Deficiency**

Prior to November 2, 2018, Ohio Rev. Code § 505.64, stated the following:

“(A) The board of township trustees of any township may authorize an officer, employee, or appointee of the township to use a credit card held by the board of township trustees to pay for work-related expenses. The debt incurred as a result of the use of a credit card pursuant to this section shall be paid from moneys appropriated by the board of township trustees for such expenses.

(B) The officer, employee, or appointee shall be liable in person and upon any official bond the officer, employee, or appointee has given to the township for the unauthorized use of a credit card held by the board of township trustees. The prosecuting attorney of the county shall recover the amount of any unauthorized expenses incurred by the officer, employee, or appointee by civil action in any court of appropriate jurisdiction. This section does not limit any other liability of an officer, employee, or appointee for unauthorized use of a credit card held by the board of township trustees.

(C) An officer, employee, or appointee who is authorized to use a credit card held by the board of township trustees and who suspects the loss, theft, or possibility of unauthorized use of the credit card shall notify the board of township trustees of the suspected loss, theft, or possible unauthorized use immediately in writing. The officer, employee, or appointee may be held liable in person and upon any official bond the officer, employee, or appointee has given to the township for up to fifty dollars in unauthorized debt incurred before the board receives such notification.

(D) Misuse of a credit card held by the board of township trustees by an officer, employee, or appointee of a township is a violation of section [2913.21](#) of the Revised Code.”

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Effective November 2, 2018, Ohio Rev. Code § 505.64 was amended to state:

“(A) The board of township trustees of any township may authorize an officer, employee, or appointee of the township to use a credit card account held by the board of township trustees in accordance with this section.

Not later than three months after the effective date of this amendment, the board of township trustees of any township that holds a credit card account on the effective date of this amendment shall adopt a written policy for the use of credit card accounts. Otherwise, a board shall adopt a written policy before first holding a credit card account.

The policy shall include provisions addressing all of the following:

- (1) The officers, positions, or appointees authorized to use a credit card account;
- (2) The types of expenses of which a credit card account may be used;
- (3) The procedure for acquisition, use, and management of a credit card account and presentation instruments related to the account including cards and checks;
- (4) The procedure for submitting itemized receipts to the fiscal officer or the fiscal officer's designee;
- (5) The procedure for credit card issuance, credit card reissuance, credit card cancellation, and the process for reporting lost or stolen credit cards;
- (6) The township's credit card account's maximum credit limit or limits;
- (7) The actions or omissions by an officer, employee, or appointee that qualify as misuse of a credit card account.

(B) The name of the township shall appear on each presentation instrument related to the account including cards and checks.

(C) If the township fiscal officer does not retain general possession and control of the credit card account and presentation instruments related to the account including cards and checks, the following applies:

(1) In a township that has adopted a limited home rule government under Chapter 504. of the Revised Code, the board shall appoint a compliance officer to perform the duties enumerated under division (D) of this section. The compliance officer may not use a credit card account and may not authorize an officer, employee, or appointee to use a credit card account, except that a board of township trustees serving in the role of compliance officer may use a credit card account if so authorized under the policy and may authorize an officer, employee, or appointee to use a credit card account as provided in division (A) of this section. The fiscal officer is not eligible for appointment as compliance officer.

(2) In a township that has not adopted a limited home rule government under Chapter 504. of the Revised Code, the fiscal officer monthly shall present to the board credit card account transaction detail from the previous month. The board shall review the credit card account transaction detail, and the chairperson of the board shall sign an attestation stating the board reviewed the credit card account transaction detail.

(D) The compliance officer, if applicable, and the board at least once every six months shall review the number of cards and accounts issued, the number of active cards and accounts issued, the cards' and accounts' expiration dates, and the cards' and accounts' credit limits.

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(E) If the fiscal officer retains general possession and control of the credit card account and presentation instruments related to the account including cards and checks, and the board authorizes an officer, employee, or appointee to use a credit card, the fiscal officer may use a system to sign out credit cards to the authorized users. The officer, employee, or appointee is liable in person and upon any official bond the officer, employee, or appointee has given to the township to reimburse the township treasury the amount for which the officer, employee, or appointee does not provide itemized receipts in accordance with the policy described in division (A) of this section.

(F) The use of a credit card account for expenses beyond those authorized by the board constitutes misuse of a credit card account. An officer, employee, or appointee of a township or a public servant as defined under section [2921.01](#) of the Revised Code who knowingly misuses a credit card account held by the board violates section [2913.21](#) of the Revised Code.

(G) The fiscal officer or the fiscal officer's designee annually shall file a report with the board detailing all rewards received based on the use of the township's credit card account.

(H) As used in this section, 'credit card account' means any bank-issued credit card account, store-issued credit card account, financial institution-issued credit card account, financial depository-issued credit card account, affinity credit card account, or any other card account allowing the holder to purchase goods or services on credit or to transact with the account, and any debit or gift card account related to the receipt of grant moneys. 'Credit card account' does not include a procurement card account, gasoline or telephone credit card account, or any other card account where merchant category codes are in place as a system of control for use of the card account."

The Township held several credit cards that were subject to Ohio Rev. Code § 505.64. However, the Board of Trustees did not adopt a credit card policy until February 21, 2019, which was after the required deadline noted in the November 2 version of Ohio Rev. Code § 505.64(A). Additionally, the policy adopted by the Board did not meet all the required provisions addressed above. Finally, the Township did not maintain itemized receipts for all transactions.

The Township utilized credit cards to purchase items such as food and beverages for many occasions, including but not limited to, holiday and retirement parties, awards, and grand-opening parties. Such purchases might not be for a proper public purpose based upon the lack of approved Board policies and procedures.

The lack of adopting a credit card policy, in accordance with the above stated provisions, could result in expenditures being made outside of proper control procedures and result in misappropriation of assets.

The Township should review the requirements of Ohio Rev. Code § 505.64, along with other applicable laws governing township credit card use, as well as AOS Bulletins 2018-003 and 2016-004 and adopt formal policies and procedures that conform with these authorities. The Township should follow proper control procedures to mitigate the risk of misappropriation of assets relating to the use of credit cards.

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**Officials' Response:**

In 2020, the Township began implementing a process across all departments to use UAN as the central system for tracking leave accruals and usage. Implementation has taken time, including establishing UAN "view-only" access for each Department Head. Department Heads are responsible for reviewing UAN leave balance reports and notifying the Payroll Specialist of any concerns regarding completeness or accuracy.

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**Payroll Process  
Internal Control Deficiency**

The Township should have sound internal controls in place to process payroll. These controls would include, but are not limited to: (1) the Fiscal Office reviewing leave balances to determine completeness and accuracy of balances; (2) reviewing timesheets to ensure the completeness and accuracy of information submitted; (3) requiring Department Supervisors to review data input into the Uniform Accounting Network (UAN) to ensure completeness, along with bi-weekly payrolls and standing data, and (4) requiring someone who is independent of the person responsible for entering the Direct Deposit information into the bank, review the Direct Deposit to ensure amounts match payroll data from UAN.

The Township lacked any formal policies and procedures regarding the Fiscal Office's processing of payroll. The Township payroll operates on a weekly basis of Wednesday through the following Tuesday. The Township must process payroll so that the Direct Deposit is available on Friday following the Tuesday at the end of the payroll period. Since the Township does not operate payroll in arrears, the Fiscal Office must process payroll for approximately 75 employees in less than two days. This process has led to many issues regarding payroll:

- Departments do not receive a report of the data input by the Fiscal Office to ensure the completeness and accuracy of payroll,
- The Fiscal Office does not require someone independent of the person entering data into the direct deposit form to review the direct deposit and compare to UAN,
- Standing data was not entered into UAN properly resulting in under/overpayments,
- Timesheet information did not always match information submitted by Department Supervisors causing employees to be under/over paid,
- The Direct Deposit report did not match UAN information and/or other supporting documents
- While the Supervisors tracked leave balances outside of UAN, the tracking spreadsheets were not submitted to the Fiscal Office for review.

We recommend the Township consider changing their payroll process to allow time to accurately perform needed controls to ensure the completeness and accuracy of each bi-weekly payroll. To help with this matter, the Township could consider processing payroll in arrears (i.e. delaying one paycheck). This additional time would allow for appropriate review of the payroll process and allow for any mistakes to be corrected before issuing payroll.

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We also recommend payroll reports detailing such things as overtime, leave used, standing data such as hourly rate, salary, overtime rate, hire/full-time status date, be given to Department Supervisors to review and ensure data input into UAN and the Direct Deposit reports are correct prior to being posted in UAN and, ultimately, at the bank.

Finally, we recommend the Township consider utilizing UAN to centralize leave accruals and usage. UAN has the capability to automatically calculate accruals and usage, if data is entered properly, to maintain proper leave balances. If the Township utilizes UAN to maintain leave balances, the reports should be reviewed by Department Supervisors to review for completeness and accuracy.

**Officials' Response:**

The Payroll Specialist is responsible for processing payroll and reviewing employee leave balances in UAN to ensure compliance and accuracy. Employee timesheets are subject to multi-level review and approval by the Department Head, Payroll Specialist, Trustee/Administrator, and Administrative Assistant prior to payroll submission, posting, and deposit. All Department Heads are granted view-only access to UAN for the purpose of reviewing payroll reports and employee leave balances. The Administrative Assistant, who is independent of the Payroll Specialist, performs an additional review of payroll and direct deposit information. This review includes reconciling the payroll amounts and direct deposit data recorded in UAN to the corresponding amounts reflected in the bank records to ensure accuracy and agreement.

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**Treatment of Non-Bargaining Employees as Exempt v. Non-Exempt  
Non-Compliance/Internal Control Deficiency**

The Fair Labor Standards Act (FLSA) dictates the minimum laws an employer must follow regarding Overtime requirements. 29 CFR § 541.100 creates an exemption for "executive employees" to the FLSA's overtime requirement. To qualify as an executive employee for purposes of the overtime requirement exemption, the employee must meet the following four conditions:

- (1) Compensated on a salary basis pursuant to § 541.600 at a rate of not less than \$684 per week exclusive of board, lodging or other facilities;
- (2) Whose primary duty is management of the enterprise in which the employee is employed or of a customarily recognized department or subdivision thereof;
- (3) Who customarily and regularly directs the work of two or more other employees; and
- (4) Who has the authority to hire or fire other employees or whose suggestions and recommendations as to the hiring, firing, advancement, promotion or any other change of status of other employees are given particular weight.

Although first responders generally do not qualify as exempt employees, certain categories of high-level first responders such as police chiefs, fire chiefs may qualify if they meet the above exemption. The United States Department of Labor has additionally ruled that police lieutenants, police captains, and fire battalion chiefs may be exempt from overtime requirements under the FLSA because their primary duty is management, even if they do not make the ultimate decisions on hiring and firing. In



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summary, while some executive level first responders may be exempt from overtime pay under the FLSA, it's essential to consider their specific roles and responsibilities to determine their eligibility.

The Police Chief and Lieutenant were at all times considered non-bargaining unit employees, under the executive exemption, during our audit period. The Police Chief had two memorandum of understanding agreements (MOU) approved by the Board; one covering January 1, 2016 through December 31, 2017, and one covering January 1, 2018 through December 31, 2019. While the Township was unable to provide the Police Chief's 2016/2017 MOU, it was noted the Police Chief was allowed to earn Compensatory Time (comp time) at a straight rate, i.e., one hour for one hour. Based on this practice the Board was expressly treating the Police Chief as an exempt employee under FLSA during calendar year 2017 by applying different rules for accruing comp time than non-exempt police employees, who were governed by the Collective Bargaining Agreement (CBA) between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9. Additionally, the Fire Chief and Road Supervisor were also treated as exempt employees, under the executive exemption, for the entire audit period. The Fire Chief was not allowed to earn any comp time unless he converted sick leave into comp time. Whereas the Road Supervisor was allowed to earn only comp time at straight time for hours worked over 40 hours in a week.

However, the Police Chief's MOU changed for the period of January 1, 2018 thru December 31, 2019. Additionally, the Police Lieutenant position was created in early 2019 and his MOU with the Board was from March 2019 to December 31, 2019. Both the Police Chief and Lieutenant's MOU's made references to the CBA to define certain benefits like comp time. While the MOU's referred to the CBA to define the treatment of comp time, the Police Chief's job description provided with the MOUs stated the following: "The Police Chief shall be exempt from the Fair Labor Standards Act (29 United States Code 201 ET sec.) under the Executive Employee Exemption as defined at 29 U.S.C. 213(a)(1) and 29 Code of Federal Regulations 541.1." The Police Lieutenant's job description included this same language. Due to the incorporation by reference of CBA terms into the language of the MOU's for exempt employees, the Police Chief and Lieutenant were treated as if they were non-exempt employees, for purposes of the comp time benefit, and received comp time at a rate of 1.5 for every additional hour worked as defined by the CBA. The Police Chief earned a total of 560.75 and 588 hours of comp time during years-ended December 31, 2018, and 2019. The Police Lieutenant earned 122 hours of comp time during 2019.

We recommend the Board of Trustees hire an outside source or utilize the Township's legal counsel to assist them in writing exempt employees MOUs to ensure the Township does not permit these exempt employees to be governed by CBAs in the same manner as non-exempt employees. If the township wishes to treat employee benefits a certain uniform way, it should do so via separately adopted policies that do not reference or invoke the terms of any CBA. Additionally, such policies would eliminate any potential ethical/fair labor issues that might emerge if/when exempt employees participate in CBA negotiations on behalf of the township (when they negotiate CBAs for the township, while at the same time the CBA terms they are negotiating dictate the benefits they will receive under their respective employment MOUs, because the MOUs reference the CBAs, these individuals now have conflicting interests in the negotiation).

**Officials' Response:**

The Board of Trustees passed a resolution to discontinue all MOUs. Going forward, exempt employees will follow the provisions of the employee handbook.

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**Administration and Elected Official Medical Contributions  
Internal Control Deficiency**

The Township should have internal controls in place requiring the Board of Trustees to establish rates administrative employees and elected officials are required to pay for medical insurance.

Per review of the memorandum of understandings (MOU), signed by administrative employees upon being hired, there was no documented employee medical insurance contribution rate. Additionally, the MOUs did not address if the administrative employees were eligible for the same healthy rewards discount noted in the various collective bargaining agreements. Furthermore, the Township was unable to provide any documentation stating the medical insurance contribution rates for elected officials.

Based on these facts we were unable to determine if the administrative employee's and elected official's medical insurance contributions were complete and accurate. Also, when reviewing the medical withholding history report from the Uniform Accounting Network system(the computer software used to track the Township's payroll and general ledger), we noticed employees that were carrying the same insurance coverage were not contributing the same amount bi-weekly/monthly.

The following are instances in which contributions rates were different:

- In 2017, two administrative employees carried the same coverage, Employee plus child. One employee was contributing \$14.77 per pay toward medical insurance, while the other employee only contributed \$10 per pay.
- In 2017, two elected officials each carried Employee plus Spouse coverage. One elected official was contributing \$24.93 per month while the other contributed \$18.93 per month for the same coverage.
- In 2018, an administrative employee carried Employee plus child coverage and paid \$14.77 per pay. However, a new administrative hire in January 2018, carried single coverage, and paid \$15.25 per pay for medical insurance.

We recommend the Township ensure the administrative and elected official's medical insurance contribution rates are approved. This may include the Trustees re-examining the contribution rates annually to determine if an increase should occur based on the increase in premiums.

**Officials' Response:**

All non-exempt employees follow the medical contribution guidelines set forth in their applicable collective bargaining agreement (CBA). Medical contributions for exempt employees and elected officials are established by the Board of Trustees.

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**Paying Monthly Medical Invoices  
Internal Control Deficiency**

In 2018, the Fiscal Officer and Assistant Fiscal Officer changed how they processed medical insurance invoices. The new carrier would send them an invoice each month, however, the Fiscal Office started adjusting the invoices for "life event" changes prior to the carrier being informed of such changes or allowed to adjust for these changes. For example, if an employee resigned from the Township but continued to show up on monthly invoices after the termination date, the Township should determine if they have informed their carrier or broker of the change, rather than adjusting the invoice themselves.

Due to these adjustments, it was difficult to reconcile the invoice to the payments made. Additionally, in late 2020 the carrier and Township had to "true up" the Township's insurance premiums from January 1, 2018 to December 31, 2020. This true up resulted in the Township owing \$58,349.

We recommend the Fiscal Office pay the invoice as it is stated and immediately inform their broker and/or carrier of the needed adjustments. Once the adjustments are made by the carrier the Township should ensure the proper amount was adjusted, if not they should immediately follow up with the carrier.

**Officials' Response:**

The Township acknowledges this finding and has taken steps to ensure invoices are paid as stated, with no adjustments unless specifically indicated on the invoice.

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| <i>Finding Number</i> | 2019-024 |
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**Paying Medical Insurance for Non-Employee and/or Dependent  
Non-Compliance/Control Weakness/Finding for Recovery.**

In 2017, an individual named Teresa Sheline appeared on the Township's June (included adjustment for May) and July medical insurance invoices. Teresa Sheline did not show up as an employee within the Township's accounting system, nor was she listed as a vendor. Upon further investigation, we discovered Teresa Sheline is the daughter of the Fiscal Officer, Lisa Morris. We identified no approval by the Trustees to hire Teresa Sheline as an employee. We found no evidence of any work completed by Teresa Sheline for the township.

The Township improperly provided insurance coverage for Teresa Sheline \$715.41/month for employee plus children tier coverage for three months, for a total of \$2,146. The Township eventually received a \$1,430 credit for this improper coverage, which resulted in a net overpayment of \$716 to the benefit of Teresa Sheline.

The benefit described above is an illegal expenditure, as understood in Ohio Revised Code §§ 117.24 and 117.28. Therefore, the individual and the benefit amount will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety

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Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

Eligibility checks, dependent verification, and eligibility audits prevent unauthorized coverage and ensure recovery of overpayments.

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| <i>Finding Number</i> | 2019-025 |
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**Negotiating Collective Bargaining Agreements  
Internal Control Deficiency**

The Governmental Finance Officers Association (GFOA), publishes many "Best Practices" to guide government matters related to public finance. GFOA's best practices titled [Role of the Finance Officer in Collective Bargaining](#) outlines the ways finance officers should participate in the collective bargaining process, which includes:

1. Prioritize issues. Work with other government team members to prioritize the bargaining issues and to understand and validate the costs and/or savings associated with each. Jurisdictions should also consider the impact of administrative and/or operational efficiencies – changes that might not result in an explicit financial gain but will improve the government's effectiveness both within the bargaining group activities and in support functions such as payroll or benefits administration.
2. Communicate financial pressures. Advocate for longer-term fiscal stewardship issues such as managing pension and OPEB liabilities and warn against the potential impact of failing to address these longer-term concerns. Identify and clarify structural financial issues including revenue compression. Educate all parties involved in the collective bargaining negotiations by providing objective, independent, clear, and effective communications about the government's fiscal condition and the economic and fiscal challenges it faces. This information should demonstrate the effect of economic cycles on the jurisdiction's ability to fund services. It should also include information about pressures beyond the government's control such as health-care inflation and infrastructure need, and how to reconcile the resource requirements needed for an agreement with other community priorities. Clear and compelling financial communications can help build trust and manage expectations.
3. Be prepared. Consider the goals and interests on both sides of the table. Be prepared to assess the financial and operational ramifications of any alternative settlement scenarios and to understand and calculate their costs.
4. Make peer comparisons and emphasize service comparisons rather than just size or location. Analyze and understand the collective bargaining agreements of similar jurisdictions, fairly comparing the value of the total compensation and non-economic factors in any potential agreement the jurisdiction is considering.
5. Determine proposal costs and affordability. When negotiations begin, provide the relevant financial information and work with the management team to determine prudent cost limits while still meeting community needs and priorities. Establish a methodology for comparing the cost of all proposals. All parties should consider both the short-term goals of the current negotiation, and the costs involved with longer-term structural issues. Where appropriate, bring in consultants such as actuaries or financial advisors to help quantify costs in the short and long term.

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At the January 11, 2018 special meeting, the Trustees established a collective bargaining committee to negotiate the upcoming Fire Collective Bargaining Agreement (CBA), which expired February 28, 2018. At the February 8, 2018 special meeting, the Board approved the March 1, 2018 through February 28, 2021 Fire CBA.

The following excerpt is from the March 29, 2019 Board minutes:

*Citizen also distributed to the Board data identifying the difference in the longevity pay out of the fire department in 2017 and 2018. He asked the Board if they were aware of significant increase from the 2017 longevity under the old contract and the longevity paid out in 2018 under the new contract. One Trustee confirmed, another Trustee said he was not familiar with all parts of the negotiations and the third Trustee stated he was not aware. The third Trustee also said that he does not recall budget communications with the Fiscal Officer during the 2018 contract negotiations for the Fire Department.....*

*A member of the audience asked the Trustee what he meant about not knowing about the negotiations. The Trustee said, the Board nominated one trustee to provide information and data to the Board during the negotiation period and the Board approved the contract as written.*

*The third Trustee said, if he had it to do over again, he would have included the Fiscal Department.*

Following are a few instances of the impacts of the changed contracts:

- 1) Personal Leave (Fire): Personal Leave increased by 96 hours per firefighter under the Fire CBA beginning March 1, 2018. We estimate this cost the Township approximately 3,320 additional man hours when compared to the prior CBA, which is equivalent to 1.25 firefighters.
- 2) Longevity (Fire): Under the prior CBA, firefighters must have 5 years of service to be eligible to receive \$400 per year for longevity. The longevity payment increased \$100 for each 5 additional years of service and ranged from \$400 for 5 years of service to \$700 for 20 years of service and above. The March 1, 2018, CBA changed the longevity calculation so that each firefighter was eligible to receive \$117 per year of service, starting with year one. In comparison to the prior CBA, firefighters earned \$585 after 5 years of service compared to \$400 and earned \$2,340 after 20 years of service compared to \$700. In total, under the March 1, 2018 CBA, a firefighter would be eligible to receive \$37,856 in longevity payments compared to \$11,700 over a career of 25 years.

Failure to consider current and future fiscal conditions during CBA negotiations could negatively impact an entity's ability to maintain staffing and positive fund balances into the future.

For this reason, we recommend the Trustees consider increasing the role of the Fiscal Officer in CBA negotiations to follow the recommendations of the GFOA. In addition, the Trustees should endeavor to obtain an analysis from the Fiscal Officer of the impact of the proposed longevity pay increases on the financial position of the township before entering into a final CBA or MOU.

**Officials' Response:**

When the Township became aware of these concerns during the course of the audit, the Township has taken steps to address this matter and move toward compliance moving forward.

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| <i>Finding Number</i> | 2019-026 |
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**Pensionable v. Non-Pensionable Income  
Non-compliance/Internal Control Deficiency**

Ohio Admin. Code 145-1-26 states, in part, the following:

(A) This rule amplifies and is in addition to the provisions of division (R) of section 145.01 of the Revised Code.

(B) As used in division (R)(1) of section 145.01 of the Revised Code and this rule:

- (1) "During the year" means the calendar year or not later than one month following the calendar year in which a payment is made;
- (2) "Sponsored by the employer" means the employer funded a program in whole or in part.

(C) For purposes of section 145.016 of the Revised Code, the earnable salary for each month upon which a member's service credit is allowed shall be the salary reported by the employer for all pay period end dates in each calendar month or more frequent interval.

(D) Provided the amount is not otherwise excluded from earnable salary under section 145.01 of the Revised Code or this rule, for the purposes of the calculations required pursuant sections 145.47, 145.48, and 145.49 of the Revised Code, a public employee's salary, wages, or earnings shall include amounts:

- (1) Treated as deferred income for federal income taxation under Internal Revenue Code section 401(k), 403(b) or 457;
- (2) Designated by the employer as picked-up contributions under Internal Revenue Code section 414(h)(2) by either a salary reduction method or the gross salary under a fringe benefit method; or
- (3) Not treated as income for federal income taxation under Internal Revenue Code section 125 except as provided in paragraph (F)(5) of this rule.

(E) For purposes of section 145.01 of the Revised Code and this rule:

(1) "Conversion program" means the employer's annual program for conversion of sick leave, personal leave, and vacation leave, as described in division (R)(1)(b) of section 145.01 of the Revised Code, and that meets all of the following:

- (a) The retirement system has received a copy of the employer's resolution, meeting minutes, or other formal documentation detailing the terms and adoption of the conversion program;
  - (b) The documentation described in paragraph (E)(1)(a) of this rule is submitted annually to the public employees retirement system not later than December thirty-first of the year for which the program applies to determine compliance with section 145.01 of the Revised Code and this rule;
  - (c) Payments under the conversion program are not issued before the retirement system reviews and approves the program;
  - (d) Participation in the program is not based on the members service credit in the retirement system or an agreement to retire.
- (2) Earnable salary shall be reported on a report of retirement contributions for the year in which such payment was accrued.
- (3) "Leave accrued, but not used" means any leave accrued during the calendar year, less any leave used in the calendar year.

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- (F) The following payments made by the public employer are "earnable salary":
- (1) Payments for overtime worked and payments for accrued but unused compensatory time for overtime worked if such payments are made during the year in which the compensatory time is accrued.
  - (2) Payments made annually or more frequently as a supplement for longevity of service.
  - (3) Stipends paid to a student that are subject to federal income taxation.
  - (4) Payments made for assuming call or stand-by responsibility.
  - (5) Payments made in lieu of salary, wages, or other earnings for sick leave used under a donated sick leave program.
  - (6) Any other payment subject to a determination under rule 145-1-09 of the Administrative Code.
- (G) The following payments made by the public employer are not "earnable salary":
- (1) Payments made by the employer for accrued overtime worked or for compensatory time for overtime worked that are made at any time other than in the year in which the overtime or compensatory time is accrued.
  - (2) Payments made by the employer as a residency bonus to employees.
  - (3) Payments made pursuant to an agreement and representing either one-time lump-sum payments or bonus payments made periodically but not related to or not made upon the basis of the individual employee's basic rate of pay.
  - (4) Retroactive payments made by the employer within thirty-six or sixty months of the employee's effective date of retirement, as determined by the number of years used in the calculation of the employee's final average salary under section 145.017 of the Revised Code, and with an understanding that the employee would retire.
  - (5) Monetary amounts that are in excess of the employee's gross salary paid in lieu of a fringe benefit or a cash value placed on that fringe benefit.
  - (6) The amount in excess of gross salary paid under a fringe benefit method as picked-up contributions under Internal Revenue Code section 414(h)(2).
  - (7) Stipends paid to a student that are not subject to federal income taxation.
  - (8) Payments made as honoraria that means a nominal payment made for services for which there is no binding legal obligation to pay.
  - (9) Payments made as fees or commissions that are fixed charges or calculated as a percentage of an amount, including but not limited to, percentages of sales, tips, amounts paid to individuals who serve on a fee basis or compensation on a per page, per meeting, per inspection, or per emergency response event.
  - (10) Payments paid by the employer to an individual who is not a public employee.
  - (11) Payments for accrued, but unused sick leave, personal leave, or vacation leave that are made at the time of termination of employment.
  - (12) Reimbursement for expenses.
  - (13) Any other payment subject to a determination under rule 145-1-09 of the Administrative Code.

Article 17.1 of the Collective Bargaining Agreement between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9, July 1, 2016 through June 30, 2019, and July 1, 2019 through June 30, 2022 (the CBA) states, in part, as additional compensation, the Township "shall continue to pick-up and pay 6.5% of the employee portion of the Public Employee Retirement System contribution."

Article 20.4 of the CBA, states, in part, "except as otherwise hereinafter provided, a member may carry-over from one calendar year to another up to forty (40) hours of vacation hours earned in the year immediately prior to the year of carry-over. Vacation carry-over may be expanded by additional hours with the approval of the Chief of Police. Vacation time carried over into the following year must be used prior to December 31st of said year. Notwithstanding the foregoing and regardless of a carry-over request, this balance of a member's unused vacation may, at the Township's option and in such number of hours as the Township may determine, either be paid at the member's regular straight time rate of pay or permitted to be carried over into the following year for use during the year."

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Article 20.5 of the CBA states all vacation leave “shall be taken at such time or times at the discretion of and as approved by the Chief of Police. All vacation hours shall be paid at full pay at the applicable straight time rates. Vacation leave may be taken in multiples of one-half day. Furthermore, at the end of each vacation year, a member shall be paid for any vacation balances in excess of the maximums fixed by this Article only upon certification by the Chief of Police and the approval of the Board of Trustees that, due to emergency work requests, it is not in the best interest of the Township to permit a member to take vacation leave which would otherwise be forfeited as provided in Section 20.4.”

Article 18.4 of the CBA states “compensatory time off shall be earned or granted to the members, at the election of the member, in lieu of payment for overtime worked, and shall be earned at a rate consistent with this Article. The maximum amount of compensatory time a member may accrue is eighty (80) hours per calendar year at any time. Any compensatory time in excess of forty (40) hours that is not used or paid out by December 31 of each calendar year shall be paid in the first full pay period in January of the following year. Upon separation from employment with the Township for any reason, members shall be entitled to compensation at their then current rate of pay for accrued and unused compensatory time accumulated.”

Article 15 of the of the collective bargaining agreement, Teamsters Local Union 413 states, dated January 1, 2016 through December 31, 2018, and January 1, 2019 through December 31, 2021, states, in part,

*“The Township agrees to pay that portion of the employee contribution to PERS (Public Employees Retirement System), which is equal to three percent (3%) of the employee's earned compensation.*

- *For purposes of computing the employee's earnings or basis of his contributions to PERS, the amount paid by the Township on behalf of the employee as such employee's statutory obligation, is intended to be and would be considered as having been paid by the employee in fulfillment of his statutory obligation. Pension Pick-up Schedule For Employees Hired Prior to January 1, 2009, shall be:*  
8%
- *Pension Pick-up Schedule for Employees Hired January 1. 2009 or after shall be;*  
6%”

Article 12, Section 4 of the collective bargaining agreement, Teamsters Local Union 413 states, in part, Compensatory time shall not carry over from year to year. Any compensatory time not paid, or taken as paid leave will be paid in the year earned, in full as a separate check, the first pay period of December. Attachment B in the Road Superintendent's Memorandum of Understanding (MOU) states, in part, “the Road Superintendent will be allowed to accumulate comp time to a maximum time of 120 hours per calendar year. Compensatory Time shall not carry over from year to year. Any Compensatory Time not paid, or taken as paid leave will be paid in the year earned, in full as a separate check, the first pay period of December.”

The Fiscal Office was inconsistent in how they treated leave payouts. Sometimes the Fiscal Office would treat such leave payouts for vacation leave and compensatory time as pensionable income, while in other instances these payouts were treated correctly as non-retirement income. There were also inconsistencies in the treatment of leave payouts associated with Holiday and Personal leave; particularly related to Police as they must work Holidays in which they are scheduled to work. These leave types were not being carried over, as such, the leave payouts associated with Holiday and Personal Leave should be treated as pensionable income.



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This inconsistency not only overstates the pensionable income report to PERS, but the employees are also being overpaid due to pension pick-ups noted above in the CBAs. When the Fiscal Office incorrectly treats these payouts as pensionable income, the employee's gross pay is increased by the percentage of pick-up allotted in the CBA.

The inconsistency in the CBA language regarding compensatory time (i.e. Police can carry over from year to year, and Road must be paid out for compensatory time at year end) creates a higher risk for mistreatment. This is because the Fiscal Office will have to treat the leave payouts differently for these departments.

We recommend the Township ensure that the Fiscal Officer and Assistant Fiscal Officer are provided proper training regarding the treatment of leave payouts. The Township should also consider negotiating collective bargaining agreements to ensure there is consistency in the carry-over of such items as compensatory time and vacation leave.

Finally, if the matter is not corrected in the future, the instances in which leave payouts are incorrect may result in finding for recoveries against the employee and Township officials. This matter will be referred to OPERS.

**Officials' Response:**

When the Township became aware of these concerns during the course of the audit, the Township has taken steps to address this matter and move toward compliance moving forward.

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| <i>Finding Number</i> | 2019-027 |
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**Employee Medical Contributions  
Non-Compliance/Internal Control Deficiency**

The collective bargaining agreements outlined the required employee contributions for the Police, Fire and Road Departments as follows:

***Police:***

The following section of the agreement between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9, July 1, 2016 through June 30, 2019 (the Police CBA); July 1, 2016 – June 30, 2019, and July 1, 2019 – June 30, 2022, Article 22.1 state:

Members will pay the following monthly amounts for Group Hospitalization, Surgical, and Major Medical Insurance:

**Coverage Cost**

Single The lower of 10% of total premium or \$45

Couple The lower of 10% of total premium or \$90

Family The lower of 10% of total premium or \$120

Hereinafter "Single" coverage shall be classified as coverage for the employee only, or coverage for employee and non-spouse dependents. "Family" coverage shall be classified as coverage for the employee and spouse, or the employee, spouse, and non-spouse dependents.

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**Fire:**

Franklin Township Fire Fighters International Association of Fire Fighters Local 1441 (the Fire CBA): March 1, 2015 – February 28, 2018, Article 38, Section 8 states:

The Union agrees to pay fifteen percent (15%) of the premium per month effective March 1, 2015 until February 28, 2018.

"Single" coverage shall be classified as coverage for the employee only, or coverage for employee and non-spouse dependents. "Family" coverage shall be classified as coverage for the employee and spouse, or the employee, spouse, and non-spouse dependents.

The Fire CBA dated March 1, 2018 – February 28, 2021, Article 38, Section 5 states:

The Union agrees to pay ten percent (10%) of the group hospital, surgical and major medical insurance premium per month, effective March 1, 2018 until February 28, 2021. However, should the Township's premium costs for such insurance increase by more than twelve (12%) percent for calendar year 2019, this agreement will reopen, effective February 28, 2019 solely for bargaining with respect to Article 38. Similarly, should the Township's premium costs for such insurance increase by more than twelve (12%) percent for calendar year 2020 (over 2019 rates) this agreement will reopen, effective February 28, 2020 for bargaining with respect to Article 38.

"Single" coverage shall be classified as coverage for the employee only. "Employee + Child" shall be classified as coverage for the employee and non-spouse dependents. "Employee + Spouse" coverage shall be classified as coverage for the employee and their spouse. "Family" coverage shall be classified as coverage for the employee, spouse, and non-spouse dependents.

**Road:**

Teamsters' Local Union 413 (the Road CBA): January 1, 2016 – December 31, 2018, Article 23, Section 5 states:

The following employee contributions will be frozen for the duration of this Agreement:

|                      | <b>Coverage</b> | <b>Cost</b>                |
|----------------------|-----------------|----------------------------|
| Hereinafter "Single" | Single          | 16.38 per pay (\$35/month) |
|                      | Family          | 32.77 per pay (\$71/month) |

coverage shall be classified as coverage for the employee only, or coverage for employee and non-spouse dependents. "Family" coverage shall be classified as coverage for the employee and spouse, or the employee, spouse, and non-spouse dependents.

The Road CBA dated January 1, 2019 – December 31, 2021, Article 23, Section 5 states:

The following employee contributions will be frozen for the duration of this Agreement:

| <b>Coverage</b>        | <b>Cost</b>                             |
|------------------------|---|
| Single 2019            | 17.19 per pay period (34.40) per month) |
| 2020                   | 18.04 per pay period (36.12) per month) |
| 2021                   | 18.94 per pay period (37.92) per month) |
| Employee + Spouse 2019 | 18.90 per pay period (37.80) per month) |
| 2020                   | 19.84 per pay period (39.68) per month) |
| 2021                   | 20.83 per pay period (41.66) per month) |
| Family 2019            | 34.40 per pay period (58.80) per month) |
| 2020                   | 36.12 per pay period (72.24) per month) |
| 2021                   | 37.92 per pay period (75.84) per month) |

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Hereinafter "Single" coverage shall be classified as coverage for the employee only, or coverage for employee and non-spouse dependents. "Family" coverage shall be classified as coverage for the employee and spouse, or the employee, spouse, and non-spouse dependents.

Additionally, each CBA, except the Fire CBA dated March 1, 2018 through February 28, 2021- which removed the language, offered a Wellness Program that shall include three (3) "Healthy Rewards". Upon completion of these "Healthy Rewards" the employee will receive a decrease in the employee's contribution based on the number of "Healthy Rewards" completed. The employee may choose to complete one, two or all three "Healthy Rewards". Further, for those with family coverage, an additional reduction in premium contribution will be received by the employee if his or her spouse completes one or more of the options. The employee and employee spouse are not obligated to participate in the "Healthy Rewards" wellness program.

For each of the "Healthy Rewards" that an employee and employee spouse complete, there will be a \$3.23 per pay period (\$7 per month) decrease towards the amount the employee contributes towards health coverage. That is, a potential decrease from the above contribution per pay period shall be \$3.23 (\$7 per month), \$6.46 (\$14 per month), \$9.69 (\$21 per month) depending on the number of options satisfied. An additional \$3.23 (\$7 per month), \$6.46 (\$14 per month), \$9.69 (\$21 per month) per pay period reduction in premium contribution will be received by the employee if his or her spouse completes one or more of the options.

The "Healthy Rewards" options shall be completed by January 31 of each year. If done so, the employee's contribution will be decreased the following March 1, and that decrease will remain in place for 12 months, i.e., through the following February 28,

**NOTE: The language for the above paragraph differed for some of the CBAs.**

The "Healthy Rewards" options are as follows:

1. Annual Routine Physical Exam- This shall be a routine physical that is provided under the standard health coverage furnished by the Township.
2. Completion of the online Health Risk Assessment through Medical Mutual of Ohio website.
3. No tobacco usage- Granted by the annual signing of the provided verification form.

The Township will rely on health claims payment records or provided completion form signed by a physician to verify the employee/spouse claims for entitlement to the Annual Routine Physical Exam option reductions.

The Township will rely on notification from the Township's insurance broker to verify the employee/spouse claims for entitlement to the Health Risk Assessment option reductions.

With respect to the non-tobacco reduction the employee/spouse will submit a verification form to the Township. If during the year in question the employee/spouse breaches the promise on the verification form, and such breach is proven by a blood test (paid for by the Township), the reduction for that individual will cease for the remainder for the twelve (12) month period, and the individual shall pay a \$100 penalty. The Township shall order any employee of the department to undergo a tobacco screening test whenever there is reasonable cause to believe an employee has used tobacco. Reasonable cause must be based upon specific facts and reasonable inferences drawn from those facts indicating that a particular employee in question has used tobacco.

We were unable to determine if administrative employees and elected officials contributed the proper amount for medical insurance contributions, as there was no documentation indicating how much administrative staff and elected officials were required to contribute to medical insurance. We did note that

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while all other employees contributed to medical insurance for all 26 pay periods, the elected officials only contributed 12 times due to the fact they are paid monthly, but their monthly contribution was the same amount as the other employees bi-weekly contribution.

The Township should have internal controls in place to ensure each employee is having the proper medical contributions withheld. These controls should include, but are not limited to, updating contributions based on increases in premiums, maintaining the proper information regarding Healthy Rewards, and updating employee contributions related to life events.

We noted the following issues with employee contributions and Healthy Rewards during our testing:

- Limited documentation was maintained to support that the employee and/or spouse met the three criteria noted in the CBAs to receive a partial or full discount related to the Healthy Rewards.
- Employees from the same department, with the same coverage, paying different contribution rates.
- Employee contributions not being updated based on life events, marriage, divorce, birth, etc.

The lack of policies and controls over employee insurance contributions can lead to potential insurance fraud, paying non-employee/dependent insurance claims, as well as the Township contributing more toward employee medical insurance coverage. The following table shows the impact these issues had on the total employee contributions without and with Healthy Rewards Discount; a negative amount represents under contributions by the employees in the Road, Fire and Police Departments:

| Year | Net_Contrib_w/o_Disc | Net_Contrib_w/Disc |
|------|----------------------|--------------------|
| 2017 | \$ (30,135)          | \$ (7,404)         |
| 2018 | \$ (7,087)           | \$ 881             |
| 2019 | \$ 918               | \$ 7,228           |

*Ledger: Net\_Contrib\_w/o\_Disc equal monthly contribution if Healthy Rewards discount was not received.  
Net\_Contrib\_w/Disc equal Monthly contribution with full Healthy Rewards discount received.*

Since we were unable to determine the proper contribution rates for elected officials and administrative staff, we are unable to demonstrate the true impact these issues had on their contribution.

We recommend the Township adopt, implement, and monitor policies and procedures related to employee contributions. These policies should include, but not be limited to, the required medical contributions of the administrative employees and elected officials, requiring annual verification of employee dependents, and addressing the need to maintain proper support for any discount received by each employee. The procedures should include, but not be limited to ensuring employee contributions are updated properly and timely when life events occur, Fiscal Office monitoring contributions to ensure the completeness and accuracy of employee contributions based on each CBA, as well as holding employees accountable for ensuring their live event changes have been properly updated by the Fiscal Office.

**Officials' Response:**

When the Township became aware of these concerns during the course of the audit, it took steps to address the matter, including implementing a benefits administration system (Employee Navigator). Under this process, each employee is responsible for updating changes in the system. Updates are then routed to the Payroll Specialist, who forwards the information to the Township's benefits broker for processing.

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|                       |          |
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| <i>Finding Number</i> | 2019-028 |
|-----------------------|----------|

**Taxable Fringe Benefits  
Internal Control Deficiency**

The Internal Revenue Service (IRS) Office of Federal, State and Local Government Fringe Benefits Guide (the Guide), defines a Qualified Nonpersonal Use Vehicle as follows: Use of a qualified nonpersonal use vehicle, including commuting, is excludable to the employee as a working condition fringe benefit if the specific requirements for the type of vehicle are met. Recordkeeping and substantiation by the employee are not required by the IRS. IRC Sections 274(d) and (i)); Treas. Reg. Section 1.132-5(h). The guide states an eligible vehicle would be a clearly marked police vehicle. As further explained in the guide, clearly marked vehicles would be needed to meet the following criteria:

- A clearly marked police, fire or public safety officer vehicle is a qualified nonpersonal use vehicle only if the following apply: „
  - The employee must always be on call. „ The employee must be required by the employer to use the vehicle for commuting. „
  - The employer must prohibit personal use (other than commuting) for travel outside of the officer or firefighter's jurisdiction. „
  - It is readily apparent, by words or painted insignia, that the vehicle is a public safety vehicle. A marking on a license plate isn't a clear marking for this purpose. Treas. Reg. Section 1.274-5(k)

The guide also provides guidance for Equipment use and Clothing and Uniform Allowance.

**Equipment and Allowances**

This section discusses some common situations involving employee use of equipment and supplies, as well as cash allowances provided by an employer to pay for them. In general, any equipment the employer provides that represents ordinary and necessary business expenses, are excludable from income. Allowances paid or reimbursements made by an employer under an accountable plan to an employee are excludable.

IRC Section 162 The accountable plan rules require:

- „ Business connection – the expenses must qualify as a business expense to the employer.
- „ Substantiation of amount, date and time, place and business purpose. „
- Excess returned within a reasonable time. Treas. Reg. Section 1.62-2(c)(1); IRC Section 274(d)

Except where the law provides a specific exception (for example, the standard mileage rate) any allowance or reimbursement based on hours worked, units produced or other system that does not involve accounting for actual expenses, is treated as wages subject to withholding of income, Social Security and Medicare taxes. Rev. Rul. 2004-1; Rev. Rul. 2012-25

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Work Clothes and Uniform Allowances and Reimbursements Clothing or uniforms are excluded from wages of an employee if they are:

- „ Specifically required as a condition of employment, and
- „ Are not worn or adaptable to general use as ordinary clothing.

The accountable plan rules must be met for reimbursements or clothing allowances. IRC Section 162; Treas. Reg. Section 1.62-2(c)(1)

Article 16.1 of the Teamsters Local Union 413 collective bargaining agreement (CBA), states, in part, “The Township agrees that if any employee is required to wear any kind of uniform as a condition of continued employment, such uniform shall be furnished by the Township, free of charge. The Township will provide five (5) T-shirts and five (5) pairs of jeans, one (1) raincoat and one(1) pair of rubber boots. In addition, the Township will reimburse each employee up to a maximum of \$200.00 for one (1) pair of steel-toe-work boots when needed and reimburse each employee up to a maximum of \$55.00 for one (1) winter coat when needed.

The Township had no policy in place stipulating the use of work clothing outside of work as it relates to the Road Department employees.

Based on the fact the Road Department is receiving works boots and jeans as part of CBA; which can be worn outside of work, we recommend the Township review the IRS guidelines and ensure policies and procedures are in place to capture all potential taxable fringe benefits.

**Officials’ Response:**

When the Township became aware of these concerns during the course of the audit, the Township has taken steps to address this matter and move toward compliance moving forward.

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| <i>Finding Number</i> | 2019-029 |
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**Tracking Sick Leave related to Immediate Family  
Non-Compliance/Internal Control Deficiency**

The Fire Department’s collective bargaining agreement (CBA), Section 4, Article 34 (c), states sick leave with pay shall be granted for the following reasons: sickness of a member of the immediate family including spouse, dependent children, mother, father, mother-in-law and father-in-law. Employees working an average 40-hour work week shall be granted not more than five (5) workdays in any calendar year for sickness in the immediate family. Employees working an average workweek of 56 hours under the three-platoon system shall be granted not more than 48 hours in any calendar year for sickness of a member of the immediate family. The Fire Chief may, in special cases where he deems that more than the normal time periods provided are above the necessary, recommend in writing to the Board of Township Trustees that such time limits be extended. The Board may then approve or disapprove such recommendation.

The Police Department’s CBA , Article 23.2, states sick leave with pay may be granted upon the approval of the Chief of Police only for the following reasons: D. sickness of a member's immediate family living in the member's household, or of a member's spouse or member's child who is not living in the member's household, which requires the presence of the member at home or at the medical facility or office. A member shall be granted no more than five (5) workdays in any calendar year for sickness in the immediate family

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requiring the member's presence at home or at a medical facility or office. The Chief of Police may require that the member furnish a medical certificate from a licensed practitioner to verify this use of sick time.

The Fire and Police Departments must track sick leave used for the purpose of caring for immediate family members separately from the personal sick leave used to comply with the above CBA provisions. The leave request form used by the various departments does require employees to document if the sick leave requested is for personal or immediate family, however, the Fire and Police Departments did not track the purpose of the use separately or was inconsistent in tracking personal v. immediate family. While the Fire Department did track some of the employee's sick leave separately it was not consistently tracked in this manner. The Police Department, however, did not track the purpose of any of the sick leave separately.

Since the Departments do not track the purpose of the sick leave separately, it can't be determined if the Departments comply with the requirements within the CBA. In addition, the Township doesn't utilize UAN to track leave balances and the leave balances for each department are not reviewed by the fiscal office. Due to this fact, and the inconsistencies as to whom can approve an extension of sick leave days/hours beyond the allotted hours, it does not allow the fiscal office or Board to monitor if the Departments are complying with the requirements in the CBAs.

By not complying with the CBAs the Township is potentially liable to pay out more vested leave, i.e. vacation, CT, personal, in the future upon an employee leaving employment with the Township. That is, if the Township complied with the above requirements, the employee would be required to use a particular leave type to care for their immediate family, thus, reducing the vested leave balance which is required to be paid out for any reason upon an employee terminating employment with the Township (whereas sick leave is only paid out upon the employee's retirement).

We recommend the Board adopt a policy and develop procedures to comply with the CBA regarding the separate tracking of sick leave for purposes related to immediate and personal sick leave use. The Board should also require leave balances be submitted to the fiscal office for monitoring if UAN is not used to track leave balances.

**Officials' Response:**

The Township has hired a third-party administrator of FMLA to ensure compliance.

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| <i>Finding Number</i> | 2019-030 |
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**Public Records Policy  
Non-compliance**

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.

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

As stated in 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.

**Officials' Response:**

While we have made significant improvements, including adopting an approved records retention policy, as recommended by the OHS, which governs permitted destruction—we will establish a better process for tracking record requests.

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| <i>Finding Number</i> | 2019-031 |
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**Personal Leave – Road Superintendent**

**Non-Compliance/Internal Control Deficiency/Finding for Recovery**

The Memorandum of Understanding for Jim Stevens, Road Superintendent, for year-ended December 31, 2018 and 2019, did not state that the Road Superintendent was entitled to receive personal leave.

However, Jim Stevens used eighteen hours of personal leave for the year-ended December 31, 2018 and eight hours of personal leave for the year-ended December 31, 2019. This resulted in the Road Superintendent being overpaid \$925 for unallowed personal leave usage for the years-ended December 31, 2018 and December 31, 2019. Two of the eighteen hours of personal leave used by Jim Stevens during 2018 are addressed in finding 2019-033.

The overpayment described above is an illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, the overpaid individual and the overpayment amount will be included in the Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

All leave is tracked in UAN and provides a solidified way of tracking accurate leave for staff



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DECEMBER 31, 2017, 2018 and 2019  
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| <i>Finding Number</i> | 2019-032 |
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**Compensatory Time – Road Department**

**Non-compliance/Internal Control Deficiency/Finding for Recovery**

Article 12, Section 4 of the collective bargaining agreement (CBA), Teamsters Local Union 413 states, in part, “compensatory time shall not carry over from year to year. Any compensatory time not paid or taken as paid leave will be paid in the year earned, in full as a separate check, the first pay period of December.”

Attachment B in the Road Superintendent’s Memorandum of Understanding (MOU), for year-ended December 31, 2018 and 2019, states, in part, “[t]he Road Superintendent will be allowed to accumulate FLEX time to a maximum time of 120 Hours per calendar year. Compensatory Time shall not carry over from year to year. Any compensatory time not paid or taken as paid leave will be paid in the year earned, in full as a separate check, the first pay period of December.”

Attachment A in the Road Superintendent’s MOU, states, in part, “[h]is regularly scheduled hours of work shall total forty (40) hours per week, but he shall also work such other or additional hours as may, from time to time be necessary to fulfill his duties as Franklin Township Road Superintendent and as may, from time to time, be requested by the Board of Trustees. These additional hours will be accrued as ‘Flex Time’ at a rate of 1 (Hour) = 1 (Hour) and added to the Road Superintendent’s Flex Time Bank”.

As noted in both agreements above, neither the employees nor the Superintendent are permitted to carry over their compensatory time from year-to-year; rather it should be paid in December of each year. However, the Board verbally approved allowing the Road Department to carry over compensatory time, but failed to document such change to the CBA and MOU.

Additionally, Jim Stevens, Road Superintendent, began accruing flex time at a rate of 1.5 instead of at the straight time rate, as required by his MOU. for calendar years-ended December 31, 2018 and 2019. This resulted in the Road Superintendent accruing an additional 107.5 hours of flex time, and subsequent overpayments totaling \$3,388.

We recommend that the Township document any material changes to the CBA(s) and MOU(s) and revise any policies and procedures, as necessary, to ensure any future changes are communicated and documented properly.

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials’ Response:**

Comp time accrual and usage forms are required per pay period. Payroll reconciles balances, and payouts require verification of eligibility.

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(Continued)**

|                       |          |
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| <i>Finding Number</i> | 2019-033 |
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**Compressed Work Week**

**Non-compliance/Internal Control Deficiency/Finding for Recovery**

Article 21, Section 1 of the Teamsters Local Union 413 collective bargaining agreement (CBA) states, in part "[o]nce an employee qualifies for personal time off with pay, such employee shall receive payment at the rate of eight (8) times the employee's regular hourly rate, which amount shall be paid at the bi-weekly pay period next following the occurrence of this personal day.... For the life of this contract, the Board of Trustees will provide for an additional eight (8) hours of personal time."

Additionally, Article 20, Section 1 of the Teamsters Local Union 413 collective bargaining agreement (CBA) states, in part, "[i]n order to be eligible for holiday pay, an employee must have completed such employee's probationary period and must have worked the last full scheduled work day before and the next full scheduled work day after the holiday, unless absence from work is excused by the Township. Pay for each such holiday shall be equal to eight (8) hours per day at the employee's straight time rate."

The Road Department employees normally work eight-hour shifts, however, during certain months of the year, the Road Department switches to a compressed work week. A compressed work week consists of allowing Road Department employees to work four, ten-hour days, as opposed to five, eight-hour days during a week. The Road Department had no policy to address how any leave was to be accounted for during the period in which the employees could work ten-hour days. While certain categories of leave, like vacation and sick, are not affected by the compressed work schedule, personal leave and holiday pay have CBA limitations that create issues when operating under a compressed work schedule. As such, a policy should address this situation, and, for example require employees to use two hours of vacation or compensatory time per holiday and personal leave day taken during the period in which a compressed work schedule is allowed.

Issues were noted with both personal leave and holiday pay that conflicted with the CBA sections above. Employees received ten hours of personal leave pay during the pay period ending September 4, 2018. This resulted in employees being allowed to use two additional hours of personal leave during the compressed work period. Ron Beatty and Ryan Phillipi were overpaid two hours of personal leave which equated to a \$49 overpayment for each employee.

Holiday leave was also affected for the pay periods that the Road Department was working a compressed work schedule. During this period, the Township paid the employee ten hours of holiday pay, instead of the eight hours allowed in the CBA. This resulted in the use of two hours of additional holiday pay for each employee during 2017, 2018 and 2019. The total overpayment by employee amounted to the following:

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| <b>2017</b>            |                 |
|------------------------|-----------------|
| Tom Chessir            | \$ 98           |
| Harold Aldrich         | \$ 98           |
| Jim Stevens            | \$ 112          |
| Ron Beatty             | \$ 95           |
| <b>2018:</b>           |                 |
| Tom Chessir            | \$ 50           |
| Harold Aldrich         | \$ 100          |
| Jim Stevens            | \$ 139          |
| Ryan Phillipi          | \$ 92           |
| Ron Beatty             | \$ 49           |
| <b>2019:</b>           |                 |
| James Timmons          | \$ 146          |
| Jim Stevens            | \$ 227          |
| Ron Beatty             | \$ 164          |
| Ryan Phillipi          | \$ 164          |
| <b>Total 2017-2019</b> | <b>\$ 1,534</b> |

We recommend that the Township develop a policy related to compressed work schedules if they plan to allow their employees to work these hours, instead of a standard eight-hour workday. Additionally, the Township should ensure that this policy specifies how holiday, personal, or other types of leave usage will be handled during the weeks that a compressed schedule is in effect.

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

Any alternate scheduling requires Board approval and documentation. Unauthorized compressed schedules have been discontinued, and supervisors are trained on compliance.

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| <i>Finding Number</i> | 2019-034 |
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**Leave Adjustments – Road Department  
Internal Control Deficiency**

Sound internal controls would require someone independent of the person entering data into the leave balance spreadsheet to determine the completeness, existence and accuracy of the leave accrual, usage and balance for each leave type.

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The Road Superintendent was responsible for maintaining the leave balance spreadsheet for Road employees. They utilized an excel spreadsheet with formulas that calculated the leave balance based on the bi-weekly accrual and usage. The usage was manually input into the spreadsheet based upon leave payout requests and timesheets showing leave used. The amount of leave used or paid out were also submitted to the Fiscal Office in the form of a summary sheet, which showed such things as total regular working hours, total leave usage, as well as total overtime or compensatory time earned.

Several errors were noted that affected the employees' leave balances. These errors included: hours on the timecard not agreeing to hours on the leave spreadsheet, the employee being paid for overtime and received comp time for the same hours, and leave hours being cashed out but not reduced on the leave spreadsheet. These errors resulted in the following leave adjustments:

| <b>Employee</b>   | <b>Comp Time</b> | <b>Sick Leave</b> | <b>Vacation Leave</b> |
|---|------------------|-------------------|-----------------------|
| Timmons   | (13.25)          |                   |                       |
| Beatty  |                  | (20.00)           |                       |
| Stevens   | (168.00)         |                   | (360.00)              |
| Phillipi  | (67.62)          | (3.00)            | (3.00)                |
| <i>Note: The negative values noted in the table above indicate their leave balances were overstated and need reduced by the amount noted.</i> |                  |                   |                       |

We recommend the Township implement proper segregation of duty controls by having someone other than the Road Superintendent review the Road employee's leave balance spreadsheet to ensure the completeness, existence and accuracy of all data recorded. Furthermore, we recommend the Township make the above adjustments to the employee's leave balances. If an employee noted in the table above has left service after December 31, 2019, the Township should ensure that the adjustments did not have any impact upon their termination leave payout. If the Township determines an employee resigned and was overpaid based on the above adjustments, the Township should implement a process to recoup any overpayments.

**Officials' Response:**

All leave adjustments now require written justification, supervisory approval, and payroll reconciliation for accuracy.

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| <i>Finding Number</i> | 2019-035 |
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**Road Leader Compensation  
Non-compliance/Internal Control Deficiency/Finding for Recovery**

Article 24 of the Teamsters Local Union 413 collective bargaining agreement (CBA) states, in part, "a [Road team] member who is specifically designated as the Road Leader in Charge shall be paid at the appropriate Road Leader pay per the pay rate schedule in this contract." Article 11 of the Teamsters Local Union 413 collective bargaining agreement (CBA) states" the Road Leader pay for 2017 was \$25.73 per hour."

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During calendar year 2017 Thomas Chesshir was designated as Road Leader three times. He was paid correctly for two of these three instances. However, in one instance he was paid both this normal hourly rate of \$22.57 per hour and the Road Leader rate of \$25.73 per hour for total hourly rate of \$48.30 for 32 hours. This resulted in Thomas Chesshir being overpaid \$780, which includes 8% pension pick-up related to the error.

We recommend the Township implement controls requiring bi-weekly payroll reports be sent to the Department Supervisor to review and approve the accuracy of data entered to UAN to process payroll prior to finalizing bi-weekly payroll payments.

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

All Department heads have "view only" access to UAN and are responsible for tracking and notifying the payroll specialist if there is a concern in a specific leave.

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| <i>Finding Number</i> | 2019-036 |
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**Payment of Holiday Pay While on Probation**

**Non-compliance/Internal Control Deficiency/Finding for Recovery**

The collective bargaining agreement (the CBA) between the Township and Teamsters Local Union 413 January 1, 2016 through December 31, 2018 and January 1, 2019 through December 31, 2022, Article 20, Section 1 states, in part, "in order to be eligible for holiday pay, an employee must have completed such employee's probationary period and must have worked the last full scheduled work day before and the next full scheduled work day after the holiday, unless absence from work is excused by the Township. Pay for each such holiday shall be equal to eight (8) hours per day at the employee's straight time rate." Article 11, Section 1 of the CBA states, in part, "employees shall be required to successfully complete a six (6) consecutive month probationary period."

The road department employees normally worked eight-hour shifts, however, during certain months of the year the department switched to a compressed work week. The compressed work week consisted of allowing employees to work four, ten-hour days. The Township had no policy in place to address how leave was to be accounted for while working a compressed work schedule. While leave such as vacation and sick are not affected by the compressed work schedule, personal and holiday have limitations placed on them per the CBA.

Two road department employees received holiday pay while in their required probationary period. Ryan Phillipi was hired in May of 2017 and received holiday pay for 4 holidays totaling 32 hours while on probation. Additionally, Ryan Phillipi received an additional 2 hours of Holiday pay while on probation, while working a compressed work schedule. This resulted in Ryan Phillipi earning a total 34 hours of Holiday leave and a total overpayment of \$580. James Timmons was hired by the Township in May of 2018 and received holiday pay for 48 hours while on probation, resulting in a total overpayment of \$972.

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To prevent this from occurring in the future, we recommend developing policies and procedures to ensure any employees on probation do not receive holiday pay.

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

Contract Compliance and Hiring Controls: The Township is now fully adhering to the requirements of each collective bargaining agreement to ensure proper contract administration. In addition, the Township has implemented a formal hiring policy that establishes clear procedures for onboarding and classification. This policy helps prevent issues related to benefits eligibility, payroll discrepancies, PTO accruals, step increases, and longevity payments, thereby strengthening overall personnel and payroll controls.

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| <i>Finding Number</i> | 2019-037 |
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**Hiring and Probationary Steps – Road Department  
Non-compliance/Internal Control Deficiency**

Article 14, section A, of the of the Teamsters Local Union 413 **collective bargaining agreement (CBA)**, dated January 1, 2016 through December 31, 2018, presents the following wage table.

| Hourly   | Step A  | Step B (6 months) | Step C  | Step D  |
|----------|---------|-------------------|---------|---------|
| 1-1-2016 | \$14.14 | \$17.30           | \$18.95 | \$21.91 |
| 1-1-2017 | \$14.56 | \$17.82           | \$19.52 | \$22.57 |
| 1-1-2018 | \$15.00 | \$18.36           | \$20.11 | \$23.25 |

Section B states “except as otherwise hereinafter specifically provided, original appointment to the classification of Road and Maintenance worker shall be made at Step A. Advancement from the original appointment to the next succeeding Step B shall be made after six (6) months of continuous fulltime service while in paid status, which six (6) month period shall constitute the initial probationary period. Advancement from Step B to the next succeeding Step C shall be made after an additional and consecutive six (6) months of continuous full-time service while in paid status. Advancement from the succeeding Step C to Step D shall be by a one (1) year interval of continuous full-time service while in paid status. Notwithstanding the foregoing, the Township may, from time to time and in its sole and absolute discretion, make an original appointment at any Step below Step D. If an original appointment is made at Step B, advancement to Step C shall be made after six (6) months of continuous full-time service while in paid status, with this period to be the initial probationary period. Advancement to step D shall then be by a one (1) year interval. However, for original appointments made at Step C, advancement to the next succeeding Step D shall be by a one (1) year interval, with the first six ( 6) months of the first year being the initial probationary period.”

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Ryan Phillipi was hired in May 2017 as a road department seasonal worker. At the special meeting held on August 3, 2017, the Board approved hiring Ryan Phillipi as a full-time employee for the road department. When reviewing his payroll information, it was noted he was paid the initial Step A rate (\$14.56/hr.) from pay period ended August 22, 2017, through December 26, 2017. Beginning pay period ended January 9, 2018, Ryan Phillipi was paid the Step C rate (\$20.11). Ryan Phillipi's probationary period should have ended during the pay period ended February 22, 2018, therefore he received a step increase three pay periods before ending his probationary period. Additionally, this step increase entailed skipping Step B, to which the Road Superintendent explained that Mr. Phillipi should have been hired at Step B, due to his qualifications of the road department's operations, meaning the step skip was a means to correct this "error".

There were no policies in place for all departments outlining what qualifications an employee must have to be hired at any step beyond the initial step in any wage schedule. Also, the Board was not consistent when approving the step level a new hire would begin at. The same issue was noted with the police department new hires as well. Some new officers would start at the second step while others would start at the first step. Although it appeared these new hires all had the same general qualifications, there was no explanation why one started at the second step, and another would start at the first step in the wage schedule.

Additionally, the Township's practice was to require department supervisors to notify the Fiscal Office when employees were to receive a step increase. The Fiscal Office had no mechanism in place to verify the employee was eligible to receive the step increase in accordance with each collective bargaining agreement.

We recommend the Board of Trustees note the step new hires are to be hired as part of the approval with the minutes. The Board should establish a policy outlining what each employee's qualifications should be to be hired at a step above the initial step in each of the collective bargaining agreements. Furthermore, the Fiscal Office should have a control in place to verify an employee is eligible to receive a step increase in accordance with the collective bargaining agreements

**Officials' Response:**

Contract Compliance and Hiring Controls: The Township is now fully adhering to the requirements of each collective bargaining agreement to ensure proper contract administration. In addition, the Township has implemented a formal hiring policy that establishes clear procedures for onboarding and classification. This policy helps prevent issues related to benefits eligibility, payroll discrepancies, PTO accruals, step increases, and longevity payments, thereby strengthening overall personnel and payroll controls.

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| <i>Finding Number</i> | 2019-038 |
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**Inaccurate Payroll – Road Department  
Non-Compliance/Internal Control Deficiency/Finding For Recovery**

Sound internal controls would require the proper segregation of duties requiring someone independent of those entering data in various spreadsheets and/or payroll account system to determine the completeness and accuracy of the data input.

For the entire audit period, the Road Department utilized time punch cards to track Road Department employees' work time. The Road Superintendent would input the total hours stated on the timecards into a timesheet summary spreadsheet, which was then submitted to the Fiscal Office for payment.

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We noted the following payroll inaccuracies, which were caused by errors in data input by the Road Supervisor and Fiscal Office:

- (1) incorrect number of hours paid (i.e. hours paid did not match the hours worked, as stated on the timecards) - resulting in Thomas Chesshir and Ron Beatty being underpaid in the amounts of \$50 and \$151 respectively, and Harold Aldrich and James Timmons being overpaid in the amounts of \$96 and \$221 respectively, and
- (2) overtime hours stated on the timecards did not always match the overtime hours paid by the Fiscal Office - resulting in Thomas Chesshir being underpaid in the amount of \$84 and Ron Beatty and Ryan Phillipi being overpaid in the amounts of \$1,616 and \$95, respectively.

We recommend the Township implement a procedure requiring the Road Superintendent review bi-weekly payroll reports generated by the fiscal office to ensure the data entered into the payroll system matches the time sheet summaries. Additionally, the Fiscal Office should be comparing data on the timecard summary sheet to underlying support, timecards, leave forms, etc., to determine the completeness and accuracy of the timecard summary sheet. Finally, there must be evidence in the form of signatures indicating these controls were performed.

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in the Finding for Recovery Summary in Appendix A below. Additionally, any underpaid individual, and the amount they were underpaid will also be included in the Finding For Recovery below and netted against any Finding For Recovery amounts) owed by the individual. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted the Finding for Recovery Summary.

**Officials' Response:**

Timesheet verification and supervisor approvals are now required. Errors are corrected promptly, and improper payments are reviewed for recovery.

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| <i>Finding Number</i> | 2019-039 |
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**Longevity Pay**

**Non-Compliance/Internal Control Deficiency**

The Franklin Township Board of Trustees (the Trustees) entered into a Collective Bargaining Agreement (the CBA) with the Franklin Township Fire Fighters International Association of Fire Fighters Local 1441 (the Firefighters) on March 1, 2018 to replace the CBA expiring on February 28, 2018. One of the changes in the new CBA relates to longevity pay. Article 40 of the CBA states:

*Employees shall be entitled to receive a longevity bonus base upon employee's number of completed consecutive and continuous years of service with the Division of Fire from the employee's most recent day of employment as a full-time firefighter (with continuous service being defined in accordance with the provisions of Article 21, hereof) according to the following schedule:*  
*(a) The Employer agrees to pay each fifty-six (56) hour employee Longevity in the amount of \$.04 cents per hour, per year of service.*



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(Continued)**

*(b) The Employer agrees to pay each forty (40) hour employee Longevity in the amount of \$.05 cents per hour, per year of service.*

*Payment of this longevity bonus shall be made during each calendar year on the pay following a qualifying employee's anniversary date and, if so qualifying, on each subsequent anniversary date thereafter. This payment shall be made in the form of a separate check. There shall be no pro-rated payments under this provision. Longevity payment is in addition to the employee's annual salary and shall not be used to compute the employee's hourly rate or overtime rate.*

The new CBA changed the structure of longevity payments and eliminated the requirement of being employed a minimum of five years. Due to a lack of internal controls, the Fire Department did not relay to the Fiscal Officer that certain employees were due longevity payments during 2018 and 2019. Additionally, due to the change in payment structure, errors were made in the calculation of longevity payments for two firefighters (as noted with an \* in the Years of Service column). Table 1 below shows the underpayments to firefighters during 2018 and 2019.

Table 1 – Longevity Payments

| <b>Employee</b> | <b>Year</b> | <b>Anniversary Date</b> | <b>Years of Service</b> | <b>Underpayment</b> |
|-----------------|-------------|-------------------------|-------------------------|---------------------|
| Tim Benjamin    | 2018        | 11/4/2015               | 3                       | \$ 349              |
| Matthew Bocock  | 2018        | 3/13/2002 *             |                         | \$ 7                |
| Bayden Chandler | 2018        | 6/30/2016               | 2                       | \$ 232              |
| Nick Girardi    | 2018        | 10/5/2016               | 2                       | \$ 232              |
| Nick Holderbaum | 2018        | 11/4/2015               | 3                       | \$ 349              |
| Alex Keefe      | 2018        | 11/4/2015               | 3                       | \$ 349              |
| Seth Kovach     | 2018        | 11/4/2015               | 3                       | \$ 349              |
| Alex Marcum     | 2018        | 11/15/2017              | 1                       | \$ 116              |
| Nick Marcum     | 2018        | 8/24/2016               | 2                       | \$ 232              |
| Joe Mattia      | 2018        | 3/9/2007 *              |                         | \$ 5                |
| Tom Mattia      | 2018        | 3/15/2014               | 4                       | \$ 465              |
| Scott Meyer     | 2018        | 4/22/2016               | 2                       | \$ 232              |
| Dustin Mogg     | 2018        | 11/15/2017              | 1                       | \$ 116              |
| Eric Pierce     | 2018        | 11/4/2015               | 3                       | \$ 349              |
| Caleb Stelzer   | 2018        | 3/25/2016               | 2                       | \$ 232              |

| <b>Employee</b>   | <b>Year</b> | <b>Anniversary Date</b> | <b>Years of Service</b> | <b>Underpayment</b> |
|-------------------|-------------|-------------------------|-------------------------|---------------------|
| Tim Benjamin      | 2019        | 11/4/2015               | 4                       | \$ 465              |
| Doug Fleahman     | 2019        | 4/18/2018               | 1                       | \$ 116              |
| Nick Girardi      | 2019        | 10/5/2016               | 3                       | \$ 349              |
| Alex Keefe        | 2019        | 11/4/2015               | 4                       | \$ 465              |
| Seth Kovach       | 2019        | 11/4/2015               | 4                       | \$ 465              |
| Alex Marcum       | 2019        | 11/15/2017              | 2                       | \$ 232              |
| Nick Marcum       | 2019        | 8/24/2016               | 3                       | \$ 349              |
| Cody McGirr       | 2019        | 6/1/2018                | 1                       | \$ 116              |
| Scott Meyer       | 2019        | 4/22/2016               | 3                       | \$ 349              |
| Eric Pierce       | 2019        | 11/4/2015               | 4                       | \$ 465              |
| Jeff Rosencrance  | 2019        | 3/21/2018               | 1                       | \$ 116              |
| Thomas Smallsreed | 2019        | 6/29/2018               | 1                       | \$ 116              |
| Caleb Stelzer     | 2019        | 3/25/2016               | 3                       | \$ 349              |

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The Township should adopt policies and procedures to ensure there are sound internal controls regarding CBA compliance. Such policies and procedures should, at a minimum, address how the Fire Department and Fiscal Officer will work together to ensure all parts of the CBA are followed. Failure to do so could result in additional underpayments to firefighters that will require additional time and resources to resolve.

Any underpaid individual, and the amount they were underpaid will be included in the Finding for Recovery Summary in Appendix A below and netted against any Finding For Recovery amount(s) owed by the individual. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding for Recovery Summary.

**Officials' Response:**

Longevity criteria are documented, HR verifies eligibility, and payroll applies standardized calculations with supporting documentation retained.

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| <i>Finding Number</i> | 2019-040 |
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**Union Time**

**Internal Control Deficiency**

The Franklin Township Board of Trustees (the Trustees) and the Franklin Township Fire Fighters International Association of Fire Fighters Local 1441 (the firefighters) entered into a collective bargaining agreement (the CBA). The CBA provides the requirements for doing union business. This consists of performing various union functions as necessary. Article 12 states:

SECTION 1 Each employee elected to a Union office, or their designee, shall be granted the equivalent of one duty shift, that is twenty-four (24) hours, annually, to perform their Union functions, including attendance at regular monthly meetings and various special seminars, without loss of pay, provided that such time off duty with pay does not result in a reduction of on duty division personnel below the minimum numbers established in the division Manual of Operations. Union Officers and/or their designees shall not use in excess of 96 hours collectively per year, or 192 hours collectively in convention years, for this purpose. There shall be no carryover of hours to the next calendar year.

The Township does not have a procedure in place to track which firefighters are eligible to take Union Time each year as well as tracking the total hours used by union officers to ensure they do not exceed the total number of hours as agreed upon in the CBA. Failure to accurately track these hours could result in firefighters using unallowed time for union business. The Township should implement a procedure between the Fire Department and Fiscal Department to track and account for Union Time used each year.

**Officials' Response:**

The township acknowledges this finding and is working to implement a process in order to track time spent doing union business.

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|                       |          |
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| <i>Finding Number</i> | 2019-041 |
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**Unallowed Personal Leave**

**Noncompliance/Internal Control Deficiency/Finding for Recovery**

The March 1, 2015 through February 28, 2018 Collective Bargaining Agreement (the CBA) with the Franklin Township Fire Fighters International Association of Fire Fighters Local 1441 (the Firefighters) Article 44 section one states: "Each full-time employee shall receive personal time as follows:

- a. All employees that work a fifty-six (56) hour week shall receive twenty-four (24) hours of personal time per year.
- b. All employees that work a forty (40) hour week shall receive eight hours (8) hours of personal time per year."

Additionally, the Franklin Township Board of Trustees (the Trustees) entered into a Collective Bargaining Agreement (the CBA) with the Franklin Township Fire Fighters International Association of Fire Fighters Local 1441 (the Firefighters) on March 1, 2018 to replace the CBA expiring on February 28, 2018. Article 44 states:

*"SECTION 1 Each full-time employee shall receive personal time as follows:*

- a. All employees that work a fifty-six (56) hour week shall receive one hundred and twenty (120) hours of personal time per year.*
- b. All employees that work a forty (40) hour week shall receive eighty six (86) hours of personal time per year.*

*SECTION 2 Personal times shall be used in a manner similar to Holiday or Compensatory time. Personal time shall be scheduled with the approval of the Fire Chief or his designee and taken in a minimum of one tenth (1/10) of one hour increments.*

*SECTION 3 Personal time shall only be used as time off. It will be placed in the employee's time bank on January 1st of each year. It shall be used prior to the end of the calendar year (December 31st) or will be forfeited back to the Township.*

*SECTION 4 Employees shall receive above stated personal time for years one (1), two (2) and three (3) of this contract."*

In total the Board of Trustees agreed to allot each 56-hour employee 144 hours of personal leave, while 40-hour employees were allotted 94 hours of personal leave for year-ended December 31, 2018.

The following issues were noted for 2018:

- Dustin Mogg, a 56-hour employee, used 168 hours of personal leave, rather than the 144 hours allotted. With an hourly rate of \$16.29 this resulted in an overpayment of \$390.
- Justin Klaus, a 56-hour employee, used 168 hours of personal leave, rather than the 144 huours allotted. With an hourly rate of \$23.27 this resulted in an overpayment of \$558.
- Nick Holderbaum, a 56-hour employee, used 168 hours of personal leave, rather than the 144 allotted. With an hourly rate of \$20.95 this resulted in an overpayment of \$502..

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- Charles Matta's, a 56-hour employee, 2018 timesheetss supported he used a total of 157 hours of personal leave. However, 13 hours of personal leave used during pay period ended September 4, 2018, was not reduced personal leave balance on his tracker.. Mr. Matta's personal leave tracker showed a .17 balance as of December 31, 2018. This resulted Mr. Matta aid for 12.83 hours at a rate of \$23.27, or \$298.

The following issues were noted for 2019:

- Bayden Chandler, a 56-hour employee, used 132 hours of personal leave, rather than the 120 hours allotted. With an hourly rate of \$20.95 this resulted in an overpayment of \$251.
- Thomas Smallreed, a 56-hour employee, used 144 hours of personal leave, rather than the 120 hours allotted. With an hourly rate of \$19.36 this resulted in an overpayment of \$464.
- Alex Keefe, a 56-hour employee, used 144 hours of personal leave, rather than the 120 hours allotted. With an hourly rate of \$24.20 this resulted in an overpayment of \$580.

The lack of control allowed employees to use more than 144 hours in 2018 and 120 hours in 2019, as well as an employee receiving less than the 144 hours allotted in 2018; resulting in employees being over/underpaid .

We recommend the Fire Department should implement a control to ensure leave used/paid out are input in the tracking system properly and paid in accordance to the CBA..

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in the Finding for Recovery Summary in Appendix A below. Additionally, any underpaid individual, and the amount they were underpaid will also be included in the Finding For Recovery below and netted against any Finding For Recovery amounts) owed by the individual. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted the Finding for Recovery Summary.

**Officials' Response:**

Leave categories are validated before posting, and payroll corrections are made for any improper usage. Recovery is initiated where necessary.

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| <i>Finding Number</i> | 2019-042 |
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**Annual Pay Raise – Fire Department  
Noncompliance/Internal Control Deficiency/Finding for Recovery**

The Board of Trustees and the International Association of Fire Fighters (IAFF) entered into a Collective Bargaining Agreement effective March 1, 2018. Article 39 provides the details of the Pay Plan.

Section 1 of Article 39 states in part, "All pay increases shall be effective beginning with the first full pay period following the expiration of a previous pay step or pay plan." Furthermore, the Collective Bargaining Agreement states annual increases shall be effective March 1 of each year. The Township did not pro-rate

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the annual increases to begin March 1, instead, the Township paid all firefighters for the entire pay period encompassing March 1 at the increased rate including hours worked prior to March 1.

The below list of overpayments include any hours worked prior to March 1 and any overtime or out of class payments were affected by this error. Additionally, those employees whose compensation was based upon a Memorandum of Understanding directly reference Article 39 of the Collective Bargaining Agreement and, as a result, they are also included in the list of overpayments below.

The following table shows employees and amounts they were overpaid:

| <b>Employee</b>  | <b>2018</b> | <b>2019</b> |
|------------------|-------------|-------------|
| Chaz Adams       | \$ 93       | \$ 89       |
| Robert Arnold    | \$ 79       | \$ 76       |
| Tim Benjamin     | \$ 64       | \$ 67       |
| Matthew Bocock   | \$ 89       | \$ 84       |
| Jason Brockmeyer | \$ 71       | \$ 67       |
| Todd Broecker    | \$ 89       | \$ 96       |
| Bayden Chandler  | \$ 57       | \$ 60       |
| Ron Cunningham   | \$ 47       | \$ -        |
| Ronald Delozier  | \$ 71       | \$ 67       |
| Deante Drummer   | \$ 47       | \$ -        |
| Doug Fleahman    | \$ -        | \$ 47       |
| Nick Girardi     | \$ 57       | \$ 60       |
| Joseph Graham    | \$ 86       | \$ 75       |
| Chris Helser     | \$ 89       | \$ 84       |
| Kipp Hitchcock   | \$ 89       | \$ 103      |
| Nick Holderbaum  | \$ 64       | \$ 67       |
| Alex Keefe       | \$ 64       | \$ 67       |
| Jason Klaus      | \$ 71       | \$ 67       |
| Seth Kovach      | \$ 64       | \$ 67       |
| John Latorre     | \$ 71       | \$ -        |
| Alex Marcum      | \$ 47       | \$ 54       |
| Nick Marcum      | \$ 57       | \$ 60       |
| Joe Mattia       | \$ 71       | \$ 72       |
| Tom Mattia       | \$ 71       | \$ 67       |
| Cody McGirr      | \$ -        | \$ 47       |

Table continued below.

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|                    |        |       |
|--------------------|--------|-------|
| Rick McMichael     | \$ 71  | \$ 67 |
| Scott Meyer        | \$ 57  | \$ 60 |
| Dustin Mogg        | \$ 47  | \$ 54 |
| Carvel Mullins III | \$ 71  | \$ 67 |
| Greg Parks         | \$ 71  | \$ 67 |
| Jeremy Partlow     | \$ 71  | \$ 67 |
| Eric Pierce        | \$ 64  | \$ 67 |
| Tyler Piper        | \$ 22  | \$ -  |
| Jeff Rosencrance   | \$ -   | \$ 54 |
| Jason Roshon       | \$ 74  | \$ 69 |
| Nick Schirtzinger  | \$ 111 | \$ 72 |
| Paul Shambaugh     | \$ 111 | \$ 67 |
| Thomas Smallsreed  | \$ -   | \$ 47 |
| Caleb Stelzer      | \$ 57  | \$ 60 |
| Andy Taylor        | \$ 71  | \$ -  |
| Nick Thornton      | \$ 71  | \$ 67 |
| Mike VanCleaf      | \$ 71  | \$ 67 |
| James Welch        | \$ 94  | \$ 92 |
| Aaron Wilbur       | \$ 79  | \$ 75 |
|                    |        |       |

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

CBA compliance is adhered to for all Fire Department raises. Raises take place in the first full pay period that follows eligibility, Payroll processes wage changes only after receiving verified authorization.

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| <i>Finding Number</i> | 2019-043 |
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**Working Out-of-Class  
Noncompliance/Internal Control Deficiency**

The Franklin Township Board of Trustees (the Trustees) and the Franklin Township Fire Fighters International Association of Fire Fighters Local 1441 (the firefighters) entered into a collective bargaining agreement (the CBA) for the periods of March 1, 2015 through February 28, 2018 and March 1, 2018 through February 28, 2021. Due to the nature of the Fire Department being staffed into three units, it is often necessary to have firefighters act in the role of an officer whenever the officer takes any of their allotted leave. The CBA addresses the procedures for when it is appropriate for a firefighter to work out-of-class and how they are to be paid. Article 26 states:

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*SECTION 3 In the absence of the regularly promoted Lieutenant, the Acting Lieutenant will accept responsibilities, duties and compensation of the regularly promoted Lieutenant.*

*SECTION 6 In the absence of the regularly promoted Captain of the unit, the Lieutenant assigned to that unit shall accept the duties, responsibilities and compensation as acting Captain.*

The Township did not have proper internal controls in place to ensure firefighters working out-of-class were paid for the proper number of hours worked or were being paid the proper rate. Also, the standing data entered into the payroll accounting system regarding the rate of working out-of-class did not match the CBA approved amount (i.e. Firefighters were paid \$3.13 per hour instead of the \$2.79 or \$5.92 an hour they should be paid, under the CBA, for working out-of-class as a Lieutenant or Captain). Furthermore, the Township did not establish a procedure to document what position, i.e.. Lieutenant, Captain, Assistant Chief or Chief, an employee was working while out-of-class.

Failure to have procedures in place to accurately document and track the number of out-of-class hours worked, as well as ensuring such employees were paid at the correct rate, can result in both over and underpayments of fire department personnel. This can lead to spending additional time and resources to resolve these issues, should they be discovered. These errors can also lead to grievances filed against the Township on behalf of the firefighters and/or the Union. The Township should implement policies and procedures to accurately track out-of-class hours worked and verify such firefighters are being paid at the appropriate rate.

We recommend the Township implement controls to ensure the standing data in UAN is accurate, as well as ensure the position (classification) worked is identified on timesheets to ensure employees are paid the proper rate for working out-of-class. Finally, we recommend the Township implement controls to ensure the data input in the payroll system is complete and accurate.

**Officials' Response:**

The Township acknowledges this recommendation and has taken steps to strengthen internal controls related to payroll processing. Standing data in UAN has been reviewed for accuracy, and procedures are now in place to ensure that employee position classifications are clearly identified on timesheets, including instances of out-of-class work. Additionally, the Township has implemented measures to ensure all payroll system entries are complete, accurate, and supported by appropriate documentation. These controls are intended to improve reliability and oversight of payroll data going forward.

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| <i>Finding Number</i> | 2019-044 |
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**Compensatory Time Carryover  
Internal Control Deficiency**

The Franklin Township Board of Trustees (the Trustees) and the Franklin Township Fire Fighters International Association of Fire Fighters Local 1441 (the firefighters) entered into a collective bargaining agreement (the CBA, for the periods of March 1, 2015 through February 28, 2018, and March 1, 2018 through February 28, 2021). The CBA provides the requirements for how compensatory time (comp time) can be earned and the procedures for when it can be cashed out. Article 24 states in part:

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*SECTION 4 Employees shall be able to request the (3) hours of compensatory time be added to their bi-weekly pay or add (78) hours to their compensatory time bank on January 1<sup>st</sup> of each year. ...Compensatory time shall be unlimited maximum accrual in one calendar year and shall not be carried over from year to year. Any accumulation of compensatory time not paid out or taken as paid leave will be paid in the year earned, in full as a separate check, the first pay period of December.*

The Township failed to pay out compensatory time balances at the end of 2016. This was evidenced by firefighters having compensatory time balances more than the allotted 78 hours on January 1, 2017; most of the firefighters chose to add Garcia Pay (78 hours) to comp time balance at the beginning of the year. We were later informed that the Board verbally (not through a formal Board Meeting) approved the firefighters to carryover compensatory time due to the cash position of the various Fire Department Fund's on December 31, 2016. The three Fire and EMS funds (Fire Levy, EMS, and SAFER Grant Funds) had a combined ending fund balance of \$374,731 with a combined total annual expenditure of \$4,990,534 for these funds. The combined ending fund balance represents 7.5% of the total combined annual expenditure. Failure to cash out these balances resulted in 11 firefighters using and/or cashing out the leave during 2017 at a higher pay rate. Based on our calculation, the Board's informal decision to allow compensatory time to be carried over in the above manner cost the Township an additional \$2,705. The Township has no formal policy in place regarding minimal cash balances to be maintained. The Township presented no evidence that any formal analysis was performed to determine that the Fire Department could not pay out the compensatory time during fiscal year ended December 31, 2016, nor was there any evidence that an analysis was performed to determine the cost of allowing compensatory time to be carried over.

We recommend the Township adopt a fund balance policy to assist in determining minimum carry over. The Board of Trustees and Fiscal Office should ensure all necessary leave pay-outs are properly budgeted. If any unforeseen circumstances arrive and the Board and/or Fiscal Office believe it may be in the best interest of the Township to delay making employee benefit payments, then the Board and Fiscal Office should perform an analysis to determine the approach and timing to pay those delayed employee benefits and formally document and approve such actions.

**Officials' Response:**

The Township acknowledges this recommendation. The Board of Trustees and Fiscal Office will ensure that all leave pay-outs are properly budgeted and accounted for during the annual budgeting process. In situations where unforeseen circumstances arise, the Board and Fiscal Office will perform a documented analysis to determine the most appropriate approach and timing for any delayed benefit payments, and will formally approve such actions to ensure transparency and compliance.

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| <i>Finding Number</i> | 2019-045 |
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**Unallowed Leave Cash Out – Fire Department  
Noncompliance/Internal Control Deficiency/Finding for Recovery**

The collective bargaining agreement (the CBA) between the Franklin Township Trustees and the International Association of Fire Fighters Local 1441 entered March 1, 2018 through February 28, 2021, contains the requirements for the payout of leave upon separation from the Township. Article 36, Section 1



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of the CBA states in part, "Each full-time employee with a minimum of six (6) months service, pursuant to the provisions of the Ohio Revised Code Section 511.10, shall receive holiday time for the currently recognized State of Ohio holidays...". Additionally, Article 37, Section 12 states, "No employee shall receive or be paid for vacation until that employee has worked twenty-six (26) pay periods for which he has earned vacation credit." However, due to the lack of internal controls in place within the Fire Department and the Fiscal Department, employees who left the Township without meeting the criteria above were still paid for accrued leave resulting in the following overpayments:

- Ron Cunningham \$529
- Mario D'Amico \$579
- Deante Drummer \$443
- Carvel Mullins IV \$773

The Township should implement policies and procedures to ensure employees meet the requirements for leave cash outs.

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

Cash-outs require HR verification and compliance with contract provisions. Payroll reviews balances before issuing payouts, and any improper payments are reviewed for recovery.

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| <i>Finding Number</i> | 2019-046 |
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**Step Increases – Fire Department  
Internal Control Deficiency**

The Franklin Township Board of Trustees and the International Association of Fire Fighters Local 1441 entered into a collective bargaining agreement (the CBA) on March 1, 2015 through February 28, 2018, and March 1, 2018 through February 28, 2021. Article 39 Section 2 of these CBAs states, in part:

“ Anniversary dates for any future step increases in Fire Fighter Pay Range shall be at the date of original appointment to the Division.

(a) The “1” step shall be the minimum rate and shall normally be the hiring rate for the class.

(b) An employee becomes eligible and shall be advanced the “11” step on the first day following completion of six (6) months of continuous service in his class at the “1” step, (13 pay periods completed).

(c) An employee becomes eligible and shall be advanced to the “111” step on the first day following completion of one (1) year of continuous service, (26) pay periods.

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(d) An employee becomes eligible and shall be advanced to the “IV” step on the first day following completion of two (2) years of continuous service, (52) pay periods.

(e) An employee becomes eligible and shall be advanced to the “V” step on the first day following completion of three (3) years of continuous service, (78) pay periods).”

The Township did not have policies and procedures in place to ensure that each employee was being advanced to the next pay step as specified in the CBA. The Township inconsistently handled pay increases based on the CBA. For instance, the Township paid a firefighter the correct initial step increase however, the step increase after 52 weeks of service was two pay periods late.

These inconsistencies can lead to firefighters receiving improper step increases which may result in over/under payments.

We recommend that the Township adopt policies and procedures to ensure firefighters receive step increases in accordance with the CBA.

**Officials’ Response:**

The Township acknowledges this recommendation. Procedures are now in place to ensure that firefighter step increases are administered in full accordance with the Collective Bargaining Agreement. The Township will continue to monitor compliance to ensure accuracy and consistency going forward.

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| <i>Finding Number</i> | 2019-047 |
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**Holiday Leave Conversion – Fire Department  
Internal Control Deficiency**

The Franklin Township Trustees and the International Association of Fire Fighters Local 1441 entered into a collective bargaining agreement (CBA) on March 1, 2018. The Chief has the discretion to assign 40-hour employees to a 56-hour platoon in order to meet minimum staffing requirements. Due to the difference in hours, 40-hour employees and 56-hour employees accrue leave at different rates.

Accordingly, since these rates are different, any switch from being a 40-hour employee to being a 56-hour employee, requires leave balances to be adjusted. Article 34 Section 6, and Article 37 Section 10 address the conversion rates for sick and vacation leave respectively. Both articles state, “When an employee is transferred from the 40-hour workweek to the 56-hour workweek his accumulated sick[/vacation leave balance shall be recomputed for the 56-hour workweek by multiplying the accumulated sick leave hours by a factor of 1.40.”

Article 36 Section 1 addresses holiday leave and states, “(a) employees working the 40-hour week, eight (8) hours of holiday time for each holiday. (b) Employees working the 56-hour week, twelve (12) hours of holiday time for each holiday.” However, the CBA does not address any conversion when an employee is switched. Conservatively, an employee who begins the year as a 40-hour workweek employee would receive 8 hours of holiday leave for every holiday that fell during the period they were a 40-hour employee. When the employee is switched to a 56-hour workweek employee, it would be appropriate to use the same

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conversion rate used for sick and vacation leave for this period of time. They would also receive 12 hours of holiday leave for any holiday that occurred while they were working as a 56-hour workweek employee.

The Township did not address this matter when a Captain was switched from a 40-hour employee to a 56-hour employee in April 2019. He would have earned 24 hours of Holiday pay as a 40-hour employee, thus using 1.4 conversion rate, he would have earned 33.60 hours of Holiday pay. As a 56-hour employee he worked seven (7) holidays earning 84 hours of Holiday pay. Per our testing, at the end of the year the Captain was paid out a total of 120 hours of Holiday pay, although he only earned 117.6 hours of Holiday pay.

The lack of policies and procedures can lead to the Township paying employees switching from 56-hours to 40-hours, or vice versa, the wrong amount of Holiday hours. The Township should consider scenarios such as this when negotiating the CBA and should implement policies and procedures to ensure the CBA is applied correctly.

**Officials' Response:**

Holiday conversions require documentation of accruals and eligibility. HR and payroll verify calculations and compliance.

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| <i>Finding Number</i> | 2019-048 |
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**Longevity Pay – Fire Chief  
Non-compliance/Internal Control Deficiency**

The Franklin Township Board of Trustees and Fire Chief James Welch entered a memorandum of understanding (the MOU) effective July 16, 2015. The MOU states, in part, "5. Longevity Pay – The Fire Chief, will be eligible to receive a longevity bonus based upon the number of completed consecutive years of continuous full-time active service with the Fire Department. Having served twenty (20) years he is entitled to \$700 longevity pay annually. Refer to Firefighters Contract, Article 40." Beginning March 1, 2018, the calculation for longevity pay was changed in the Firefighters Contract, Article 40. Based upon the new calculation, Chief Welch was entitled to a longevity payment of \$2,184. There was no evidence the longevity payment was ever paid to Chief Welch and is, therefore, considered an underpayment.

The Township should implement policies and procedures to ensure all aspects of the MOU are accurately completed.

Any underpaid individual, and the amount they were underpaid will be included in the Finding for Recovery Summary in Appendix A below and netted against any Finding For Recovery amount(s) owed by the individual.

**Officials' Response:**

Executive longevity follows all Board Approved MOU's, and verified for compliance with statutory requirements. Payroll retains all supporting records.

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|                       |          |
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|-----------------------|----------|

**Inaccurate Payroll – Fire Department**

**Non-Compliance/Internal Control Deficiency/Finding for Recovery**

Sound internal controls require the proper segregation of duties requiring someone independent of those entering data into various reports and/or payroll accounting system to determine the completeness and accuracy of the data input.

The Township's accounting system is designed to allow entities to maintain leave balances in the system. While certain items like the usage of all leave and accrual of compensatory time, holiday, and personal leave still require manual input, vacation and sick leave accrual can be generated based on each department's contract.

The Township did not utilize the Township's accounting system to track and maintain leave usage and balances for the Fire Department, but instead utilized a "pen and paper" approach, meaning all aspects of the leave tracking are maintained manually. Furthermore, all the department officers enter leave accrual and usage into tracking mechanisms without any controls to ensure the information is correctly entered.

The Fire Department required each firefighter to manually complete a bi-weekly timesheet. The timesheet was reviewed and approved by the unit officer. Once approved by the officer, it was submitted to the Chief for final review. The timesheets were then submitted to the Fiscal Department for payment. Throughout the audit period, there were numerous payroll inaccuracies we identified, including the following:

- Leave balances, including vacation, holiday, and comp time, that were being cashed out were at times paid twice. Which included instances of employees earning and being paid for overtime and then subsequently receiving comp time that was later cashed out for the same hours. These errors resulted in the following employees being overpaid:
  - o Robert Arnold \$74, Todd Broecker \$91, Deante Drummer \$582, Alex Keefe \$523, Alexander Marcum \$1,228, Thomas Smallsreed \$696.
- Employees received payment for unsupported hours (compensatory time/Overtime/regular hours). This error resulted in the following employees being overpaid:
  - o Todd Broecker \$136, Alex Keefe \$248, Cody McGirr \$609, Eric Pierce \$871, Tyler Piper \$850, Paul Shambaugh \$837, James Welch \$46.
- An employee who started in the middle of a pay period was not paid for all hours worked. This error resulted in an underpayment of \$354 for Ronald Cunningham.
- Some employees who left in the middle of a pay period did not properly receive full accrual of leave types earned, including:
  - o Jonathan Ball (\$429), Tyler Burleson (\$151), Deante Drummer (\$46), John Latorre (\$137), Dustin Mogg \$19, Andrew Taylor \$643.

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- Due to the Fire Department utilizing a manual spreadsheet to track each employee leave balances (trackers), there were calculation errors that resulted in employees using more or less hours than allowed. Additionally, supervising officers did not always record the leave used on the trackers, which allowed employees to use more leave than allowed, as identified below.
  - o Improper tracking of Holiday Leave resulted in overpayments for the following employees: Jason Brockmeyer \$633, Kipp Hitchcock \$4, Jason Roshon \$742, Nicholas Schirtzinger \$837.
  - o Improper tracking of Compensatory Time resulted in over(under) payments for the following employees: Christopher Helser \$31, Nicholas Holderbaum \$145, Jason Klaus (\$69), Alexander Marcum (\$132), Cody McGirr \$46, , Aaron Wilbur \$13.
  - o Improper tracking of Vacation Leave resulted in over(under)payment for the following employees: Cody McGirr (\$107) and Tyler Piper \$273.
- Furthermore, due to the timesheets and leave balance trackers being manually calculated, supervising officers erroneously did not record compensatory time earned by employees into their respective balances. This resulted in employees not being able to use earned compensatory time or cash it out. This error resulted in underpayments for the following employees:
  - o Jason Brockmeyer (\$93), Todd Broecker (\$40), Joseph Graham (\$893), Alex Keefe (\$837), Eric Pierce (\$5), Caleb Stelzer (\$871).
- There were instances where employees were not paid at the proper rate according to the applicable Collective Bargaining Agreement (CBA) for overtime, compensatory time, vacation leave, and holiday leave. This was due to the standing data in the accounting system being improperly changed and the Township not having any procedures in place to verify changes were made accurately.
  - o Overtime was paid at an improper rate, resulting in underpayments for the following employees: Todd Broecker (\$353), Alex Keefe (\$19), Paul Shambaugh (\$871).
  - o Compensatory time that was cashed out was paid at an improper rate, resulting in underpayments for the following employees: Nicholas Girardi (\$9), Charles Mattia (\$7), Owen Mees (\$594).
  - o Vacation leave that was cashed out was paid at an improper rate, resulting in the overpayment of \$17 for Nicholas Holderbaum and the underpayment of (\$154) for Owen Mees.
  - o Holiday leave that was cashed out was paid at an improper rate resulting in over(under) payments for the following employees: Alex Keefe (\$3), Alexander Marcum (\$232), Jeffrey Rosencrance \$652.
- There were also instances where employees bi-weekly salary amount was changed to the incorrect amount in the accounting software. This error resulted in overpayments to the following employees:
  - o Timothy Benjamin \$167, Nicholas Thornton \$186, Mike VanCleaf \$186, Aaron Wilbur \$208.

The Township should implement policies and procedures to ensure all aspects of the payroll process are being completed accurately.

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The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in the Finding for Recovery Summary in Appendix A below. Additionally, any underpaid individual, and the amount they were underpaid will also be included in the Finding For Recovery below and netted against any Finding For Recovery amounts owed by the individual. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted the Finding for Recovery Summary.

**Officials' Response:**

The Township has implemented strengthened internal controls and updated procedures for payroll processing. These measures address and mitigate prior issues related to payroll discrepancies, PTO accruals, step increases, longevity payments, and benefit calculations. The revised processes provide greater accuracy, consistency, and oversight across all payroll functions.

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| <i>Finding Number</i> | 2019-050 |
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**Wellness Payments-Police Department  
Non-compliance/Internal Control Deficiency**

The Agreement By and Between Franklin Township and Fraternal Order of Police (FOP) Capital City Lodge No. 9, July 1, 2016 – 2019, Article 23.5 Wellness Payment states, in part: Each Member shall be entitled to an additional eight (8) hours pay for each quarter the member has had no absences, other than pre-arranged leave, and no tardiness. Such payment will be included in the member's pay the first payday following the close of the quarter; i.e., April, July, October and January.

The Agreement By and Between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9, July 1, 2019 – 2021, Article 23.5 states the same as above except “members shall be entitled to an additional 24 hours pay for each quarter”.

While the FOP agreements appear to define “pre-arranged” regarding certain leaves in the following instances, there is no policy which clearly defines “pre-arranged” for other types of leave such as, vacation, comp time or personal leave:

- Article 23.1(B) in both FOP agreements states: Members shall work holidays falling on a regularly scheduled workday, except as provided in (1) below. Schedules shall not be changed solely to defeat this provision, except as provided in (2) below.
  1. Members may request to be scheduled off on a particular holiday by timely request to the Chief of Police. Such request shall be granted as long as the request does not substantially degrade service to the community and does not involve overtime to replace the individual on the schedule. Conflicts involving multiple requests shall be resolved on a seniority-within-ranks basis.
  2. The Township may schedule the work force absolutely necessary to provide minimum service to the community on any paid holiday.

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- Article 23.2 in both FOP agreements states, in part: Sick Leave with pay may be granted upon the approval of the Chief of Police only for the following reasons:

C. Medical, dental, or optical consultation or treatment of the member when the same cannot be obtained during off duty time, provided that the member schedules such appointment with the Chief of Police at least forty-eight (48) hours in advance. Sick leave used for such appointments shall be limited to reasonable travel time and appointment time. Upon the member's return to duty, the Chief may require a certificate from the doctor confirming the member's attendance at the consultation or treatment.

According to the Police Chief the only control in place to address Wellness Payments is as follows:

*If an officer puts a request slip in for sick time use, such as a doctor's appointment, he will make a note on the spreadsheet since this use of sick leave doesn't exempt them from the wellness benefit. After the quarter he will check to see if anyone has used sick leave without preapproval and submit the information to fiscal.*

Since there was no policy defining "pre-arranged" leave, and many of the leave forms were missing, the auditors were unable to determine if Officers were receiving Wellness Payments consistently or met the criteria to earn such quarterly payments. However, we did note a few instances in which employee leave forms were dated the same date as the day the leave usage occurred.

The Fiscal Office did not have any controls in place to monitor the Wellness Payments. During 2017-2019 the Fiscal Office simply paid the amount of Wellness Payments the Chief submitted and did not maintain any tracking of leave usage to determine if the employee(s) met the criteria to be eligible for Wellness Payments. In total the Township distributed \$16,182.64 in wellness payments to the police department employees during 2017-2019.

Since there are no written policies and procedures and all authority has been decentralized to allow the Department Supervisors to interpret the contracts, we noticed the Road Department had similar Wellness Payment language in their contract. The Teamster Contracts for the Road Department, Article 18 Section 5, covering the periods of January 1, 2016 to December 31, 2018, and January 1, 2019 to December 31, 2021, had similar Wellness Payment language which states:

*All employees shall be entitled to an additional four (4) hours pay per quarter for each quarter if the employee has had no absences other than pre-arranged vacation leave and no tardiness. Such payments will be included in the member's pay the first payday following the close of the quarter; i.e., April, July, October and January.*

However, no employees for the Road Department received any Wellness Payments during the audit period. Upon speaking to the Road Superintendent, we were informed the Road Department employees have never been able to meet the criteria set forth in the Contract. Based on this information, there does not appear to be a consistent approach for Wellness Payments between the two departments. The lack of consistent policies and procedures over Wellness Pay could result in employees receiving, or not receiving, Wellness Payments for which they are/are not eligible to receive. Furthermore, the lack of segregation of duties regarding the Police Chief's eligibility could potentially lead to the Chief receiving Wellness Payments he is not eligible to receive.

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We recommend the Township adopt a policy and written procedures for all departments regarding Wellness Payments to ensure the consistency in determining employee eligibility. These procedures should include, but not be limited to defining “pre-approval”, establishing a mechanism to track leave usage and whether employees met the criteria for quarterly payments, as well as, requiring the Fiscal Office to monitor these payment requests to determine the completeness and accuracy of such requests. Furthermore, the Township should establish a mechanism to make sure all leave forms are maintained.

Finally, the Township should consider using an electronic form that generates the date the leave request was made and approved to eliminate any ability for manually back dating leave requests.

**Officials’ Response:**

The Township acknowledges this recommendation and appreciates the guidance provided regarding the administration of Wellness Payments, tracking of leave usage, documentation practices, and potential use of electronic leave-request systems. The Township will take this information under advisement as we continue to review our processes.

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**Hiring process – Police Department**

**Non-Compliance/Internal Control Deficiency/Finding for Recovery**

Article 15.2, of the collective bargaining agreement (the CBA) between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9 July 1, 2016 through June 30, 2019, and July 1, 2019 through June 30, 2022, states “original appointment to the rank of patrol officer may be made at any step.”

Article 17.1, of the CBA, states, in part, "as additional compensation, the Township shall continue to pick-up and pay 6.5% of the employee portion of the Public Employee Retirement System contribution."

Article 18.1 of the CBA states “the work week shall consist of forty (40) hours based on consecutive workdays and consecutive days off. The wage ranges prescribed in the pay plan for the respective classes of positions are based upon an average work week of forty (40) hours and a work year of 2080 hours. "Paid status" shall include work hours as well as all hours in paid status while on any approved paid leave, including holiday, vacation, injury, military, and sick leave. “

Article 18.2 of the CBA states “member shall be compensated at straight time rates for all hours worked in paid status, except that all hours worked in paid status in excess of forty (40) hours in any work week shall be compensated for at a rate of time-and-one-half (1 1/2). No member shall be paid for overtime work which has not been authorized by a supervisor.”

Article 18.4 of the CBA, states “compensatory time off shall be earned or granted to the members, at the election of the member, in lieu of payment for overtime worked, and shall be earned at a rate consistent with this Article. The maximum amount of compensatory time a member may accrue is eighty (80) hours per calendar year at any time. Any compensatory time in excess of forty (40) hours that is not used or paid out by December 31 of each calendar year shall be paid in the first full pay period in January of the following year. Upon separation from employment with the Township for any reason, members shall be entitled to compensation at their then current rate of pay for accrued and unused compensatory time accumulated.”



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Article 20.2 of the CBA states “members shall accrue vacation leave by pay period at the annual rate set forth in Section 20.3, based upon years of active full-time employment by the Township. In computing years of service, the higher rate of accrual will begin on the first day of the first pay period in which a continuous year of service is completed. A member may not use any accrued vacation until completion of six (6) months of continuous active service.”

Article 23.1 of the CBA states, in part, “a member shall accrue sick leave with pay at the rate of 4.616 hours for *each fully complete biweekly pay period* in which the member is in active service with the Township.”

The Board of Trustees did not always approve new hires in the minutes, nor did they always indicate which step a new hire should be assigned to on the pay scale upon hiring.

The start date for full-time status or new hires was effective at various times during the pay period. Also, upon becoming full-time or a new officer, the Police Chief did not always schedule these individuals to work 40 hours in a work week.

This caused issues with recognizing compensatory time or overtime earned, as well as paying officers a full-time rate while still working part-time. The following summarizes the issues that occurred due to these hiring practices:

- At the September 7, 2017, board meeting the Board of Trustees passed resolution 17-283 which states “be it resolved by the Board of Trustees of Franklin Township, Franklin County, Ohio, that the Board approves to hire Roger Meyers [Myers] as a Fulltime Police Officer effective immediately (09/07/2017).” For pay period ended September 19, 2017, Roger Myers worked three days (Sept 14-16) for a total of 27 hours. On September 14<sup>th</sup> and 15<sup>th</sup>, he worked 10-hour days, and the Police Chief approved his payroll allowing him to bank three (2 hours x 1.5) hours of compensatory time on one day *and* earn two hours of overtime pay the other day. This practice is not compliant with Article 18.2 above since Rodger Myers was not in paid status more than 40 hours. This resulted in Rodger Myer’s being overpaid \$28, which includes pension pick up, as well as a reduction of three hours of compensatory hours.
- Norman Baldwin went from part-time to full-time beginning November 29, 2017. He started full-time at step B on the pay scale in effect at the time of his hire. There was no Board approval of his change to full-time status in the Board minutes.
- At the August 16, 2017, special board meeting the Board of Trustees passed resolution 17-265 which states “be it resolved, by the Board of Trustees of Franklin Township, Franklin County Ohio that the board approves to accept Holly Watts as a Full-Time police officer effective next pay period, August 23, 2017.” The Police Chief sent a letter to the Fiscal Office indicating the start date was to change to August 30, 2017. Per review of the wage detail report, Officer Watts was hired at Step 1 of the CBA, or \$20.36 per hour.

Holly Watts worked 17 part-time hours during the first work week of pay period ended September 5, 2017, and 40 normal work hours during the second week of the pay period. The Fiscal Office paid Officer Watts a salary of \$315 and 36 hours at an hourly rate of \$20.36. Additionally, the entire amount, salary plus hourly rates, were counted toward the 6.5% pension pick-up. Upon

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recalculating Officer Watts salary based upon 17 hours at her part-time rate of \$15/hour and 40 hours at \$20.36/hr., with only the 40 hours counted toward the pension pick-up, we noted she was underpaid by less than one dollar.

- Joseph Sheridan was hired part-time beginning November 15, 2017, by resolution 17-319. Officer Sheridan was paid a part-time rate up to the pay period of July 11, 2018, through July 24, 2018, at which time his hourly rate went to \$20.77/hour. There was no Board approval of Officer Sheridan's change to full-time status.

Officer Sheridan worked three days, totaling 28 hours, each week during the pay period ended July 24, 2018. Upon approving Officer Sheridan's timesheet, the Police Chief approved him for four hours of overtime each week of this pay period. This again is not compliant with Article 18.2 since the total hours in paid status did not exceed 40 hours. This resulted in Joseph Sheridan being overpaid \$88, which is the difference between his hourly rate of \$20.77 and overtime rate of \$31.16 times 8 hours, including pension pick up.

The Board's hiring practice of allowing employees to start in the middle of a period appears to have created confusion among the Fiscal Office and Police Chief regarding the treatment of various matters regarding payroll. Additionally, while Article 15.2 states an Officer may be hired at an advanced step in the pay scale, it does not state who has the authority to place the individual at the advanced step or if certain qualifications, such as years of experience, education/training, etc. should be met to achieve this advancement upon being hired. Finally, the Board has not adopted any formal policies and procedures for the Police Chief and Fiscal Office to follow regarding accruing sick and vacation leave, or what qualifications must be met to be placed at an advanced step upon being hired full-time.

The Police Chief should ensure overtime and compensatory time are not granted if an employee is not working a 40-hour work week. The Fiscal Office should be reviewing documentation submitted to ensure information submitted complies with Article 18.2. By not doing so, the Police Chief and Fiscal Office are allowing Officers to be paid overtime at a rate of 1.5 of their assigned hourly rates or bank the hours at a rate of 1.5 times the hours worked. This can result in overpayments when overtime is paid, or compensatory time is used or paid out.

The Township should consider changing their hiring practices. This could include ensuring Officers are scheduled a 40-hour work week before establishing an official start date or change to full-time status to eliminate confusion regarding when overtime and/or comp time is earned. We recommend the Township adopt policies clarifying the treatment of vacation leave accrual when officers are hired, or change status to full-time, in the middle of a pay period. Finally, we recommend the Township adopt a policy outlining who has authority to approve Officers step advancements upon hiring or change to full-time status. This should include any specific qualifications that should be met before new full-time employees are placed in an advanced step with the Police Department.

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in the Finding for Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding for Recovery Summary.

**Officials' Response:**

Hiring procedures now require documented interviews, background checks, certification verification, and Board approval. HR maintains uniform hiring packets, and payroll initiations are not processed without full authorization.

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**Step Increases – Police**

**Non-compliance/Internal Control Deficiency/Finding for Recovery**

Article 15.1 of the Collective Bargaining Agreement between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9, July 1, 2016 through June 30, 2019, and July 1, 2019 through June 30, 2022 (the CBA), states “annual increase will occur the first full pay of July”.

Article 15.2 states “original appointment to the rank of patrol officer may be made at any step. Advancement from the original appointment to any succeeding Step, and to any Step thereafter, shall be made after one (1) year intervals of continuous service”.

The Township had no policy or procedures in place defining if step increases should follow the same payment principle in Article 15.1 which states “annual increase should take place the first full pay of July”. The payment principle established in Article 15.1 prevents the Fiscal Office from splitting up a pay period to account for days worked prior to July 1. Whereas the step increases discussed in Article 15.2 require the Fiscal Office to pay two different rates, old and new step rates, in one pay period. In other words, if an employee’s step increase falls on the second Wednesday of the pay period, the Fiscal Office would be required to process payroll to pay the Officer 40 hours at the old step rate and 40 hours at the new step rate.

Applying the plain language of Article 15.2 of the CBA, the Fiscal Office did not account for step increase properly. If an Officer was due a step increase on a date that fell after the first day of the pay period, the Fiscal Office paid the Officer at the new rate for the entire pay period. This practice caused employees to be overpaid as they were receiving pay increases for days prior to meeting the one year of continuous service requirement.

We noted several overpayments related to the Fiscal Office’s practice of paying employees the new step increase for the entire pay period during years ended 2018 and 2019. The following summarizes the overpayments related to these step increase payment errors:

- Courtland Fisher’s step increase anniversary date was May 4<sup>th</sup>. During 2018, May 4<sup>th</sup> fell on the third day of the pay period ended May 15, 2018. The Fiscal Officer gave Officer Fisher a step increase beginning May 2<sup>nd</sup>, which resulted in him being overpaid \$21, which includes 6.5% pension pick up. For 2019 this resulted in Officer Fisher receiving 16 hours (May 1<sup>st</sup> and 2<sup>nd</sup> workdays, May 3<sup>rd</sup> was a schedule day off) at a higher rate, or an overpayment of \$88 which includes the pension pick-up.
- David Pollock’s step increase anniversary date was May 17<sup>th</sup>; however, he did not receive his step increase until *pay period ended* June 12, 2018. The Wage Detail Report, generated from the Uniform Accounting Network, related to May 30, 2018 through June 12, 2018, pay period shows a retroactive payment of \$198, when including his pension pick up for the retroactive payment the total is \$210. There was no support for the retroactive payment. Based on Mr. Pollock not receiving a step increase on May 17<sup>th</sup>, we anticipated a retro-active payment of \$95. Our anticipated retro-payment is calculated based on 72 hours worked between May 17<sup>th</sup> to May 29<sup>th</sup>, the difference

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between the two steps in the CBA (\$1.24/per hour increase) and the pension pick up. There was no additional information noted on the timesheet supporting the additional \$115 payment. As such, this results in an overpayment of \$115 to Mr. Pollock.

- David Woodie's step increase anniversary date was May 17<sup>th</sup>, which fell on the second day of pay period ended May 29, 2018. This resulted in him being overpaid \$10. In 2019, Officer Woodie did not receive his step increase until pay period beginning May 29, 2019. However, he was retroactively paid for 80 hours (May 15<sup>th</sup> -May 28<sup>th</sup>), which resulted in an overpayment of \$44, or 16 hours for hours worked on May 15<sup>th</sup> and 16<sup>th</sup>.
- Holly Watts' step increase anniversary date was August 23<sup>rd</sup>. She did not receive a step increase until September 4, 2018, which resulted in her being underpaid \$92. She did not receive her next step increase until September 4, 2019, which resulted in an underpayment of \$102.
- Roger Myers step increase anniversary date was September 8, 2018. However, he did not receive a step increase until March 20, 2019. Officer Myers received a payment in the amount of \$842.50 (gross), payment #49923, on March 26, 2019. While there was no support for this payment, we believe it was an attempt to retroactively pay Officer Myers for the step increase due to him on September 8, 2018. Upon recalculating the payment for all hours, i.e. normal work hours, overtime, payouts, etc., from September 8, 2018, to March 20, 2019, Officer Myers was due \$1,841. Officer Myers was therefore underpaid \$1,063, which includes pension pick up. Officer Roger Myers received his 2019 anniversary step increase September 4, 2019. This includes 32 working hours prior to September 8<sup>th</sup>, thus resulting in an overpayment of \$210.
- Joseph Sheridan, while working part-time, was due a step increase to \$15/hour effective February 26, 2018. However, the Fiscal Office paid Officer Sheridan \$15/hour for the entire pay period ended March 6, 2018. This resulted in Officer Sheridan being overpaid \$84 for 28 hours worked February 21<sup>st</sup> through February 25<sup>th</sup>.
- Timothy Myers was working part-time when he received a step increase to \$15/hour effective January 18, 2018. Mr. Myers was, however, paid \$15/hour for the entire pay period (January 10<sup>th</sup> – 23<sup>rd</sup>). He worked 40 hours from January 10<sup>th</sup> to January 17<sup>th</sup>, these hours should have been paid at \$12/hour. This results in Tim Myers being overpaid \$120.

We recommend that the Township adopt a payment policy, like Article 15.1, clarifying specifically when step increases received under Article 15.2 are to occur, if the Township does not wish to follow the plain language of Article 15.2. If the Township continues to elect to make the step increase effective their hire/anniversary date, then the Fiscal Office should adopt adequate procedures to ensure that no working hours prior to the hire date are paid as part of the step increase during a pay period.

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in the Finding for Recovery Summary in Appendix A below. Additionally, any underpaid individual, and the amount they were underpaid will also be included in the Finding For Recovery below and netted against any Finding For Recovery amounts owed by the individual. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted the Finding for Recovery Summary.

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**Officials' Response:**

Police step increases follow the collective bargaining agreement and Board-approved pay schedules. HR verifies eligibility and payroll updates only after receiving proper authorization.

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**Additional Pay for Leave Taken – Police  
Non-Compliance/Internal Control Deficiency/Finding for Recovery**

At the Special Meeting held September 28, 2017, the Board of Trustees passed a resolution allowing the Police Sergeants to become part of the Fraternal Order of Police Collective Bargaining Agreement in place at that time. Prior to this, the Township had no memorandum of understanding or any other agreement between the Board and the Sergeants outlining such items including pay, benefits, or job duties.

During pay period ended August 8, 2017, Sergeant Todd Moore used a total of 78 hours of leave. While the information submitted to the fiscal office indicated Sergeant Moore used these leave hours and should have been only paid for two hours of normal work hours, the fiscal office erroneously paid him for 78 hours of pay in addition to his normal 80-hour salary. This resulted in Sergeant Moore being overpaid for 78 hours, or \$2,595, which includes pension pickup of 6.5%.

The fiscal office recouped a portion of this overpayment by deducting a grievance for overpayment withholding in the amount of \$1,499 for pay period ended September 5, 2017. While the fiscal office recouped a portion of the overpayment, Sergeant Moore still owes \$1,096 of the \$2,595 overpayment.

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

When the Township became aware of these concerns during the course of the audit, the Township has taken steps to address this matter and move toward compliance moving forward.

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**Police - Leave Approval  
Internal Control Deficiency**

An Officer's leave impacts many aspects of their pay: wellness payments, overtime/comp time (OT/CT), etc., as well as potentially impacts the Township's objective of providing adequate services. There are several instances in the collective bargaining agreement (the CBA) between the Franklin Township and Fraternal Order of Police Capital City Lodge No. 9 July 1, 2016 through June 30, 2019, and July 1, 2019 through June 30, 2022, which indicate the Police Chief has sole discretion in approving many of the leave

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types, such as comp time, vacation and holiday. The following are two examples of such requirements from the CBAs:

- Article 20.5 states all vacation leaves shall be taken at such time or times at the discretion of and as approved by the Chief of Police. All vacation hours shall be paid at full pay at the applicable straight time rates. Vacation leave may be taken in multiples of one-half day. Furthermore, at the end of each vacation year, a member shall be paid for any vacation balances in excess of the maximums fixed by this Article only upon certification by the Chief of Police and the approval of the Board of Trustees that, due to emergency work requests, it is not in the best interest of the Township to permit a member to take vacation leave which would otherwise be forfeited as provided in Section 20.4.
- Article 21.3 (B) states members shall work holidays falling on a regularly scheduled workday, except as provided in (1) below. Schedules shall not be changed solely to defeat this provision, except as provided in (2) below. 1. Members may request to be scheduled off on a particular holiday by timely request to the Chief of Police. Such request shall be granted as long as the request does not substantially degrade service to the community and does not involve overtime to replace the individual on the schedule. Conflicts involving multiple requests shall be resolved on a seniority-within-ranks basis. 2. The Township may schedule the work force to that absolutely necessary to provide minimum service to the community on any paid holiday.

In addition to the requirements outlined in the CBA, the Police have not established a practice of requiring leave requests be submitted to the officer's supervisor and/or chief for approval, prior to using any leave.

Furthermore, Article 18.1 of the CBA defines "Paid status" as follows: *shall include work hours as well as all hours in paid status while on any approved paid leave, including holiday, vacation, injury, military, and sick leave.*

Article 18.2 of the CBA states members shall be compensated at straight time rates for all hours worked in paid status, except that all hours worked in paid status in excess of forty (40) hours in any work week shall be compensated for at a rate of time-and-one-half (1 1/2). No member shall be paid for overtime work which has not been authorized by a supervisor.

Article 18.4 of the CBA states compensatory time off shall be earned or granted to the members, at the election of the member, in lieu of payment for overtime worked, and shall be earned at a rate consistent with this Article. The maximum amount of compensatory time a member may accrue is eighty (80) hours per calendar year at any time. Any compensatory time in excess of forty (40) hours that is not used or paid out by December 31 of each calendar year shall be paid in the first full pay period in January of the following year. Upon separation from employment with the Township for any reason, members shall be entitled to compensation at their then current rate of pay for accrued and unused compensatory time accumulated.

Finally, as part of the Franklin County Sheriff's Internal Affairs report regarding special duty it was stated *it has been common practice at the department to "flex" or makeup hours as needed in order for officers to get their required eight (8) shift hours. An example would be if a special duty job went over by a half hour, officers would be permitted to stay over their regular duty hours to make up the half hour.*

We noted 17 instances in which employees were earning time-and-a-half compensatory time or overtime on days in which the employee also used leave.

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It is unclear why employees were allowed to use “flex” time to work special duty but were not allowed to use “flex” time when taking leave to reduce the financial burden associated with compensatory time and overtime earned on days in which leave was taken.

The Chief should only approve leave if it does not affect the services provided and/or create OT/CT to provide the level of service needed.

We recommend the Chief and Fiscal Officer monitor leave and OT/CT more carefully to ensure no employee is taking advantage of the “paid status”. Additionally, as recommended as part of the Special Duty finding, the Trustees should adopt a formal policy regarding “flex” time and ensure it is being consistently applied to all aspects of the Police operations.

**Officials’ Response:**

All leave must be documented and approved by supervisors. HR monitors policy compliance, and payroll posts leave only with verified approval.

|                       |          |
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| <i>Finding Number</i> | 2019-055 |
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**Unsupported Hours**

**Non-Compliance/Internal Control Deficiency**

The Agreement by and Between Franklin Township and Fraternal Order of Police Capital City (the CBA) Lodge No. 9, July 1, 2016 through June 30, 2019, and July 1, 2019 through June 30, 2022, state the following:

*Article 14.1: The Township requires the use of a time clock to record the member’s presence at work and said time record becomes the method of determining payroll.*

*As such, the timecard shall not be punched prior to five (5) minutes before the start time of the member’s scheduled shift and not later than five (5) minutes after the quit time of the member’s scheduled shift, except in an emergency situation or without documentation. Said documentation shall be in the form of entries made on the member’s log sheet.*

*Article 18.2: Members shall be compensated at straight time rates for all hours worked in paid status, except that all hours worked in paid status in excess of forty (40) hours in any work week shall be compensated for at a rate of time-and-one-half (1 ½). No member shall be paid for overtime work which has not been authorized by a supervisor.*

*Article 18.3: When a member is called back for work by an appropriate supervisor on hours not abutting the member’s regular shift hours, the member shall be paid or credited with a minimum of three (3) hours at the appropriate rate of pay. This provision shall apply portal to portal to members called in from off-duty for court appearances.*

Starting in June 2019, the Chief and Sargeant entered into a verbal agreement to allow the Sargeant to work four hours each pay period to address emails and phone calls outside of normal work hours. These 56 hours worked from June 2019 to December 2019 by the Sargeant were not supported by any timecard or detailed record of hours worked as required by the CBA. The Sargeant, being a member of the FOP, should have been earning an overtime rate in accordance with Article 18.2 of the CBA. However, in

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accordance with the verbal agreement the Sergeant's extra four hours were tracked at straight time and not at a rate of 1.5. We have proposed an adjustment to the Sergeant's compensatory time balance to be increased by 28 hours to properly reflect compensatory time at a 1.5 rate.

Another component to fiscal responsibility is a cost benefit analysis of the services and needs of the department, which should be completed by department supervisors. Part of this analysis would include determining if it is in the best interest of the Township to have services completed in house or to contract with a third party.

One area identified for a potential cost benefit analysis was the completion of background checks. It was common for other departments at the Township to have background checks completed by a third party. However, the Police Department (PD) elected to perform background checks in house. These were completed by officers outside of their normal work shifts. Review of payroll records and personnel files indicate new officers were hired during 2017 when the PD staffing was at its lowest point during the audit period. There were no indication background checks for the hiring process were being completed outside of normal work hours. However, starting in 2018, when PD staffing hired additional full-time staff, the Chief approved officers to perform background checks and write reports outside of their normal working hours. In 2018, Officer A performed these background checks for applicants working a total of 121 hours. In 2019, Officer B performed these background checks working a total of 44.5 hours.

Inquiry with the Ohio Attorney General's (AG) office indicated local enforcement agencies can request a background check and use the code "LAW" to have the AG complete the background check at no cost to the local enforcement agency.

Based on Officer A's and Officer B's overtime rate and the number of hours related to background checks, it is estimated the PD spent \$5,717 and \$1,630 in 2018 and 2019 performing services related to background checks.

Officer B's timesheets recorded total hours worked per day for the unsupported Compensatory Time (CT). For example, his timesheet would state he worked 7 am to 3 pm, with 2 hours of CT. Officer A's timesheets did not show the date or hours worked, rather a note was added on the "Payroll Summary Spreadsheet" maintained by the Chief stating to add X number of hours to compensatory time. Based on these facts, it is difficult to determine if the PD was following Article 18.3 and the officers should have been earning 3 hours of overtime for working overtime not abutting their normal shift hours.

In addition to the above instances of unsupported overtime and CT, we noted several other instances in which the timecards did not support the overtime paid or CT accrued during a pay period. These hours were again added by the Chief without an explanation as to why the hours were earned.

It is recommended the Township implement policies regarding proper documentation related to overtime hours. The Trustees oversee the Chief and should be monitoring overtime practices within the Police Department. The Chief should be restricted from making verbal agreements with employees that do not align with the FOP contract before getting approval from the Trustees and FOP to avoid any possible grievance(s).



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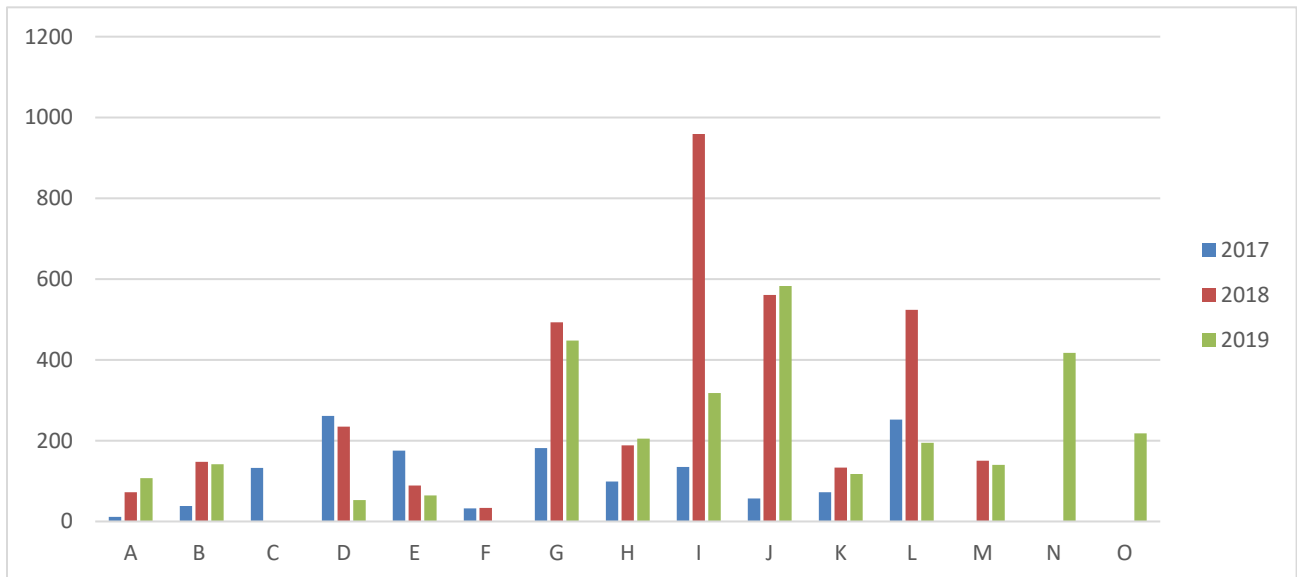
**Officials' Response:**

Employees must submit complete timesheets along with stamped timecards. Supervisors verify hours before payroll processing, ensuring accuracy and proper documentation.

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| <i>Finding Number</i> | 2019-056 |
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**Overtime/Comp Time - Police Department  
Internal Control Deficiency**

The Total Combined OT and CT graph below demonstrates the combined amount of overtime (OT), and compensatory time (CT) booked annually for each employee. To reflect the true hours earned, OT is paid out at 1.5 the hourly rate at the time it was earned, whereas CT is banked at a rate of 1.5 of the hours earned. As such, the OT hours have been converted to the 1.5 rate. Each officer is assigned a letter in the table below, rather than using their name.



Although the Police Chief's memorandum of understanding (MOU) covering year-ended 2017 was not provided, our testing demonstrates he earned compensatory time at straight time. In 2018, the Board approved a new MOU for the Police Chief, and although the job description stated he was an exempt employee under the Fair Labor Standards Act (Attachment A of the MOU), he started earning compensatory time at a rate of 1.5 times the hours worked beyond eight hours a day. The Chief, Officer J, went from earning 18 hours of compensatory time in 2017 to earning 561 and 582 in 2018 and 2019. The Chief did not perform any Officer duties, i.e. patrol; these hours would be related to administrative duties only.

Officer I earned a total of 959 hours in compensatory time and overtime combined in 2018. In 2018 Officer I earned \$60,776 (salary and overtime combined). Overtime accounted for \$15,594 or 25.66%.

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Officer G, a Sergeant, earned 182 hours of overtime and compensatory time in 2017, increasing to 493 and 447 hours in 2018 and 2019. While the Board created a Lieutenant position in March 2019, the Chief made a verbal agreement with Officer G to earn 4 hours of undocumented compensatory time each week beginning in July 2019 to deal with phone calls, emails, etc. Based on an estimate he earned about 78 hours, however, as noted in finding 2019-056 he was only earning this additional compensatory time at a straight rate.

Although Officer D, a Sergeant, was off on injury leave for a significant number of hours during 2018 and 2019, which may have contributed to Officer G's increase in overtime and compensatory time in 2018 and 2019, the Township had historically only had one Sergeant prior to Officer D's promotion in mid-July. It is unclear why the Police Chief and others may have allowed for any overtime and/or compensatory time to be earned to cover the absence of a Sergeant instead of going back to performing the same coverage when the Police Department was staffed with one Sergeant.

Finally, Officer N started full-time in the first pay period of 2019. He earned 414 hours of overtime and compensatory time for the year. According to the collective bargaining agreement, article 20.2, new hires cannot use any vacation leave until their six-month probationary period is completed. From January to the last pay in June, Officer N earned 267 hours of compensatory time, while using 196 hours in the same period.

As noted in findings 2019-090 through 2019-095, the Township did not follow budgetary requirements under Ohio Rev. Code § 5705. As such, the Board was not properly monitoring the financial activity of the Police Department, including overtime. Additionally, as stated in various findings, the Department Supervisor maintained usage, accrual, and balance of all leaves, which included compensatory time. The Fiscal Officer and Board did not monitor the Supervisor's leave tracking mechanism. The lack of following budgetary requirements and monitoring of payroll activities may have contributed to the amount of overtime/compensatory time.

We recommend that the Township establish a process to monitor the amount of overtime and compensatory time worked by the Police Department. This can be accomplished by establishing a separate budgetary line item associated with overtime and/or compensatory usage or payouts or if the UAN payroll system and leave accrual and use system is properly utilized, reports could be generated periodically that could and should be monitored by management.

**Officials' Response:**

Overtime and comp time require documentation and supervisory approval. Balances are reconciled bi-weekly to prevent policy violations.

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|                       |          |
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| <i>Finding Number</i> | 2019-057 |
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**Eric Ratliff – Leave Payout Upon Separation**

**Non-compliance/ Internal Control Deficiency/Finding for Recovery**

The following sections of the Collective Bargaining Agreement between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9, July 1, 2016 through June 30, 2019 (the CBA), describe the various leave payouts upon separation of employment with the Township:

Article 18.4 states, in part, “upon separation from employment with the Township for any reason, members shall be entitled to compensation at their then current rate of pay for accrued and unused compensatory time accumulated.”

Article 20.6 states “a member who is to be separated from the Township service for any reason and who has accrued but unused vacation leave shall be paid in a lump sum for such unused vacation leave.”

Article 21.1 states, in part, “the following are designated as paid holidays for all members having six months continuous active service:... Personal Day, one day per year (chosen at member’s option, with Chief’s approval).”

Article 21.3 (A) states “on January 1 of each calendar year, each member shall be credited with eight (8) hours of holiday time for each holiday recognized in this Article. If a member is hired after January 1, the member will be credited with eight (8) hours of holiday time for each holiday remaining in that calendar year. At the member’s discretion, such time may be taken as paid leave, which may be utilized at any time during the calendar year in the same manner as personal leave. If a member has not taken leave for all hours of holiday time during the calendar year, the remaining balance of such holiday time shall be paid to the member, at his regular rate of pay, during the first pay period of the following calendar year.”

The CBA does not address specifically if the employee is to be paid accrued personal leave upon separation. However, the practice of the Township has been to pay the employees such balance at the end of the year and/or upon separation.

At the November 30, 2017 Board meeting the Police Chief informed the Board of Eric Ratliff’s resignation effective December 6, 2017. Officer Eric Ratliff was paid a full 80 hours for pay period ended December 12, 2017, although his last day of work was December 4<sup>th</sup>. This resulted in Officer Eric Ratliff being overpaid a total of \$917; which includes 6.5% of the employee’s pension contributions paid by the Township in accordance with the CBA.

Additionally, we noted errors in the Chief’s calculation of compensatory time (CT) earned by Officer Eric Ratliff during year-ended 2017 which resulted in the Officer’s CT balance being understated by 2.55 hours or \$58. Finally, the Officer’s pay out did not include any personal leave. As such, we estimate the Officer was underpaid \$183 for personal leave earned but not paid out. These errors have resulted in a “net” overpayment of \$676.

The overpayment described above is an illegal expenditure, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, the overpayment and the amount the individual was overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

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**Officials' Response:**

Separation payouts require HR verification of accruals and eligibility. Payroll processes payouts only after full review.

|                       |          |
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| <i>Finding Number</i> | 2019-058 |
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**Annual Increase – Police Department  
Noncompliance/Internal Control Deficiency/Finding for Recovery**

The Agreement between the Franklin Township and Fraternal Order of Police Capital City Lodge No. 9 July 1, 2016 through June 30, 2019 (the CBA) addresses when police employee salaries/salary increases must be paid.

**Article 15.1** states, in part, “the following wages will be paid to the members in rank of Patrol Officer beginning with the first full pay July 2017.”

The Township gave the Police Officers annual raises in the first pay period ended in July 2017, not the first full pay of July 2017. In 2018, the Officers did not receive their annual increase until the first pay period ended in August 2018. However, the Township retroactively paid the Officers back to the first full pay of July 2018.

Since the Township did not follow the Police Department's CBA and instead paid the Officers and Chief annual raises in the first pay period ended in July 2017 (as opposed to the first full pay period in July 2017) all Police Department employees were overpaid. This overpayment relates to 80 hours of base pay, in addition, to any overtime, bonus, leave payouts, etc. affected by this matter. The following table lists the employees and amounts overpaid:

| <b>Employee</b>  |        |
|------------------|--------|
| Jeff Francies    | \$ 47  |
| David Ratliff    | \$ 94  |
| Todd Moore       | \$ 57  |
| Josh Edwards     | \$ 38  |
| Courtland Fisher | \$ 36  |
| Eric Ratliff     | \$ 36  |
| David Pollock    | \$ 36  |
| David Woodie     | \$ 36  |
| Total            | \$ 380 |

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

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**Officials' Response:**

Annual increases require documented CBA compliance. Payroll applies updates only after receiving validated authorization.

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| <i>Finding Number</i> | 2019-059 |
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**Police: Special Duty  
Internal Control Deficiency**

Article 18.6 states special duty is defined as employment by a separate and independent employer of a member performing law enforcement or related activities under provisions whereby the Department: (1) requires the members be hired by a separate and independent employer to perform such duties; (2) facilitates the employment of members by a separate and independent employer; or (3) otherwise affects the conditions of employment of the member by a separate and independent employer. If a member, solely at the member's option, agrees to be employed on special duty, the hours the member is employed by a separate and independent employer in law enforcement, or related activities shall be excluded by the Township in the calculation of hours for which the member is entitled to overtime compensation. The Chief of Police may, from time to time and in his sole and absolute discretion, designate a member(s) to act as special duty coordinator for purposes of coordinating and assigning special duty requests. This designation is subject to the following conditions: the position of special duty coordinator is a volunteer position and no member may be compelled to accept such designation; unless otherwise permitted by the Chief of Police, the special duty coordinator shall not perform the functions of that position while in paid status and any functions so performed shall be at no cost to the Township; probationary members are ineligible for such designation; and special duty assignments will be coordinated pursuant to guidelines established by the Chief of Police. It is understood that such guidelines are an appropriate subject of labor relations meetings, and the Lodge may also discuss such guidelines directly with the Chief of Police.

Sound internal controls would require the Police Chief or others responsible for approving timesheets to periodically review special duty hours to ensure hours worked for the township don't overlap with hours charged for special duty hours.

Testing was performed to determine if the hours documented on the special duty invoices overlapped with hours documented on the employee's timesheet. Several instances were noted in which the hours documented on the special duty invoices overlapped with the hours recorded on an Officer's timesheet. Through discussion with the Police Chief, it was noted there was an internal investigation performed by the Franklin County Sheriff Internal Affairs (FCSIA) into an Officer documenting work hours while performing special duty work.

The FCSIA report noted the investigators were provided with a spreadsheet, generated by the Chief, showing the potential dates in which it appeared special duty hours worked by various officers overlapped with hours documented on timesheets. The investigators used Radio Room logs, vendor invoices provided for special duty services, employee timesheets, as well as interviews of the officers.

The FCSIA report concluded that they could not prove special duty hours overlapped with hours the employees charged to the Township. However, the FCSIA report did reflect matters which are internal control weaknesses, and the Township should establish written policies and procedures to address them. The following are some of the weaknesses noted in the FCSIA report:

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- Invoices:
  - During FCSIA's interviews, it was indicated officers working special duty were guaranteed to receive a minimum of three (3) hours no matter the amount of time spent on special duty. As such, the invoices would always reflect a minimum of three (3) hours of work performed.
  - The invoices maintained by the Special Duty Coordinator did not always appear to have the correct date and times associated with the special duty hours.

Invoices should reflect the actual hours worked, so the Chief or others authorizing timesheets can monitor Officer hours to ensure special duty hours are not overlapping. In addition, if the agreement with the vendor of the special duty establishes that the officer is paid a minimum of three hours, then the vendor should understand a minimum of three hours are to be paid or a note could be added to the invoice reminding vendors of the agreement.

- Flex Time:
  - As stated in the FCSIA report:
    - *it has been common practice at the department to "flex" or makeup hours as needed for the officers in order for officers to get their required eight (8) shift hours. An example would be if a special duty job went over by a half hour, officers would be permitted to stay over their regular duty hours to make up the half hour.*

The Township has not adopted a policy to address "flex" time. Additionally, AOS tested 100% of the timesheets during our audit and no indication was noted where an officer was permitted to "flex" hours. In most instances in which an employee worked over their shift, the employee earned overtime and/or compensatory time. Furthermore, we noted an instance in which the employee appeared to be late for a shift and took two hours of leave but earned OT when making up the leave taken.

The Township should adopt a policy and procedures to ensure officers seek prior approval for "flex" time. The policy should ensure that any "flex" time does not result in OT/CT earned by another officer to cover an employee's flex time. In addition, it should ensure the employee flexing the hours is not able to earn OT/CT if taking leave to perform special duties and make up hours. The policy should address the need for officers to document the hours "flexed", as well as, when the officer must work to make up any hours, i.e. do the hours have to be made up the day in which the officer flexed, or within the week.

- Inaccurate Hours Worked on Timesheets:
  - The FCSIA report noted an instance in which the hours documented on the officer's timesheet didn't match the Radio Room log.
  - The FCSIA report states on June 16, 2018, an officer timesheet shows he worked 11am to 7 pm. However, the investigation noted the Radio Room log showed he worked 7am to 3pm.

We recommend the Township develop a policy and procedures to ensure the timesheets are complete and accurate. We recommend the Township periodically review Radio Room logs to timesheets to ensure the officer is adequately documenting hours and Supervisors are adequately performing their duties and responsibilities to ensure timesheets are complete and accurate upon approval.

**Officials' Response:**

The Township is reviewing these concerns and intends to address its practices and take steps to move toward future compliance.

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|                       |          |
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| <i>Finding Number</i> | 2019-060 |
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**Vacation Leave Carryover  
Internal Control Deficiency**

The Agreements between Franklin Township and Fraternal Order of Police, Capital City Lodge No. 9, July 1, 2016 through June 30, 2019, and July 1, 2019 through June 30, 2022 (the CBAs) address the use/accrual of vacation time for police employees.

Article 20.4, states, in part, “except as otherwise hereinafter provided, a member may carry-over from one calendar year to another up to forty (40) hours of vacation hours earned in the year immediately prior to the year of carry-over. Vacation carry-over may be expanded by additional hours with the approval of the Chief of Police. Vacation time carried over into the following year must be used prior to December 31st of said year. Notwithstanding the foregoing and regardless of a carry-over request, this balance of a member's unused vacation may, at the Township's option and in such number of hours as the Township may determine, either be paid at the member's regular straight time rate of pay or permitted to be carried over into the following year for use during the year.”

Article 20.5, states, in part, “all vacation leaves shall be taken at such time or times at the discretion of and as approved by the Chief of Police. All vacation hours shall be paid at full pay at the applicable straight time rates. Vacation leave may be taken in multiples of one-half day. Furthermore, at the end of each vacation year, a member shall be paid for any vacation balances in excess of the maximums fixed by this Article only upon certification by the Chief of Police and the *approval of the Board of Trustees* that, due to emergency work requests, it is not in the best interest of the Township to permit a member to take vacation leave which would otherwise be forfeited as provided in Section 20.4.”

The Police Chief's Memorandum of Understanding (MOU), approved by the Board, resolution 18-033, #9 states “The vacation year shall end at the close of business on the last day of the first pay period that ends in January. The Police Chief working an average 40-hour week shall accrue vacation leave by pay period based on years of active service. To determine the appropriate accrual rate, the higher rate of accrual will begin on the first day of the pay period in which a year of active service is completed. Having served fifteen (15) years, the Police Chief is entitled to 8 hours accrual per pay period. Refer to Police Contract, Article 20.3.”

Addendum (B) of the Police Chief's MOU #29 states, in part, “The rate of compensation of the Police Chief will be \$37.22 per hour. This pay increase is effective January 1, 2018. In addition the township agrees to extend a one (1) time bonus of seventy five hundred dollars (7500.00) to the Police Chief.

Effective one year of the signing of this MOU the Police Chief will be given a performance evaluation with a minimum of a 3% cost of living increase. *The Police Chief will also receive any additional benefits that are paid to the membership during the course of their contract (i.e. compensation increases or other benefits).*”

The Police Chief allowed Officers to carryover all vacation leave balances and there was no process in place to ensure Officers cashing out the carried over vacation leave in subsequent years was approved in accordance with the CBAs. The Board of Trustees did not approve any vacation leave payouts related to these carryovers in subsequent years.

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Additionally, the Chief of Police who was responsible for tracking all leave, did not have a mechanism in place to ensure any carryover did not include vacation balances earned more than 12 months prior. Meaning, there was no process in place to track vacation leave usage based on the year it was earned. As such, there was a possibility that an Officer or the Police Chief could carry over balances greater than 12 months old.

The Chief of Police, and Fiscal Office allowed three Officers and Police Chief to cash out carry over vacation leave balances during the audit period. The following Police Employees cashed out vacation balances at a higher rate thus resulting in overpayments: Chief \$1,041, Officer A \$60, Officer B \$732, and Officer C \$42.

We recommend the Board of Trustees and Fiscal Office be provided with year-end leave balance sheets to determine if it is in the best interest of the Township to allow Officers and Police Chief to carry over vacation leave balances. The Township should determine any financial impact the carry over has on the Township. This would include but not be limited to any potential overtime needed to cover additional vacation leave used in subsequent years, as well as, the cost of allowing employees to use vacation leave to be used at a higher pay rate than earned. The Board of Trustees must approve any vacation leave pay outs for hours carried over.

Finally, the Township should develop a policy and procedure to ensure any carryover balances are used in the next year in accordance with Article 20.4 of the CBAs. The policy should address what is to occur with any vacation carryover balance not used in that subsequent year.

**Officials' Response:**

Supervisors review balances annually. Carryover requests require justification per policy. HR verifies eligibility before payroll updates balances.

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| <i>Finding Number</i> | 2019-061 |
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**Part-Time Police Officer – New Officer Training Program  
Non-Compliance/Internal Control Deficiency**

Resolution # 17-128 states:” BE IT RESOLVED by the Board of Trustees of Franklin Township, Franklin County, Ohio, that the Board approves pay rate for part time officers in training to \$12.00 per hour. After training and based on performance review part time rate will go to \$15.00 per hour with the approval of the board. After one year of completing training officers are permitted a yearly raise of \$1.00 per hour based on performance this amount to be capped at \$18.00 per hour”.

The following officers received a step increase from \$12 per hour to \$15 per hour, however, the Board did not approve these step increases as required by Resolution 17-128.



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**Table 1: Officers Completing Training under Res: 17-128**

| <b>Officer</b> | <b>Pay_Period_Ended_Raise</b> |
|----------------|-------------------------------|
| Officer A      | 5/30/17                       |
| Officer B      | 5/30/17                       |
| Officer C      | 3/6/18                        |
| Officer D      | 6/12/18                       |
| Officer E      | 1/23/18                       |

On July 11, 2019, the Board passed Resolution # 19-122 which states: "BE IT RESOLVED by the Board of Trustees of Franklin Township, Franklin County, Ohio that the Board approves the Police Chief to increase the hourly pay scale for part-time police officers effective July 11, 2019, as follows":

|        |         |                             |
|--------|---------|-----------------------------|
| STEP 1 | \$14.16 | while in training           |
| STEP 2 | \$17.70 | upon completion of training |
| STEP 3 | \$18.88 | after 1 year                |
| STEP 4 | \$20.06 | after 2nd year              |
| STEP 5 | \$21.24 | after 3rd year and beyond   |

According to the Chief, it would normally take a full-time officer approximately three months, or 520 hours, to complete training. The time needed to complete the new officer training can be reduced if the officer has prior experience. When analyzing the part-time officers receiving a step increase for completing training, a few anomalies were noted. The following table shows the part-time officers who were hired and completed training for the Township from January 1, 2017, through December 31, 2019, including the number of hours worked prior to completing the training:

**Table 2: Officers Hired and Completed Field Training Jan. 1, 2017, through Dec. 31, 2019**

| <b>Employee</b> | <b>Start_Pay_Per_Ended</b> | <b>Raise_Pay_Per_Ended</b> | <b>Hrs_worked</b> |
|-----------------|----------------------------|----------------------------|-------------------|
| Officer C       | 11/28/2017                 | 3/6/2018                   | 415               |
| Officer E       | 11/14/2017                 | 1/23/2018                  | 286               |
| Officer D       | 10/17/2017                 | 5/17/2018                  | 744               |
| Officer F       | 07/09/2019                 | 11/12/2019                 | 546               |
| Officer G       | 07/23/2019                 | 12/10/2019                 | 466               |

Upon review of the personnel files for these officers it was noted many of the files lacked any documentation to support the completion of the training; only Officer C and Officer D had any documentation supporting the completion of the new officer training. Both Officers, Officer C and Officer D, had Certificates of Completion, which acknowledged the officer's completion of the field training program and were signed by the Chief and the officer's Training Supervisor, on February 1, 2018, and February 5, 2018, respectfully. However, as noted in Table 1 and 2, Officer C and Officer D didn't receive wage increases until March 6, 2018, and May 17, 2018. Additionally, Officer C had a Form 19 in their personnel file. This form requires the Field Training Officer (FTO), Training Supervisor and Chief to sign off on the officer's completion of the Training Program. The date on this form differs from the Certificate of Completion. The FTO and Supervisor

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signed off on the form on February 25<sup>th</sup> and the Chief on the February 26<sup>th</sup>. This acknowledgement was approximately four weeks after Officer C's Certificate of Completion was signed.

It appears Officer D, Officer E and Officer G all had previous experience as officers prior to being hired by Franklin Township. While this experience appears to have reduced the number of hours required for Officer E to complete the Training Program, it did not impact the hours needed to complete the Training program for Officers D and G .

The lack of any formal policies or procedures have led to inconsistencies in part-time officers receiving raises associated with the completion of the New Patrol Officer Training. These inconsistencies do not allow us to determine the completeness and accuracy related to raises associated with the completion of the training program. Due to these inconsistencies, we are unable to determine if these officers were under/overpaid in relation to completing New Officer Training. As such, we did not take any of the discrepancies into consideration when determining the individual findings for recovery.

We recommend the Township follow their own policies and require Board approval when necessary. Furthermore, the Chief needs to ensure officers are following the required policies and procedures regarding New Patrol Officer Training, as well as ensure the New Officers, Field Training Officer and Training supervisors are properly trained on the requirements of the Training Program. The Chief needs to work with the Fiscal Office to ensure the officers are receiving raises timely, when the training is completed. The Board should be monitoring to ensure the Chief is performing these responsibilities as required in the Board resolution. Finally, the Township needs to ensure all required documentation is maintained within the personnel files.

**Officials' Response:**

Leave-related payments now require documented eligibility. Payroll verifies total amount of hours worked, and authorization for any hours in excess of standard weekly hours before payment.

|                       |          |
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| <i>Finding Number</i> | 2019-062 |
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**Field Training Officer  
Non-Compliance/Internal Control Deficiency**

The agreement between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9, July 1, 2019 through June 30, 2022, Article 18.8 states: "when a member is operating in the capacity of Field Training Officer ("FTO") and is engaged in training a newly hired probationary officer, the member acting as FTO shall receive, in addition to their regular compensation, one-dollar (1.00) per hour additional for every hour spent in this capacity of a Field Training Officer."

During our payroll testing we recalculated the FTO payments to determine if the FTO hours received by the Field Training Officer matched the hours worked by the trainee. In 2019, Officers A and B worked in the capacity of Field Training Officers.

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When comparing the FTO hours earned by Officer A, while working as a Field Training Officer, we noticed one error where they were underpaid for 4 hours of FTO time. However, when comparing the FTO hours earned by Officer B, while working as a Field Training Officer, we noticed at least three instances where the Officer received more FTO hours than the trainee worked. It appears Officer B was including additional overtime he worked but was not worked by the trainee. These overages range from 2 hours to 24 hours.

The Officers track FTO hours on their timesheets, which are reviewed and approved by the Police Chief. It would appear the Police Chief was not comparing the FTO hours claimed by Field Training Officers to the hours worked by their Trainees.

We recommend the Police Chief and Fiscal Office carefully review FTO hours to ensure these hours are complete and accurate. This review should include comparing hours claimed by the Field Training Officer to the hours worked by the trainee.

**Officials' Response:**

FTO assignments require written approval. HR and payroll verify all FTO-related compensation before processing.

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| <i>Finding Number</i> | 2019-063 |
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**Police Chief – Employee Pension Contribution  
Non-Compliance/Internal Control Deficiency**

The 2018 Memorandum of Understanding (MOU) between the Chief of Police and the Board of Trustees section 19(a) states unless exempted by applicable law, rule or regulation the Police Chief shall be eligible for participation in the OPERS Disability and Pension Fund ("the Fund") under such rules and in such manner as the Fund may, from time to time, establish. Township agrees to pay the employee portion of the benefit.

The Township was only paying 6.5% of the 10% employee contribution for 2018 and 2019. We estimate the Township owes the Police Chief, Byron Smith, approximately \$2,792 and \$3,192 related to employee pension contribution.

The Township was unable to provide us with the 2017 MOU, thus we are unable to determine if the Police Chief should have received the full 10% employee contribution or the 6.5% contribution he received in 2017.

We recommend the Township determine if the Police Chief was underpaid for employee pension contributions for 2017 and implement a policy to ensure the Township is properly contributing to everyone's portion of the employee pension contributions.

The underpaid individual, and the amount they were underpaid will be included in the Finding for Recovery Summary in Appendix A below and netted against any Finding For Recovery amount(s) owed by the individual.

**Officials' Response:**

Pension contributions are reviewed to ensure proper classification under OP&F rules. Any errors are corrected with the retirement system.

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|-----------------------|----------|

**Police Payroll Inaccuracies  
Internal Control Deficiency**

Sound internal controls require the proper segregation of duties requiring someone independent of those entering data in various spreadsheets and/or the payroll account system to determine the completeness and accuracy of the data input.

During the audit period the Police Department utilized a time clock from January 1, 2017 until the first full pay period of July 2018, at which time the Police Chief made the decision to switch to manually tracking work hours by handwriting time onto a printed excel form created to show such things as hours worked, overtime and/or compensatory time earned, leave used, as well as total daily and weekly hours for each category. This form required officers to manually calculate total hours used and worked.

The Police Chief, and on occasion the Sergeant, approved the timecards/sheets. Once the timecards/sheets were approved, the Police Chief manually input the information from the timecards/sheets to a spreadsheet (Tracker). The Tracker documented the total normal hours worked, overtime earned, compensatory time earned, as well as leave usage and accruals for the various leave types, i.e. sick, vacation, holiday, compensatory time. There was no control in place to ensure the data entered to the Tracker by the Police Chief was accurate and complete. The Police Chief also created a summary spreadsheet for each pay period, where he created a table for each officer summarizing the total normal hours worked (normally 80 hours per pay period but reduced by leave usage and did not include overtime hours), overtime hours, and each type of leave used during the pay period.

All this information was submitted to the Fiscal Office to enter payroll into the Uniform Accounting Network (UAN) to process payroll. It is unclear what controls, if any, the Fiscal Office had in place to check the accuracy and completeness of the data on the Tracker and Summary spreadsheets, or which form was consistently used by the Fiscal Office to enter data into UAN.

Due to the lack of comparison and monitoring by the Fiscal Office and Police Chief, the controls in place, where applicable, did not always operate correctly. Several errors were noted in the payroll process, for example:

- Hours on timecards/timesheets did not always match the Tracker and/or Summary spreadsheets. Additionally, hours on timesheets, trackers/summary did not always match the information entered to UAN by the Fiscal Office, Hours on timesheets, trackers/summary did not always match the information entered to UAN,
- Approved leave forms demonstrated leave hours were approved, but the timecard/sheet, as well as forms maintained by Chief, recorded normal hours worked.

The failure to implement proper controls, or follow controls in place, resulted in several instances in which overpayments occurred (Findings for Recovery were issued in other comments), underpayments occurred, and leave balance adjustments have been proposed. In addition, the failure to update leave forms to reflect actual leave usage leaves the Township vulnerable to questionable practices by the citizens of the

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Township and employees. In addition to the control matters there appears to be an inefficiency in the Police Chief's process of payroll. The Police Chief was maintaining two separate spreadsheets with the same data to submit to the Fiscal Office. If the Township properly utilized UAN, which could calculate leave balances based on accruals and usage, then the Chief could reduce the time needed to complete payroll, as well as reduce the risk of errors by inputting data into two separate spreadsheets.

We recommend the Township implement controls to ensure data is input properly into each spreadsheet maintained by the Police Chief, and the data input into UAN is complete and accurate. The Township should also consider utilizing UAN to maintain leave balances, or at a minimum decide if it is necessary for the Police Chief to maintain two separate spreadsheets. We recommend that the Police Chief not only ensure the hours worked on the timecard/sheets are correct but also ensure that any approved leave is reflected properly on the timecards/sheet. This would require at a minimum the Police Chief, or others approving timecards/sheets, to ensure any approved leave is reflected properly. Additionally, we recommend the Police Chief require an Officer to submit a new leave form to reflect any change requested to already approved leave. Finally, the Fiscal Office and Police Chief should ensure all approved leave forms are maintained in accordance with the Township's record retention policy.

**Officials' Response:**

Improved timesheet verification and payroll reconciliation ensure accuracy. Errors are corrected promptly and documented.

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| <i>Finding Number</i> | 2019-065 |
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**Police Leave Adjustments  
Internal Control Deficiency**

Sound internal controls require someone independent of the person entering data into the Leave Balance spreadsheet to determine the completeness, existence and accuracy of the leave accrual, usage and balance for each leave type.

The Police Chief was responsible for maintaining the leave accruals and usage for each Officer. The Chief did so by utilizing a spreadsheet (the Tracker) in Excel. While Excel was utilized the leave balances were manually calculated by the Chief, using prior pay period balance, plus accruals, less usage. Like other departments, the Chief did not submit the Tracker to the Fiscal Office to allow an independent person to review the calculations of the leave balances.

Several issues were noted with Officer leave balances:

- Compensatory time was documented on the timesheet, or initially input by the Chief, at the 1.5 conversation rate per the collective bargaining agreement (the CBA). It was then multiplied again at the 1.5 rate when the Chief calculated the compensatory balance.
- Leave was used or paid out but not reduced on the Tracker.
- Calculation errors were made to leave balances
- Accrual rates were not updated in accordance with the CBA timely, or at all.
- Compensatory time mistakenly paid as overtime by the Fiscal Office

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These issues resulted in the need to adjust the various types of leave balances for the following employees:

| <b>Employee</b> | <b>Comp Time</b> | <b>Sick Leave</b> | <b>Vacation Leave</b> |
|-----------------|------------------|-------------------|-----------------------|
| Byron Smith     | (3.75)           |                   | (10.00)               |
| Courtland       |                  |                   |                       |
| Fisher          | (11.90)          |                   |                       |
| Dave Ratliff    |                  |                   | (16.50)               |
| Dave            |                  |                   |                       |
| Woodie          | (60.91)          |                   | (26.50)               |
| David           |                  |                   |                       |
| Pollock         | (84.52)          |                   |                       |
| Holly Watts     | (10.59)          |                   | (7.74)                |
| Joseph          |                  |                   |                       |
| Sheridan        | 1.50             |                   |                       |
| Josh            |                  |                   |                       |
| Edwards         | (23.61)          | (16.00)           |                       |
| Leland          |                  |                   |                       |
| Queen           | (0.32)           |                   |                       |
| Norman          |                  |                   |                       |
| Baldwin         | (0.76)           |                   | (48.00)               |
| Rodger          |                  |                   |                       |
| Myers           | (32.19)          |                   | 26.10                 |
| Todd Moore      | 24.00            |                   | (8.00)                |

*Note: The negative values noted in the table above indicate their leave balances were overstated and need reduced by the amount noted.*

We recommend the Township implement proper segregation of duty controls by having someone other than the Police Chief review the police leave balance spreadsheet to ensure the completeness, existence and accuracy of all data input. Furthermore, we recommend the Township make the above adjustments to the employee's leave balances. If an employee noted in the table above has left service after December 31, 2019, the Township should ensure that the adjustments did not have any impact upon their termination leave payout. If the Township determines an employee resigned and was overpaid based on the above adjustments, the Township should implement a process to recoup any overpayments.

**Officials' Response:**

Leave adjustments require written justification and HR approval. Payroll reconciles adjustments per pay period to maintain accurate records.

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|                       |          |
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| <i>Finding Number</i> | 2019-066 |
|-----------------------|----------|

**Jeff Francies – Leave Payout Upon Separation  
Non-compliance/Internal Control Deficiency**

The following sections of the agreement between Franklin Township and the Fraternal Order of Police Capital City Lodge No. 9, July 1, 2016 through June 30, 2019 (the CBA), describe the various leave payouts upon separation of employment with the Township:

Article 18.4 states, in part, “upon separation from employment with the Township for any reason, members shall be entitled to compensation at their then current rate of pay for accrued and unused compensatory time accumulated.”

Article 20.6 states “a member who is to be separated from the Township service for any reason and who has accrued but unused vacation leave shall be paid in a lump sum for such unused vacation leave.”

Article 21.3 (A) states “on January 1 of each calendar year, each member shall be credited with eight (8) hours of holiday time for each holiday recognized in this Article. If a member is hired after January 1, the member will be credited with eight (8) hours of holiday time for each holiday remaining in that calendar year. At the member’s discretion, such time may be taken as paid leave, which may be utilized at any time during the calendar year in the same manner as personal leave. If a member has not taken leave for all hours of holiday time during the calendar year, the remaining balance of such holiday time shall be paid to the member, at his regular rate of pay, during the first pay period of the following calendar year.”

The CBA does not address specifically if the employee is to be paid accrued personal leave upon separation. However, the practice of the Township has been to pay the employees such balance at the end of the year and/or upon separation.

Jeff Francies retired July 31, 2018, which was the end of the first 40-hour work week for pay period ended August 7, 2018. Several errors were noted in his severance payout. Officer Francies’ vacation leave balance had the following errors:

- 8 hours of vacation leave earned was not added properly during one pay period in 2017,
- for pay period ended March 6, 2018, there was a calculation error resulting in an understatement of 0.45 hours.

In total Officer Francies’ vacation leave balance was understated 8.45 hours, which resulted in an underpayment of \$240.

Furthermore, Officer Francies worked 1.75 hours of overtime during pay period ended August 7, 2018. However, the Fiscal Office erroneously paid these overtime hours as shift differential. Shift differential is paid at \$1/hour, whereas overtime is 1.5 times his normal rate of pay, which resulted in an underpayment of \$77.

The situations described above resulted in a net underpayment of \$317.

The underpaid individual, and the amount they were underpaid will be included in the Finding for Recovery Summary in Appendix A below and netted against any Finding For Recovery amount(s) owed by the individual.

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**Officials' Response:**

HR verifies all accruals and eligibility before payout. Payroll processes only after complete authorization.

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| <i>Finding Number</i> | 2019-067 |
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**Josh Edwards – Retro Pay**

**Non-compliance/Internal Control Deficiency/Finding for Recovery**

On August 11, 2017, Officer Josh Edwards received a retroactive payment in the net amount of \$3,204 (\$4,519 gross payment). This payment was a result of Officer Edwards not being paid the correct hourly rate, as well as not receiving proper step increases from his initial hire date of November 6, 2014, to the date of the retroactive payment.

To correct the above errors and determine the gross amount owed to Officer Edwards, the Township Fiscal Officer recalculated each bi-weekly pay and/or separate leave payout check using Officer Edwards proper hourly rate. The proper gross amount was then compared to the gross amount initially paid, with the variance between the two used to determine the overall underpayment owed to Officer Edwards. This resulted in the Fiscal Officer calculating that Officer Edwards was underpaid \$4,519 in gross payroll.

Our testing of Officer Edwards' retroactive pay identified eleven errors in the Fiscal Officer's retroactive payment calculation. These errors resulted in Officer Edwards being overpaid \$1,398.

The overpayment described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, the overpayment and the overpayment amount will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary,

**Officials' Response:**

Retro pay adjustments require Board approval and proper documentation. Payroll only processes pay after verifying rate schedules and effective dates.

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| <i>Finding Number</i> | 2019-068 |
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**Incorrect Posting of Compensatory Time Used – Josh Edwards 2018**

**Non-compliance/Internal Control Deficiency/Finding for Recovery**

Ohio Admin. Code 145-1-26(B)(1) states, "During the year" means the calendar year or not later than one month following the calendar year in which a payment is made.

Ohio Admin. Code 145-1-26(G) states, in part, "The following payments made by the public employer are not 'earnable salary':



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- (1) Payments made by the employer for accrued overtime worked or for compensatory time for overtime worked that are made at any time other than in the year in which the overtime or compensatory time is accrued.”

The Collective Bargaining Agreement between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9, July 1, 2016 through June 30, 2019 (the CBA) Article 18.4 states compensatory time off shall be earned or granted to the members, at the election of the member, in lieu of payment for overtime worked, and shall be earned at a rate consistent with this Article. The maximum amount of compensatory time a member may accrue is eighty (80) hours per calendar year at any time. Any compensatory time more than forty (40) hours that is not used or paid out by December 31 of each calendar year shall be paid in the first full pay period in January of the following year.

During pay period ended July 24, 2018, Josh Edwards used 16 hours of compensatory time. Instead of marking the compensatory time as being used in the payroll system, the Fiscal Office treated the 16 hours as additional pay. This resulted in Josh Edwards being overpaid \$499.

Additionally, the Fiscal Office incorrectly treated the compensatory time as pensionable income. This resulted in an additional overpayment of \$32 related to pension pick up. In total, Josh Edwards was overpaid \$531.

The overpayment described above is an illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, the overpayment and the overpayment amount will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials’ Response:**

Comp time usage requires supervisory verification and available balance checks prior to posting. Corrections are documented and reconciled.

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| <i>Finding Number</i> | 2019-069 |
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**Courtland Fisher – Step Increase 2017**

**Non-compliance/Internal Control Deficiency/Finding for Recovery**

The Agreement by and between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9, July 1, 2016 through June 30, 2019 (the CBA), Article 15.2, states “original appointment to the rank of patrol officer may be made at any step. Advancement from the original appointment to the any succeeding Step, and to any Step, thereafter, shall be made after one (1) year intervals of continuous service.”

According to the 2016 Wage Detail Report from the Uniform Accounting Network (UAN) system, Officer Courtland Fisher became a full-time officer on May 4, 2016. As such, Courtland Fisher should have received a Step increase to Step B, as outlined in the CBA, on May 4, 2017. However, per review of the wage detail report, Courtland Fisher did not receive a step increase until May 31, 2017.

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Furthermore, it appears the Fiscal Officer retroactively paid Officer Fisher for this missed step increase. Per the wage detail, payment #43334 was made on May 31, 2017, where Officer Fisher received an additional \$278, however, there was no support for such. Because there was a \$1.16 difference between Step A (\$19.96 per hour) and Step B (\$21.12 per hour) according to the Step salary schedule in Article 15.1 of the CBA, it appears the Fiscal Officer retroactively paid the difference on 240 hours.

Officer Fisher was only underpaid on 152 hours though and therefore should have only received a retroactive payment of \$176. As such, Officer Fisher was overpaid \$102.

The overpayment described above is an illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, the overpayment and the overpayment amount will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

All compensation types now follow standardized payroll codes and require Board authorization when outside normal categories. Improper payments are reviewed for potential recovery.

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| <i>Finding Number</i> | 2019-070 |
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**Missed Overtime payments – Officer David Woodie  
Non-Compliance/Internal Control Deficiency**

Officer David Woodie's timecard showed he worked four hours of overtime during pay period ended September 19, 2017, however, he was not paid for these hours. The Fiscal Office wrote a separate check, payment #44284, dated September 25, 2017, to attempt to fix the missed overtime payment in the gross amount of \$91. Payment #44312, dated October 6, 2017, is another retroactive payment to David Woodie in the amount of \$89, however there is no support as to what the payment is for.

Officer Woodie should have been paid \$137 for the hours of overtime at a rate of time and a half. Based on the amounts derived from payments #44284 and #44312, it appears the Fiscal Office paid Officer Woodie a total of \$180 for the missed overtime payment, resulting in an overpayment of \$43.

Additionally, for pay period ended August 3, 2017, Officer Woodie worked 3.5 hours of overtime. However, per review of the wage detail report, Officer Woodie did not receive payment for such overtime. This resulted in him being underpaid \$120.

Based on the facts noted above Officer Woodie was underpaid a total of \$77 for overtime payments for year-ended 2017.

The underpaid individual, and the amount they were underpaid will be included in the Finding for Recovery Summary in Appendix A below and netted against any Finding For Recovery amount(s) owed by the individual.

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**Officials' Response:**

Supervisors verify overtime worked and submit timely documentation. Payroll reconciles overtime forms with shift logs. Missed overtime is corrected immediately.

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| <i>Finding Number</i> | 2019-071 |
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**Underpayment of Hours – Norman Baldwin  
Non-compliance/Internal Control Deficiency**

Sound internal controls require an independent review to determine the completeness and accuracy of data input in the various reports, which are produced by the Township's department supervisors and utilized by the Fiscal Office to process Township payroll.

While working as a part-time Officer, Norman Baldwin's timecard recorded he worked a total of 36 hours for pay period ended Oct 31, 2017. However, it appears the Police Chief only documented 32 hours worked on reports sent to the Fiscal Office to process payroll for the pay period. This resulted in Officer Baldwin being underpaid for four hours of work at a rate of \$12/hour for a total of \$48.

The Township has no controls in place requiring someone independent of the Police Chief to review data input by the Police Chief into the various reports submitted to the Fiscal Office to process payroll.

We recommend the Township implement a policy and/or procedures requiring someone to review payroll records submitted by the Township's department supervisors for completeness and accuracy of data.

The underpaid individual, and the amount they were underpaid will be included in the Finding for Recovery Summary in Appendix A below and netted against any Finding For Recovery amount(s) owed by the individual.

**Officials' Response:**

Timesheet reviews and payroll reconciliation ensure accurate payment. Discrepancies are corrected, and controls prevent future underpayments.

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| <i>Finding Number</i> | 2019-072 |
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**Pay Increase – Chief Byron Smith 2018  
Non-compliance/Internal Control Deficiency/Finding for Recovery**

At the February 2, 2018, special meeting, the Board of Trustees passed Resolution 18-025, which states "be it resolved by the Board of Trustees of Franklin Township, Franklin County, Ohio that Board approves a sign on as Chief for \$7,500 and a \$6.00 per hour raise for Chief Byron Smith beginning January 1<sup>st</sup>, 2018."

On February 9, 2018, the Fiscal Office retroactively paid Chief Smith, payment #45540, for 160 hours: 80 each for pay period ended January 9 and January 23, 2018, at \$6/hour, plus pension pick up of 6.5%, for a gross amount of \$1,022. Pay period ended January 9<sup>th</sup> included 24 hours worked prior to January 1<sup>st</sup>.

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However, he received 8 hours of wellness pay for the pay period ended January 23, 2018, at his old rate. As such, Chief Smith was overpaid for a total of 16 hours which amounts to \$102, which includes 6.5% pension pick up.

The overpayment described above is an illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, the overpayment and the amount of overpayment will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

Rate changes require formal Board approval and HR verification. Payroll does not process changes without authorization, or current contractual agreements, i.e CBA.

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| <i>Finding Number</i> | 2019-073 |
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**Holiday and Personal Leave Overages – Police  
Non-compliance/Internal Control Deficiency/Finding for Recovery**

The following sections of the Collective Bargaining Agreement between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9, July 1, 2016 through June 30, 2019 (the CBA), describe the various leave payouts upon separation of employment with the Township:

Article 21.1 states, in part, “the following are designated as paid holidays for all members having six months continuous active service:

New Year's Day, January 1st  
Martin Luther King Day, January 15th  
President's Day, the 3rd Monday in February  
Memorial Day, the last Monday in May  
Independence Day, July 4th  
Labor Day, the first Monday in September  
Columbus Day, the second Monday in October  
Veteran's Day, November 11th  
Thanksgiving Day, the 4th Thursday in November  
Christmas Day, December 25th  
Personal Day, one day per year (chosen at member's option, with Chief's approval)”

Article 21.3 (A) states “on January 1 of each calendar year, each member shall be credited with eight (8) hours of holiday time for each holiday recognized in this Article. If a member is hired after January 1, the member will be credited with eight (8) hours of holiday time for each holiday remaining in that calendar year. At the member's discretion, such time may be taken as paid leave, which may be utilized at any time during the calendar year in the same manner as personal leave. If a member has not taken leave for all hours of holiday time during the calendar year, the remaining balance of such holiday time shall be paid to the member, at his regular rate of pay, during the first pay period of the following calendar year.”

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(Continued)**

The Police Chief was responsible for approving and tracking all leave. This responsibility included ensuring the Officers requesting leave to be used or paid had a leave balance to cover the Officer's request. During 2018 and 2019 the following individuals used or were paid out for Holiday leave above the allotted 80 hours in Article 21.1 above (note the personal leave in Article 21.1 is tracked separately from holiday leave by the Township).

- Sergeant Todd Moore used 96 hours of Holiday during 2018. Of the additional 16 hours, eight were at a rate of \$31.22/hour, while the other eight hours were at a rate of \$31.84/hour. In total Sergeant Moore was overpaid a total of \$537, which included 6.5% pension pick up.
- Officer Dave Ratliff used 96 hours of Holiday leave during 2018. This resulted in Officer Ratliff being overpaid \$484, or 16 hours at a rate of \$28.44, which also included 6.5% pension pick up.
- Officer David Woodie cashed out all 80 hours of Holiday leave during pay period ended January 23, 2018. However, Officer Woodie used 8 hours of Holiday leave during pay period ended May 23, 2018. This resulted in him being overpaid \$194, eight hours at a rate of \$22.78/hour, which includes 6.5% pension pick up.
- Sergeant Josh Edwards used 8 hours of Holiday leave and cashed out 80 hours of Holiday leave during 2019 for a total of 88 hours. This resulted in an overpayment of \$271, 8 additional hours paid at a rate of \$31.84/hour, which includes 6.5% pension pick up.

Officer Dave Ratliff and Sergeant Josh Edwards used 16 hours of Personal leave during 2018, which is eight hours more than allotted in Article 21.1. This resulted in Officer Ratliff being overpaid \$242, or eight hours at a rate of \$28.44, which also included 6.5% pension pick up. Sergeant Edwards was overpaid \$271, or eight hours at a rate of \$31.84/hour, which also includes 6.5% pension pick up.

We recommend that someone independent of the Police Chief periodically review the leave accrual and usage/payouts to ensure leave balances are accurate. The Fiscal Office should receive a copy of the leave balance spreadsheet each pay period to verify that the employees using or requesting leave have a balance to cover the request.

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

Leave balances are reconciled Bi-weekly. Supervisors verify eligibility before approval, Payroll processes payouts only after full review of availability and compliance with the respective CBA and/or MOU. Overages are corrected and reviewed for recovery.

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| <i>Finding Number</i> | 2019-074 |
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**Unpaid Holiday – Courtland Fisher  
Non-compliance/Internal Control Deficiency**

The following sections of the Collective Bargaining Agreement between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9, July 1, 2016 through June 30, 2019 (the CBA), describe the various leave payouts upon separation of employment with the Township:

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(Continued)**

Article 21.1 states, in part, “the following are designated as paid holidays for all members having six months continuous active service:

New Year's Day, January 1st  
Martin Luther King Day, January 15th  
President's Day, the 3rd Monday in February  
Memorial Day, the last Monday in May  
Independence Day, July 4th  
Labor Day, the first Monday in September  
Columbus Day, the second Monday in October  
Veteran's Day, November 11th  
Thanksgiving Day the 4th Thursday in November  
Christmas Day, December 25th  
Personal Day, one day per year (chosen at member's option, with Chief's approval)”

Article 21.3(A) states “on January 1 each calendar year, each member shall be credited with eight (8) hours of holiday time for each holiday recognized in this Article. If a member is hired after January 1, the member will be credited with eight (8) hours of holiday time for each holiday remaining in that calendar year. At the member's discretion, such time may be taken as paid leave, which may be utilized at any time during the calendar year in the same manner as personal leave. If a member has not taken leave for all hours of holiday time during the calendar year, the remaining balance of such holiday time shall be paid to the member, at his regular rate of pay, during the first pay period of the following calendar year.”

Based upon the above CBA provisions, Officer Courtland Fisher should have been paid or used a total of 88 hours of Holiday and Personal Leave excluding the personal day. During year-ended December 31, 2017, Officer Fisher used 48 hours of holiday and personal leave, but there is no indication that he was paid for the remaining 40 hours of holiday and personal leave. Based on his hourly rate of \$21.54 on January 1, 2018, and the fact that this holiday pay should have been treated as pensionable income due to being paid out immediately after the year earned, we estimate that Officer Fisher is due \$917, which includes pension pick up of 6.5 percent.

The underpaid individual, and the amount they were underpaid will be included in the Finding for Recovery Summary in Appendix A below and netted against any Finding For Recovery amount(s) owed by the individual.

**Officials' Response:**

Holiday eligibility is verified by supervisors. Payroll ensures qualifying employees receive correct compensation and corrects any omissions.

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| <i>Finding Number</i> | 2019-075 |
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**Unsupported Pay – Tim Myers**

**Non-Compliance/Internal Control Deficiency/Finding for Recovery**

Officer Tim Myers received two separate checks for pay period ended December 12, 2017, one check received on December 15, 2017, which compensated him for 56 hours worked, as shown on his timecard, as a part-time officer. Officer Myers also received an additional eight hours of pay, on December 18, 2017, per payment #45015, in the gross amount of \$96. No errors in previous pay periods, nor any other

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supporting documentation for the additional payment was provided. Based on these facts, Tim Myers was overpaid \$96.

Additionally, as shown in the wage detail report from the Township accounting system; wage #2169, Officer Timothy Myers received an additional \$939, or 36 hours, above his bi-weekly salary of \$2,088 for pay period ended October 15, 2019. There was no supporting documentation for this additional time and no reduction of any leave balances to support a leave payout. This unsupported payment resulted in an overpayment of \$1,000 to Timothy Myers, which includes 6.5% pension pick up.

These errors resulted in Timothy Myers being overpaid \$1,096.

The overpayment described above is an illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, the overpayment and the amount of overpayment will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

The Township has implemented strengthened internal controls and updated procedures for payroll processing. These measures address and mitigate prior issues related to payroll discrepancies, PTO accruals, step increases, longevity payments, and benefit calculations. The revised processes provide greater accuracy, consistency, and oversight across all payroll functions.

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| <i>Finding Number</i> | 2019-076 |
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**Shift Differential  
Internal Control Deficiency**

The agreement by and between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9, July 1, 2016 through June 30, 2019, and July 1, 2019 through Jun 30, 2022 (the CBA) Article **16.1** states Shift differential pay of one dollar (\$1.00) per hour shall be provided for any eight (8) hour work day for which the majority of work hours occur after 4:00 p.m. and prior to 7:00 a.m. and to members normally assigned to such hours, regardless of the shift hours they actually work, for all hours worked excluding hours in paid status while on approved leaves (injury leave, vacation, sick leave and compensatory time) and off-duty court-time hours.

Additionally, Article 16.2 states shift differential pay shall be paid only for actual hours worked during an eight-hour workday. Shift differential shall not be paid in addition to regular pay for any hours of leave with pay. If shift differential pay is applicable under the terms of this Article to an eight-hour workday, and authorized overtime occurs in conjunction with the regular eight-hour workday, the shift differential shall be paid for each hour of overtime worked. However, the shift differential pay shall not be added to the base hourly rate prior to computing the overtime rate. Shift differential shall be paid for each hour of overtime worked. Shift differential pay is not applicable to court appearance time; but is applicable to hours worked when called back to duty if the member is otherwise qualified for the shift differential pay. Shift differential pay will be paid on a biweekly basis and will not be cumulative under any circumstances.

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During 2017, 2018 and 2019, shift differential was applied inconsistently when employees worked overtime. In many cases the overtime hours were not included in the shift differential hours.

Additionally, there were occasions in which employees, normally assigned to work shifts where most of the hours were from 4:00 p.m. to 7:00 a.m., were required to work different shifts or hours excluded from shift differential for a day or pay period(s). In accordance with Article 16.1 of the CBA these employees should receive shift differential even when not working hours between 4:00 p.m. to 7:00 a.m.

Finally, the CBA states shift differential hours should include overtime hours. If the employee chooses to bank the overtime hours as compensatory time, the Township does not include any of these hours as shift differential hours. Any leave taken is not included in the shift differential when used, which results in the Officer never receiving shift differential for the overtime banked as comp time and used in future periods.

The following table demonstrates a few examples in which the shift differential was not included:

| <b>Employee</b> | <b>PayPer_End</b> | <b>Shift_Diff_Recalculated</b> | <b>Shift_Diff_Recorded</b> | <b>Variance</b> |
|-----------------|-------------------|--------------------------------|----------------------------|-----------------|
| Employee A      | 2/7/2017          | 72                             | 80                         | 8               |
| Employee A      | 6/13/2017         | 80                             | 50                         | -30             |
| Employee B      | 7/25/2017         | 80                             | 0                          | -80             |
| Employee C      | 5/15/2018         | 80                             | 72                         | -8              |
| Employee C      | 11/13/2018        | 56                             | 40                         | -16             |
| Employee D      | 11/27/2018        | 88.5                           | 80                         | -8.5            |
| Employee E      | 9/17/2019         | 128                            | 112                        | -16             |
| Employee E      | 8/20/2019         | 96                             | 104                        | 8               |

The above table demonstrates the shift differential as recalculated based on timesheet information compared to the shift differential received per the wage detail report from the Township's accounting system, the Uniform Accounting Network. The variance indicates the amount the employee under(negative)/over(positive) received for each pay period.

The lack of policies and procedures allows for errors to occur in the application of shift differential and creates a potential liability for the Township. The amounts noted above are not being included as part of the overall finding for recovery calculations at the end of this report, due to the fact we cannot determine the completeness of all potential errors.

We recommend the Township establish a policy and implement procedures to ensure the employees are receiving the correct shift differential. When establishing this policy and procedure the Township should seek legal advice and work with the Union to determine if shift differential should be included when employees normally assigned to work shifts from 4:00 p.m. to 7:00 a.m., are required to work shifts where



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most of the hours are from 7:00 a.m. – 4:00 p.m. Furthermore, legal and the Union should determine if overtime hours banked as comp time should be included in the shift differential hours.

**Officials' Response:**

Eligibility criteria, shift verification, and supervisory approval have been formalized. Payroll applies shift differential only after confirming qualifying hours, ensuring contractual compliance.

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| <i>Finding Number</i> | 2019-077 |
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**Holiday Leave Advance Payments and Usage  
Non-compliance/Internal Control Deficiency**

The following section of the Collective Bargaining Agreement between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9, July 1, 2016 through June 30, 2019, and July 1, 2019 through June 30, 2022 (the CBA), describe when unused Holiday leave should be paid out.

Article 21.3 (A) states on January 1 of each calendar year, each member shall be credited with eight (8) hours of holiday time for each holiday recognized in this Article. If a member is hired after January 1, the member will be credited with eight (8) hours of holiday time for each holiday remaining in that calendar year. At the member's discretion, such time may be taken as paid leave, which may be utilized at any time during the calendar year in the same manner as personal leave. If a member has not taken leave for all hours of holiday time during the calendar year, the remaining balance of such holiday time shall be paid to the member, at his regular rate of pay, during the first pay period of the following calendar year.

The CBA was the Township's only form of policy regarding when Holiday leave is earned and when any unused Holiday leave was to be paid. The Officers were required to submit leave forms requesting leave prior to use to the Police Chief for approval. Additionally, the Officers would submit a request to the Police Chief if they wanted to be paid out for various leave. Once these requests were approved by the Chief, the forms were submitted to the Fiscal Office for payment.

Although Article 21.3 (A) clearly states any unused Holiday leave is to be paid out during the first pay period of the following year, there were several instances in which the Police Chief and Fiscal Office allowed Officers to be paid holiday in advance of earning the pay. The payments and usage of holiday could occur anytime throughout the year; the earliest we identified was an Officer cashing out Holiday leave was during pay period ended January 23, 2018, for the 80 hours of Holiday leave for year-ended 2018.

Additionally, the Fiscal Office was not able to monitor any usage or balance as the leave balance sheet was not submitted to the Fiscal Office for review. As such, the Fiscal Office was relying solely on the Police Chief's approval of usage and payout request.

This results in a higher risk an employee could be terminated or resign from the Township prior to fulfilling a full year of service and earning all Holiday leave. Without the knowledge of each Officer's leave balance the Fiscal Officer would again be relying on the Police Chief to inform them if an individual was paid in advance for the Holidays upon separation from the Township.

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We recommend the Township follow the CBA and only allow unused Holiday leave to be paid out in the first pay period of the following calendar year. The Township should also adopt a policy to address how far in advance an employee can use Holiday prior to earning. Additionally, the Township should establish procedures requiring the Fiscal Office to monitor leave balances to ensure adequate leave is available before usage or payout is allowed.

**Officials' Response:**

The Township is following all CBA's and is only allowing unused holiday leave to be paid out in the first pay period of the following year. All leave balances are retained in UAN as the sole place of record.

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| <i>Finding Number</i> | 2019-078 |
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**Police Lieutenant – Holiday Leave 2019  
Non-compliance/Internal Control Deficiency/Finding for Recovery**

Lieutenant David Ratliff's Memorandum of Understanding (MOU) dated March 20, 2019 through March 20, 2020, section 10 states " while in active service with the Township the Lieutenant shall be entitled to eight (8) hours for each holiday referred to in Ohio Revised Code 511.10, which shall accrue on a calendar year basis and be credited on each January 1<sup>st</sup>. Refer to Police Contract, Article 21.3."

Additionally, section 23 (a) of Lieutenant Ratliff's MOU states, "active service shall mean time during which the Lieutenant is employed by the Township on a full-time basis as the full-time Lieutenant appointed pursuant to Ohio Revised Code 505.49 and is paid or entitled to payment, for the performance of duties of the Township, including that period of time in which he is paid, or entitled to payment or account for period of time during which no duties are performed due regularly scheduled nonworking days, vacation, and leave of absence with pay. Notwithstanding anything to the contrary contained in this Resolution and unless otherwise specifically required by law, in no event shall the time spent in active service."

Article 21, of the Police collective bargaining agreement (CBA) July 1, 2019 through June 30, 2022, states, in part:

*21.1 Paid Holidays. The following are designated as paid holidays for all members having six months continuous active service:*

*New Year's Day, January 1st  
Martin Luther King Day, January 15th  
President's Day, the 3rd Monday in February  
Memorial Day, the last Monday in May  
Independence Day, July 4th  
Labor Day, the first Monday in September  
Columbus Day, the second Monday in October  
Veteran's Day, November 11th  
Thanksgiving Day the 4th Thursday in November  
Christmas Day, December 25th  
Personal Day§, **five (5) days per year** ( chosen at member's option, with Chief's approval) (**Personal days must be used in the calendar year awarded or forfeit**)*

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**21.3 Holiday Pay and Leave.**

*A. On January 1 of each calendar year, each member shall be credited with eight (8) hours of holiday time for each holiday recognized in this Article. If a member is hired after January 1, the member will be entitled with eight (8) hours of holiday time for each holiday remaining in that calendar year. At the member's discretion, such time may be taken as paid leave, which may be utilized at any time during the calendar year in the same manner as personal leave. If a member has not taken leave for all hours of holiday time during the calendar year, the remaining balance of such holiday time shall be paid to the member, at his regular rate of pay, during the first pay Period of the following calendar year.*

Lieutenant David Ratliff retired from the Township at the end of pay period ended October 1, 2019. He was rehired and returned to work December 2, 2019, resulting in him being on unpaid leave, in-active service, from October 1, 2019, to December 2, 2019. From January 1, 2019, through October 1, 2019, Lieutenant Ratliff was eligible to receive six holiday pays. However, Lieutenant Ratliff cashed out seven days of Holiday pay during this period. Due to break in active service, in accordance with section 23(a) of the MOU, Lieutenant Ratliff was not eligible for any remaining holidays for 2019 upon his rehire. Resulting in him being overpaid for eight hours of holiday pay, or \$279, which includes 6.5% pension pick up.

Due to the lack of internal controls, the Township did not properly recoup the advance payment of holiday paid, which has resulted in an overpayment.

The overpayment described above is an illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, the overpayment and the amount of overpayment will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

The Township has implemented strengthened internal controls and updated procedures for payroll processing. These measures address and mitigate prior issues related to payroll discrepancies, PTO accruals, step increases, longevity payments, and benefit calculations. The revised processes provide greater accuracy, consistency, and oversight across all payroll functions.

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| <i>Finding Number</i> | 2019-079 |
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**Inappropriate and Missed Wellness Payments  
Non-Compliance/Internal Control Deficiency/Finding For Recovery**

The Agreement by and between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9, July 1, 2016 – 2019 states, in part, "Article 23.5 Wellness Payment: Each Member shall be entitled to an additional eight (8) hours pay for each quarter the member has had no absences, other than pre-arranged leave, and no tardiness. Such payment will be included in the member's pay the first payday following the close of the quarter; i.e., April, July, October and January."

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The Police Chief would notify the Fiscal Office which Officers were to receive a Wellness payout each quarter. During pay period January 23, 2018, the Chief notified the Fiscal Office that Dave Pollock should receive a Wellness payout. Based on Article 23.5 of the Agreement, Officer Pollock should have received a payout of \$183, which he did not receive.

During the same pay period, Dave Woodie received a Wellness payout of \$183. There was no notification by the Police Chief indicating Officer Woodie should have received any Wellness payout. This resulted in an overpayment of \$183 to Dave Woodie.

During pay period ended October 2, 2018, the Police Chief notified the Fiscal Officer that Norman Baldwin should have received a Wellness payout. In accordance with Article 23.5 of the Agreement Officer Baldwin should have received \$187, which he did not receive.

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in the Finding for Recovery Summary in Appendix A below. Additionally, any underpaid individual, and the amount they were underpaid will also be included in the Finding For Recovery below and netted against any Finding For Recovery amount(s) owed by the individual. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted the Finding for Recovery Summary.

**Officials' Response:**

Wellness Pay is only processed based on written documentation from the police chief.

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| <i>Finding Number</i> | 2019-080 |
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**Personal Leave Overpayments**

**Non-Compliance/ Internal Control Deficiency/Finding For Recovery**

The Agreement between the Franklin Township and Fraternal Order of Police Capital City Lodge No. 9 July 1, 2019 through June 30, 2022 (the CBA) addresses when police employee salaries/salary increases must be paid.

Article 21.1 states "The following are designated as paid holidays for all members having six months continuous active service:

New Year's Day, January 1st

Martin Luther King Day, January 15th

President's Day, the 3rd Monday in February

Memorial Day, the last Monday in May

Independence Day, July 4th

Labor Day, the first Monday in September

Columbus Day, the second Monday in October

Veteran's Day, November 11th

Thanksgiving Day the 4th Thursday in November

Christmas Day, December 25th

Personal Days, **five (5) days per year** (chosen at member's option, with Chief's

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approval) **(Personal days must be used in the calendar year awarded or forfeited)**"

Article 21 .2 states, "any special holiday proclaimed by the President or Governor will be compensated in accordance with the provisions applicable to legal holidays in Section 21.3."

Article 21.3 (A) states, "on January 1 of each calendar year, each member shall be credited with eight (8) hours of holiday time for each holiday recognized in this Article. If a member is hired after January 1, the member will be credited with eight (8) hours of holiday time for each holiday remaining in that calendar year."

While one could read Article 21.1 and 21.3(A) to indicate that police personnel receive 120 hours of personal leave over the life of the contract (since the contract includes only three January 1st dates and holiday leave and personal leave could be understood as both being allotted on January ) , an affidavit provide by a Township Trustee, as well as arguments provided by the Township's and Police Union's legal counsel, suggest the Township's police employees could have properly received an additional 32 hours of Personal Leave (40 total hours when the 8 hours allotted under the prior contract was included) on July 1, 2019 (the date the contract became effective) and 40 hours each on January 1, 2020, January 1, 2021 and January 1, 2022. Totaling 152 hours of personal leave being allotted over the life of the July 1, 2019 through June 30, 2022 contract.

Additionally, due to the lack of controls, some employees were allowed to use more than the yearly allotted 40, hours of personal leave agreed upon in the contract. Both David Pollock and Joseph Sheridan were allowed to use a total of 64 hours of personal leave. This resulted in an overpayment of 24 hours of personal leave or \$967 overpayment to David Pollock and an overpayment of \$682 to Joseph Sheridan.

We recommend the Townships adopt and/or update any policies, as necessary, as soon as contracts are approved. We again recommend the Township consider expanding the Fiscal Office's role in negotiating contracts to ensure that the Trustee's intention can be properly funded. Finally, the Police Department should implement a control to ensure any personal leave time used are input in the tracking system properly and paid in accordance with the terms of the CBA.

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

The Township has implemented strengthened internal controls and updated procedures for payroll processing. These measures address and mitigate prior issues related to payroll discrepancies, PTO accruals, step increases, longevity payments, and benefit calculations. The revised processes provide greater accuracy, consistency, and oversight across all payroll functions.

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| <i>Finding Number</i> | 2019-081 |
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**Healthcare Reimbursement Overpayment  
Noncompliance/Internal Control Deficiency/Finding for Recovery**

The Agreement between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9, July 1, 2016 through June 30, 2019 (the CBA) addresses health insurance reimbursements for eligible police employees.

Article 22.1 states, in part, "any members, who have other health insurance coverage and provide verification of such other coverage, may opt-out of the Group Hospitalization, Surgical, and Major Medical Insurance coverage. Any members who opt out shall not be required to make any payments for the Township's Group Hospitalization, Surgical, and Major Medical Insurance coverage, and they shall receive a monthly supplemental payment equal to twenty-five per cent (25%) of the total amount of the monthly premium for the same coverage (i.e., "single" or "family") under the Township Plan." The Agreement between Franklin Township and Fraternal Order of Police Capital City Lodge No. 9, July 1, 2019 through June 30, 2022 (the new CBA) discontinued health care reimbursements for Officers not carrying medical insurance through the Township.

Sergeant Josh Edwards and Officer Joseph Sheridan received healthcare reimbursement payments from the Township until July 1, 2019. Based on information obtained from each employee's personnel file we determined Sergeant Edwards would have been eligible for Family coverage, while Officer Sheridan would have been eligible for Single Coverage. Based on this information and monthly medical insurance invoices, each employee should have received healthcare reimbursement of twenty-five percent per pay period as shown in the following table:

| Employee        | 2014     | 2015     | 2016     | 2017     | 2018     | 2019     |
|-----------------|----------|----------|----------|----------|----------|----------|
| Josh Edwards    | \$122.93 | \$122.93 | \$138.30 | \$146.88 | \$175.65 | \$192.18 |
| Joesph Sheridan |          |          |          |          | \$57.08  | \$62.35  |

In July 2017, Sergeant Edwards and the Township realized he had not received his required twenty-five percent healthcare reimbursement. As a result, the Township retroactively paid Sergeant Edwards \$8,273.98 on July 28, 2017. This retroactive payment encompassed four pay periods in 2014, 12 pay periods in 2015 (this was due to the fact Sergeant Edwards was not employed for 14 pay periods in 2015), 26 pay periods in 2016, and 13 pay periods in 2017. In addition, beginning on the pay period ended July 25, 2017, Sergeant Edwards started regularly receiving \$146.87 per pay period for healthcare reimbursement. The July 25, 2017, check also included two bi-weekly payments to make up for a payment due for the period ended July 10, 2017, that was not included in the retroactive payment amount. While the monthly premium for family coverage increased in January 2018, the Township did not increase his bi-weekly healthcare reimbursement. The 2019 family coverage again increased in January, however, the Township paid Sergeant Edwards \$223.73 for his healthcare reimbursement each bi-weekly pay period.

Similarly, the Township did not pay Officer Sheridan a bi-weekly healthcare reimbursement upon being hired full time on July 11, 2018. On February 8, 2019, the Officer was given a separate check to retroactively correct this healthcare reimbursement error in the amount of \$942.39 (gross). Beginning on the pay period ended January 8, 2019, Officer Sheridan received \$73.63 per pay for healthcare reimbursement.

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The following table demonstrates the amount Sergeant Edwards and Officer Sheridan received for years-ended December 31, 2017, through 2019 compared to the amounts in the table above:

| Employee        | Year | Amount Received | Amount Should Have Received | Over/(Under) Paid |
|-----------------|------|-----------------|-----------------------------|-------------------|
| Josh Edwards    | 2017 | \$10,207        | \$9,381                     | \$826             |
|                 | 2018 | \$ 3,818        | \$4,566                     | (\$748)           |
|                 | 2019 | \$ 3,132        | \$2,566                     | \$566             |
| Total Edwards   |      |                 |                             | \$644             |
| Joesph Sheridan | 2019 | \$ 1,973        | \$1,518                     | \$455             |

The Township should implement policies and procedures to ensure all aspects of the CBA are followed timely and appropriately.

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

The Township is reviewing these concerns and intends to address its practices and take steps to move toward future compliance.

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| <i>Finding Number</i> | 2019-082 |
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**Annual Service Credit – Police  
Noncompliance/ Internal Control Deficiency**

The Franklin Township Board of Trustees (the Trustees) entered into a Collective Bargaining Agreement (the CBA) with the Fraternal Order of Police Capital City Lodge No. 9 on July 1, 2019 through June 30, 2022. Article 15.5 of the CBA states:

*Beginning in January 1996, members shall receive, in addition to other pay called for herein, an Annual Service Credit payment based on completed years of service according to the following table:*

|                  |          |
|------------------|----------|
| 5 to 10 years    | \$400.00 |
| 10 to 15 years   | \$550.00 |
| 15 to 20 years   | \$700.00 |
| 20 or more years | \$950.00 |

*Payment of the Annual Service Credit shall be made in a lump sum, in a separate check, and will accompany the regular paycheck in the pay period following the member's anniversary date. Payment shall be based upon completion of continuous years of active service as a full-time officer in the Franklin Township Police Department as of the date of payment. For the purpose of this Section, continuous active service shall include approved military leave.*

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During 2019, Sergeant Josh Edwards surpassed 5 years of active service credit per the CBA. However, the Township did not pay Sergeant Josh Edwards \$400, per the terms of the CBA, resulting in an underpayment.

The Township should adopt policies and procedures to ensure there are sound internal controls regarding CBA compliance. Such policies and procedures should, at a minimum, address how the Police Department and Fiscal Officer will work together to ensure all parts of the CBA are followed. Failure to do so could result in additional underpayments to officers that will require additional time and resources to resolve.

The underpaid individual, and the amount they were underpaid will be included in [whatever we call the Finding for Recovery Summary in Appendix A below and netted against any Finding For Recovery amount(s) owed by the individual.

**Officials' Response:**

Service credit eligibility is verified using documented criteria. HR tracks anniversaries and ensures payroll applies credits only with documented authorization.

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| <i>Finding Number</i> | 2019-083 |
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**Personal Leave Carryover – Police  
Noncompliance/Internal Control Deficiency/Finding For Recovery**

The Franklin Township Board of Trustees (the Trustees) entered into a Collective Bargaining Agreement (the CBA) with the Fraternal Order of Police Capital City Lodge No. 9 on July 1, 2016 through June 30, 2019. Article 21 Section 3 addresses Holiday Pay and Leave. In part, Article 21 Section 3 states, *“On January 1 of each calendar year, each member shall be credited with eight (8) hours of holiday time for each holiday recognized in this Article. If a member is hired after January 1, the member will be credited with eight (8) hours of holiday time for each holiday remaining in that calendar year. At the member’s discretion, such time may be taken as paid leave, which may be utilized at any time during the calendar year in the same manner as personal leave. If a member has not taken leave for all hours of holiday time during the calendar year, the remaining balance of such holiday time shall be paid to the member, at his regular rate of pay, during the first pay period of the following calendar year.”*

Officer Roger Myers was not paid for the cash out of 8 hours of personal leave he did not use in 2017. These hours were allowed to be used as leave in August 2018 when he was being paid at a higher rate. This resulted in an overpayment of \$39 including the 6.5% pension pick up.

We recommend the Township implement internal controls to ensure the CBA is being followed.

The overpayment described above is an illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, the overpayment and the amount of overpayment will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.



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**Officials' Response:**

The Township has implemented internal controls to ensure CBA's are followed.

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| <i>Finding Number</i> | 2019-084 |
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**Overpayment for Leave Used – Road Department  
Non-compliance/Internal Control Deficiency/Finding for Recovery**

Article 20.1 of the collective bargaining agreement (CBA), Teamsters Local Union 413 states the following:

*The following ten (10) days shall be observed as holidays under this Agreement:  
Any newly established Government Holiday(s) will be recognized by the employer and will be an addition to the current Holidays.*

*New Year's Day  
Christmas Day  
Memorial Day  
Labor Day  
Veterans Day  
Independence Day  
Thanksgiving Day  
Martin Luther King Day  
Columbus Day  
Presidents Day*

*In order to be eligible for holiday pay, an employee must have completed such employee's probationary period and must have worked the last full scheduled workday before and the next full scheduled workday after the holiday, unless absence from work is excused by the Township. Pay for each such holiday shall be equal to eight (8) hours per day at the employee's straight time rate.*

Article 21, Section 1 of the Teamsters Local Union 413 collective bargaining agreement (CBA) states, "when an employee has six (6) consecutive months of full-time continuous service while in paid status, an employee shall be entitled to eight (8) hours of personal time off, which time off shall occur on the fourth Friday of November of each calendar year. Once an employee qualifies for personal time off with pay, such employee shall receive payment at the rate of eight (8) times the employee's regular hourly rate, which amount shall be paid at the bi-weekly pay period next following the occurrence of this personal day. However, to be eligible for this personal day, the employee must continue to be employed by the Township on a full-time basis and be in paid status on the applicable personal day. In other words, no personal time off shall accrue or otherwise, be credited for any personal time off occurring after an employee ceases to be in paid status and employed by the Township on a full-time basis.

Notwithstanding anything to the contrary contained herein, employees shall, in cases of emergency, continue to make themselves reasonably available for duty while on personal time off during this particular day. For the life of this contract, the Board of Trustees will provide for an additional eight (8) hours of personal time. This time will be scheduled at the discretion of the Board of Trustees and shall be the Friday before Memorial Day or Labor Day. All provisions of the Article must be met to be eligible for this additional day." Article 19, Section 3 of the Teamsters Local Union 413 collective bargaining agreement (CBA) states, in part , unused vacation time may be cashed out up to 80 hours at any time.

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Article 18, Section 1 of the Teamsters Local Union 413 collective bargaining agreement (CBA) states “an employee shall, subject to the maximum limits set forth below, accrue sick leave at the rate of 4.616 hours for each fully completed and worked bi-weekly pay period in which the employee is in active service with the Township.”

Article 15, Section 1 of the Teamsters Local Union 413 collective bargaining agreement (CBA) states “*the Township agrees to pay that portion of the employee contribution to PERS (Public Employees Retirement System), which is equal to three percent (3%) of the employee's earned compensation.*

*This pension pick-up plan shall apply uniformly to all employees and no employee will have the option to elect a wage increase or other benefit in lieu of the payment provided for herein, or to be excluded from this "pick-up". This contribution will be designated as an employee contribution and will be paid in lieu of a portion of each employee's statutorily required contribution to PERS.*

*The Township will, in reporting and making remittance to PERS, report that each employee's contribution has been made as provided by statute.*

*The sum to be paid hereunder by the Township on behalf of the employee is not to be treated as increased compensation. For purposes of computing the employee's earnings or basis of his contributions to PERS, the amount paid by the Township on behalf of the employee as such employee's statutory obligation, is intended to be and would be considered as having been paid by the employee in fulfillment of his statutory obligation.*

*Pension Pick-up Schedule For Employees Hired Prior to January 1, 2009, shall be:  
1/01/10- 8%*

*Pension Pick-up Schedule for Employees Hired January 1, 2009 or after shall be:  
6%*

Thomas Chesshir, Road Worker, was off work for an extended period during year-ended 2019. Thomas Chesshir was hired before January 1, 2010, which allowed him to receive 8 percent pension pick up from the Township. Mr. Chesshir retired from the Township on September 6, 2019. The Excel file used to track Thomas Chesshir's leave was not available for us to review; the Superintendent used the file to track leave of a new employee resulting in Mr. Chesshir's Excel leave file being overwritten. As such, we had to recalculate the leave accruals, usage, and final balances for each leave type based on timesheets maintained by Mr. Chesshir and the Superintendent. In total, Thomas Chesshir used 1,141 hours of leave, the following summarizes the leave activity for Mr. Chesshir:

**Holiday Leave:**

Timesheets show Thomas Chesshir used 136 total hours of Holiday Leave during year-ended December 31, 2019. Mr. Chesshir was eligible to receive six holidays, or 48 hours, from January 1<sup>st</sup> to September 6<sup>th</sup>. For pay period ended July 9<sup>th</sup>, which included Independence Day, the Superintendent approved 80 hours of holiday pay. Additionally, for pay period ended September 3<sup>rd</sup>, which included Labor Day, the Superintendent approved 24 hours of holiday pay. This resulted in Thomas Chesshir being overpaid for 88 hours of holiday pay, or \$2,456, which includes pension pick up of 8%.

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**Sick Leave:**

Thomas Chesshir had a sick leave balance of 432.48 hours on January 1, 2019. He worked a total of 18 pay periods during 2019 accruing 83.09 hours of sick leave. In total Mr. Chesshir had 515.57 hours of sick leave to be used during January 1st through September 6<sup>th</sup>. The payroll records show Mr. Chesshir used 536 hours. The Superintendent allowed Thomas Chesshir to use 20.43 hours above what he had available. Resulting in an overpayment of \$570, which includes pension pick up of 8%.

**Compensatory Time:**

Thomas Chesshir had no carryover for compensatory time on January 1, 2019, and the payroll records for 2019 did not document any compensatory time earned during the period Mr. Chesshir was employed with the Township. However, as part of his severance payout, Mr. Chesshir was paid for 13.81 hours of compensatory time. Resulting in an overpayment of \$357. Since this was a leave payout this is not eligible for pension pick up.

**Vacation Leave:**

Thomas Chesshir had a carryover balance of 275.46 hours on January 1, 2019. He worked a total of 18 pay periods during 2019 accruing 138.42 hours of vacation leave. In total Mr. Chesshir had 413.88 hours of vacation leave to be used during January 1st through September 6<sup>th</sup>. The payroll records show Mr. Chesshir used 388.78 hours. At the time of his retirement Mr. Chesshir had a balance of 25.10 hours of Vacation Leave. In accordance with Article 19 section 3, Mr. Chesshir was eligible to cash out up to 80 hours of vacation leave. Mr. Chesshir was not paid out for his remaining vacation balance upon retirement, resulting in an underpayment of \$648. Since this would have been a leave payout this is not eligible for pension pick up.

**Injury Leave:**

The Wage Detail report generated from the Township's payroll system, for pay period ended (PPE) April 2, 2019 showed Thomas Chesshir was paid for 80 hours of injury leave. There was no mention of Thomas Chesshir's injury being approved in the Board meetings. According to the timesheet approved by the Superintendent for PPE April 2, 2019 shows the 80 were suppose to be sick leave. These 80 hours were not included in the 536 hours of sick leave noted above. As such, this has resulted in additional overpayment of \$2,232, which includes pension pick up of 8%.

In total Thomas Chesshir received a net overpayment of \$4,967 for leave used or paid out above his accumulated leave balances.

The overpayment described above is an illegal expenditure, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, the overpayment and the amount of overpayment will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

The Township has implemented strengthened internal controls and updated procedures for payroll processing. These measures address and mitigate prior issues related to payroll discrepancies, PTO accruals, step increases, longevity payments, and benefit calculations. The revised processes provide greater accuracy, consistency, and oversight across all payroll functions.

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(Continued)**

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| <i>Finding Number</i> | 2019-085 |
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**Inaccurate Payroll (Administrative Employees)**

**Non-Compliance/Internal Control Deficiency/Finding for Recovery**

For the audit period (January 1, 2017, through December 31, 2019), the Administrative Department utilized timesheets, prepared either by hand or on Excel to process payroll. The Assistant Fiscal Officer took the hours from the timesheets and entered them into the UAN system to be paid. Additionally, the administrative employees leave balances were tracked using the UAN system.

During our testing, there were several instances noted where the hours on the timesheet did not agree to the hours that were paid. Additionally, it was noted that the leave balances in UAN were not properly updated for leave used throughout the audit period and the leave accrual rates for several employees did not agree to the specified accrual rate in the individual's memorandum of understanding (MOU). The fiscal department did not have controls in place to review the payroll once it was entered by the Fiscal Officer and/or Assistant Fiscal Officer. The lack of controls and/or deficiencies in the controls in place resulted in several errors.

The following issues related to the inaccuracy of standing data, leave balances, and hours worked, were noted during the audit period:

- A. Due to the lack of review of the timesheets, there were several times that overtime payments were incorrect. These resulted in both overpayments and underpayments to employees, as follows:
  - a. Connie Scaff: Total overpayment of \$47
  - b. Melissa Schopp: Total underpayment of \$47
  - c. Erin Crome: Total overpayment of \$30
  - d. Teresa Rodriguez: Total overpayment of \$240
- B. Lack of controls and oversight of the timesheets resulted in other overpayments to employees. Issues resulting in overpayments include being paid for the incorrect number of hours, incorrect pay rates, and hours were incorrectly paid as non-retirement hours. The following employees had over, and underpayments as follows:
  - a. Melissa Schopp: Total overpayment of \$322
  - b. Erin Crome: Total overpayment of \$21
  - c. Jessica Rice: Total underpayment of \$391
  - d. Robyn Watkins: Total underpayment of \$118
- C. Due to the lack of monitoring controls over the employees' leave balances, there were several overpayments of leave balances. Employees either used leave or were paid out for leave balances that they didn't have. These errors resulted in overpayments for the following employees:
  - a. Erin Crome: Total overpayment of \$272
  - b. Robyn Watkins: Total overpayment of \$16
  - c. Mark Potts: Total overpayment of \$476

We recommend the Township implement controls to ensure the completeness and accuracy of standing data, leave payouts, as well as timesheet data input into UAN.

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The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in the Finding for Recovery Summary in Appendix A below. Additionally, any underpaid individual, and the amount they were underpaid will also be included in the Finding For Recovery below and netted against any Finding For Recovery amounts owed by the individual. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted the Finding for Recovery Summary.

**Officials' Response:**

Timecard approval, timesheet accuracy, and reconciliation procedures have been improved. Payroll corrects discrepancies promptly and enhances documentation standards.

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| <i>Finding Number</i> | 2019-086 |
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**Retirement Pick-Up for Administrative Employees  
Non-Compliance/Internal Control Deficiency/Finding for Recovery**

Ohio Rev. Code § 145.47(A) states each public employee who is a contributor to the public employees retirement system shall contribute eight per cent of the contributor's earnable salary to the employees' savings fund, except that the public employees retirement board may raise the contribution rate to a rate not greater than ten per cent of the employee's earnable salary.

Exceptions to the above revised code can be made if the employer agrees to pay the employee's portion of their pension withholdings on their behalf as part of their benefits package. This agreement between the employer and the employee should be formally adopted and in writing.

During our review of the payroll for the Township's administrative employees, we reviewed the memorandums of understanding (MOUs) for each of the employees and determined that only one of these agreements specified that the Township would pay the employee's portion of retirement contributions (i.e. pick-up). The following employees did not have a written agreement with the Township regarding retirement benefits, therefore, the portion of the employee's retirement contributions that was paid by the Township will be considered unallowable: Connie Scalf, Melissa Schoop, Erin Crome, Teresa Rodriguez, Jessica Rice and Mark Potts all received a 10% pension pick-up related to their total pension income during the audit period. Based on this fact the following employees were overpaid:

- Connie Scalf \$658
- Melissa Schopp \$2,080
- Erin Crome \$5,483
- Teresa Rodriguez \$1,011
- Jessica Rice \$3,153
- Mark Potts \$3,779

We recommend that the Township review and update employees' MOUs periodically. Additionally, we recommend that the Township pays its employees in accordance with the formally executed MOUs that are in place or formally document/approve any subsequent changes made to said MOUs.

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The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

Retirement pick-up is stated in each CBA and/or CBA, and has Board authorization and must comply with OPERS rules. Payroll corrects errors and retains documentation.

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| <i>Finding Number</i> | 2019-087 |
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**Trustee Salary**

**Non-Compliance/Internal Control Deficiency/Finding for Recovery**

Ohio Rev. Code § 505.24 states, in part, each township trustee is entitled to compensation as follows: Except as otherwise provided in division (B) of this section, an amount for each day of service in the business of the township, to be paid from the township treasury as follows: . . . in townships having a budget of more than ten million dollars, ninety dollars per day for not more than two hundred days. With various cost of living adjustments in the statute, the amount a trustee whose term began in 2014 could receive as compensation was \$102.84 per day.

2000 Op. Atty. Gen. No 2000-043 details the specific requirements for township trustees to receive in-term salary increases as follows: "If a board of township trustees passes a resolution that fixes the annual salary of township trustees as the maximum amount permitted under R.C. 505.24, without setting forth a specific dollar figure, Ohio Const. art. II, § 20 prohibits a trustee from receiving an in-term increase in salary that results from a change by the General Assembly to the compensation scheme or compensation rates of R.C. 505.24 during the trustee's term. Ohio Const. art II. § 20 does not, however, prohibit a township trustee who is compensated pursuant to such a resolution from receiving an in-term increase in salary resulting from a statutory scheme, effective prior to the commencement of the trustee's term, that provides periodic automatic increases in the rates of compensation for township trustees or from an increase in the township budget.

Trustees Don Cook and John Fleshman elected terms were January 1, 2014 through December 31, 2017. As such, they should have received an annual salary of \$20,568; based on a daily rate of \$102.84 times 200 days. However, in 2017 Trustee Cook and Trustee Fleshman were each paid an annual salary of \$21,686; or a daily rate of \$108.43. This resulted in an overpayment of \$1,118 for both Trustee Cook and Trustee Fleshman.

We recommend the Township properly follow the Ohio Rev. Code and its annual budget and seek legal counsel or outside consulting services to help ensure amounts paid are consistent with allowable amounts.

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The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

Trustee pay is now administered strictly according to ORC 505.24. Payroll verifies statutory compliance before issuing payments and reviews past irregularities for correction.

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| <i>Finding Number</i> | 2019-088 |
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**Advances**

**Internal Control Deficiency**

Auditor of State Bulletin 97-003 states, in part, advances must be approved by a formal resolution of the taxing authority of the subdivision. This resolution must include a specific statement that the transaction is an advance of cash, and an indication of the money (fund) from which it is expected that repayment will be made.

Three out of the nine (33%) advances made during the audit period were not approved by the Trustees. We recommend management review Auditor of State Bulletin 97-003, and Ohio Compliance Supplement section 1-7 prior to making any advances to ensure they are in accordance with Auditor of State guidelines.

**Officials' Response:**

The Township will review AOS Bulletin 97-003 and the Ohio Compliance Supplement Section 17 to ensure compliance with AOS.

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| <i>Finding Number</i> | 2019-089 |
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**Improper Posting of Receipts and Expenditures**

**Internal Control Deficiency**

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Township did not properly record all receipts and expenditures. Errors were made in recording property tax transactions related to posting receipts at net, instead of posting at gross, to properly account for related expenses. The Township did not record \$48,663 in receipts and expenditures related to property taxes in 2019.

Also, in late 2018, the Township started collecting camera fines. The Township utilized GASTO to administrator the camera fees, in which GASTO retained 37 percent of all camera monies for administrative fees. The Township initially posted all receipts in 2019 related to camera fines net of the GASTO fees to the General, Police Levy and Road and Bridge Funds as approved by the Board of Trustees in three

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different resolutions. Sometime during the year, the Fiscal Office attempted to correct these posting errors but did so by posting receipts and expenditures related to GASTO's 37 percent administrative fee to the Police Levy Fund, instead of allocating the receipts and expenditures in accordance with the camera fine allocation approved by the Board.

This resulted in the receipts and expenditures collected for property taxes being understated. In addition, this resulted in the receipts and expenditures in the Police Levy Fund being overstated, and the General and Road and Bridge Funds' receipts and expenditures being understated, as they related to the camera fines.

By not recording transactions properly, the Township did not accurately report their financial activity. The Township should implement internal controls to ensure financial activity is accurately being posted to the accounting system.

**Officials' Response:**

Revenue and expenditure posting procedures have been strengthened. Staff receive training on UAN coding, and monthly reconciliations ensure accurate fund posting.

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| <i>Finding Number</i> | 2019-090 |
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**Appropriations Exceeding Estimated Resources  
Non-Compliance/Internal Control Deficiency**

**Ohio Rev. Code § 5705.38(A)** states, in part, "on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April of the current year, and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed. "

**Ohio Rev. Code § 5705.38(C)** requires the following minimum level of budgetary control for "subdivisions" other than schools: "Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services." Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.



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There was no approval in the minutes for the 2017, 2018 or 2019 appropriations or amendments. Also, the Township's appropriation measures on file with the County were at the fund level. Finally, the Township's unapproved appropriations exceeded the amount certified as available by the budget commission as follows:

| <b>Fund</b>               | <b>Appropriations<br/>(per Resolution)</b> | <b>Estimated<br/>Resources (Per<br/>Certificate from<br/>County Auditor)</b> | <b>Variance</b> |
|---------------------------|--|--|-----------------|
| <b>2017:</b>              |  |  |                 |
| 1000 - General fund       | \$ 1,223,079                               | \$ 1,169,148   | \$ (53,931)     |
| <b>2018:</b>              |  |  |                 |
| 2191- Fire Levy           | \$ 4,606,235                               | \$ 4,469,451   | \$ (136,785)    |
| 2192- Police Levy         | \$ 1,600,175                               | \$ 1,560,823   | \$ (39,352)     |
| <b>2019:</b>              |  |  |                 |
| 1000 - General fund       | \$ 1,927,808                               | \$ 1,134,091   | \$ (793,718)    |
| 2021- Gasoline Tax        | \$ 132,766                                 | \$ 39,727  | \$ (93,039)     |
| 2031- Road & Bridge       | \$ 219,233                                 | \$ 207,442   | \$ (11,791)     |
| 2191- Fire Levy           | \$ 4,542,460                               | \$ 4,337,649   | \$ (204,810)    |
| 2192- Police Levy         | \$ 1,750,734                               | \$ 1,633,319   | \$ (117,415)    |
| 2193- Safer Grant         | \$ 81,747                                  | \$ (92,936)  | \$ (174,683)    |
| 2261- Law Enforcement Tax | \$ 9,678                                   | \$ 3,461   | \$ (6,217)      |
| 2902- Building            | \$ 264,532                                 | \$ 90,000  | \$ (174,532)    |

Failure to pass the appropriate appropriation measure and limit appropriations to the amount certified by the budget commission due to deficiencies in the Township's compliance monitoring policies and procedures have resulted in overspending and negative cash fund balances as noted on the final adjusted financial statements. Additionally, passing appropriation measures at a fund level does not comply with Ohio Rev. Code § 5705.38(C).

The Township should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Township should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board of Trustees to reduce the appropriations. Additionally, the Township should ensure appropriations are adopted at the function level, at a minimum.

**Officials' Response:**

Appropriation checks are now performed before approval. Monitoring tools ensure appropriations never exceed certified resources under ORC 5705.39.

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| <i>Finding Number</i> | 2019-091 |
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**Improper Certification of Expenditures  
Non-Compliance/Internal Control Deficiency**

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon. There are several exceptions to the standard requirement stated above that fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money.

The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3), respectively. "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions or taxing units may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line-item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line-item appropriation.

Super Blanket Certificate – The Board may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

Due to deficiencies in internal controls, based on our scan of the expenditure ledgers for years ended December 31, 2017, 2018 and 2019, the Township utilized blanket and super blanket certificates on a limited basis, did not require purchase orders prior to making purchases, and there was no evidence in the minutes the Township utilized "Then and Now" certificates.

Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

**Officials' Response:**

All purchases require pre-certification per ORC 5705.41(D). Blanket and super blanket certificates are used properly, and staff are trained to prevent after-the-fact certifications.

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| <i>Finding Number</i> | 2019-092 |
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**Transfers**

**Non-Compliance/Internal Control Deficiency**

Ohio Rev. Code §§ 5705.14 & .16 state transfers from the general fund require a resolution passed by a simple majority of the board members (i.e., a two thirds vote is not required for general fund transfers though a resolution passed by a simple majority is required. A simple majority constitutes a quorum of greater than 50% of the members.)

During our testing, we determined that the Township made twenty-three (23) transfers of funds during the three-year audit period. Of these transfers, six (6) or 26% were not properly approved by a Board resolution.

Failure to properly approve transfers can lead to improper budgeting and limit the effectiveness of management monitoring.

We recommend that the Trustees approve all transfers of funds that are made by the fiscal officer prior to the transfer being completed in the system.

**Officials' Response:**

Transfers now require Board resolution and statutory compliance review. The Fiscal Office monitors all transfers to ensure proper authorization and documentation.

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**Expenditures Exceeding Appropriations**

**Non-Compliance/Internal Control Deficiency**

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

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The Fiscal Office did not provide the Board of Trustees with, or give the Board access to review budgetary reports, to monitor activity. Additionally, per review of the minutes, the Board took limited actions to amend any appropriations throughout each calendar year. Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Township had the following instances in which expenditures were more than appropriations:

**2017:**

|                                      |    |           |    |           |    |       |    |           |    |             |
|--------------------------------------|----|-----------|----|-----------|----|-------|----|-----------|----|-------------|
| 2031- Road & Bridge                  | \$ | 180,000   | \$ | 206,054   | \$ | 423   | \$ | 206,477   | \$ | (26,477)    |
| 2192 - Police Levy                   |    | -         |    | 1,064,512 |    | 7,893 |    | 1,072,405 |    | (1,072,405) |
| 2231- Permissive Motor Veh. Lise. T  |    | 95,400    |    | 99,214    |    | -     |    | 99,214    |    | (3,814)     |
| 2281- Ambulance & Emergency          |    | 1,058,500 |    | 1,095,049 |    | 5,826 |    | 1,100,874 |    | (42,374)    |
| 2901 - Mis. Special rev. - Fema Gran |    | -         |    | 1,385     |    | -     |    | 1,385     |    | (1,385)     |

**2018:**

|                     |    |         |    |         |    |   |    |         |    |           |
|---------------------|----|---------|----|---------|----|---|----|---------|----|-----------|
| 2021- Gasoline Tax  | \$ | 154,807 | \$ | 163,590 | \$ | - | \$ | 163,590 | \$ | (8,783)   |
| 2031- Road & Bridge |    | 207,868 |    | 227,639 |    | - |    | 227,639 |    | (19,771)  |
| 2193 - Safer Grant  |    | 250,000 |    | 431,781 |    | - |    | 431,781 |    | (181,781) |

**2019:**

|                             |    |           |    |           |    |        |    |           |    |           |
|-----------------------------|----|-----------|----|-----------|----|--------|----|-----------|----|-----------|
| 2011- Motor Vehicle License | \$ | 32,851    | \$ | 45,899    | \$ | -      | \$ | 45,899    | \$ | (13,048)  |
| 2021- Gasoline Tax          |    | 132,766   |    | 194,370   |    | 944    |    | 195,315   |    | (62,549)  |
| 2192 - Police Levy          |    | 1,750,734 |    | 2,007,834 |    | 11,805 |    | 2,019,639 |    | (268,905) |

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board of Trustees should be granted access to or provided with monthly budgetary reports. The Board of Trustee should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer and/or Assistant Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**Officials' Response:**

Budget monitoring is enhanced through monthly reporting, and the Fiscal Office verifies appropriations prior to processing expenditures.

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**Casino Annexation Agreement  
Non-Compliance/Internal Control Deficiency**

The Annexation Agreement between Franklin Township (the Township) and the City of Columbus (the City) Article 5.1 states, in part, "In consideration of the services provided by the Township to the City pursuant to Sections 4.1 and 4.2, hereof, and in consideration of the mutual promises contained in this Agreement, the City shall make service payments to the Township. The amounts to be paid to the Township shall be as follows:

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- (a) Annexation Project Revenue. The City shall pay to the Township the following amounts as 'Annexation Project Revenue' for the following periods:
- (i) For the period beginning on October 8, 2012, and ending midnight, December 31, 2012, the City shall pay the Township an amount equal to 12% of the amount of corporate net profit income tax collected from the operation of the Casino on the Property as well as the income tax withheld from the wages of Casino employees working on the Property; and
  - (ii) For the five (5) year period beginning January 1, 2013, and ending midnight, December 31, 2017, the City shall pay the Township an amount equal to 2% of the amount of corporate net profit income tax collected from the operation of the Casino on the Property as well as the income tax withheld \_ from the wages of Casino employees working on the Property.
- (b) Party Revenue. Beginning January 1, 2013, and continuing until midnight, December 31, 2062, the City shall pay to the Township the following amounts as 'Party Revenue' for the following periods:
- (i) For the five (5) year period beginning January 1, 2013, and ending midnight, December 31, 2017, the City shall pay the Township an amount equal to 12% of the amount of corporate net profit income tax collected from the operation of the Casino on the Property as well as the income tax withheld from the wages of Casino employees working on the Property; and
  - (ii) For the twenty-five (25) year period beginning January 1, 2018, and ending midnight, December 31, 2042, the City shall pay the Township an amount equal to 13% of the amount of corporate net profit income tax collected from the operation of the Casino on the Property as well as the income tax withheld from the wages of Casino employees working on the Property; and
  - (iii) For the twenty (20) year period beginning on January 1, 2043, and ending at midnight, December 31, 2062, the City shall pay the Township an amount equal to 15% of the amount of corporate net profit income tax collected from the operation of the Casino on the Property as well as the income tax withheld from the wages of Casino employees working on the Property.
- (d) Use of Revenue. The revenue designated as Annexation Project Revenue shall be used by the Township for the upkeep, maintenance and improvement of the West Broad Street and Georgesville Road corridor areas; for the street and streetscape maintenance and improvements of these and other areas impacted by the Casino operations, including lighting, sidewalks and maintenance of streetscape and road improvements; for incentivizing property owners and businesses to utilize and petition for a JEDD; for addressing impacts in other Township areas or operations caused, in whole or in part, by the Casino; and for other items deemed to be encompassed within the aforesated purposes as determined by the Township Trustees. The Township will, quarterly, keep the City informed of the intended and actual use of this Annexation Project Revenue, and

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the City may make recommendations to the Township on the Township's intended use of the Annexation Project Revenue, provided that these funds may be used by the Township for the purposes hereinbefore stated. The revenue designated as the "Party Revenue" may be used by the Township for any lawful purpose as determined by the Township Trustees."

Ohio Rev. Code § 5705.09 states each subdivision shall establish the following funds:

- (A) General fund;
- (B) Sinking fund whenever the subdivision has outstanding bonds other than serial bonds;
- (C) Bond retirement fund, for the retirement of serial bonds, notes, or certificates of indebtedness;
- (D) A special fund for each special levy;
- (E) A special bond fund for each bond issue;
- (F) A special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose;
- (G) A special fund for each public utility operated by a subdivision;
- (H) A trust fund for any amount received by a subdivision in trust.

The Annexation Project Revenue received by the Township is restricted for the sole purpose of improvements and maintenance to the West Board Street and Georgesville Road corridor surrounding the Casino in accordance with Article 5.1(d). However, the Township did not create a separate fund to track the monies in accordance with Ohio Rev. Code § 5705.09(F). The Annexation Project Revenues received in 2017 and 2018 were posted to the General Fund as a miscellaneous revenue and the Township assigned a special cost center (SCC 37) to track them separately.

While the Township assigned the combined Party Revenue and Annexation Project Revenue to SCC 37, there was no SCC assigned to the corresponding expenditures to allow the Township or the City to ensure the monies were spent in accordance with Article 5.1(d) of the Agreement.

Furthermore, the Township was unable to provide us with any communication with the City regarding the use of the Annexation Project Revenues in accordance with Article 5.1(d).

Of the total revenue received from the City, \$127,195 and \$33,047 for years-ended December 31, 2017, and 2018, respectively, 14 percent represents Annexation Project Revenue. The Township made an adjustment to reduce the general fund balance in the amount of \$17,807 and \$4,626 for years-ended December 31, 2017, and 2018, and increase the fund balance in a new special revenue fund, Annexation Project Revenue,

**Officials' Response:**

The Township is reviewing these concerns and intends to address its practices and take steps to move toward future compliance.

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**Filing of Retirement System Reports  
Non-compliance/Internal Control Deficiency/Finding for Recovery**

Ohio Rev. Code § 742.32 states, in part,

*(A) The fiscal officer of each employer shall transmit monthly to the secretary of the board of trustees of the Ohio police and fire pension fund a report of employee deductions in such form as the board requires. The report shall show all deductions for the fund made pursuant to section [742.31](#) of the Revised Code and shall be accompanied by payments covering the total of such deductions. The report shall also include the name of each member for whom deductions were made and the portion of the payment attributed to that member. Separate payments shall be so transmitted for that portion of such deductions made from the salaries of members of the police department and for that portion of such deductions made from the salaries of members of the fire department. The report and payment are due the last day of the month following the last business day of the reporting period.*

Our review of the Township's expenditures for years ended December 31, 2017, 2018, and 2019, indicated the Township paid a total of \$1,681 in late fees and penalties to the Ohio Public Employees Retirement System and the Ohio Police and Fire Pension System. Based on the facts above, Lisa Morris, the Fiscal Officer, is responsible for any late fees and penalties.

The Township should ensure all pension payments are remitted in a timely manner to the appropriate authority.

The late fees and penalties described above are illegal expenditures, as understood in Ohio Rev. Code §§117.24 and 117.28. Therefore, the individual responsible for accruing the late fees and penalties and the amounts accrued will be included in the Finding For Recovery Summary in Appendix A below.

**Officials' Response:**

Payroll staff ensure timely OPERS and OP&F submissions. Errors are corrected with the retirement system, and documentation is retained for review.

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**Family Medical Leave Act  
Non-Compliance / Internal Control Deficiency**

The Family and Medical Leave Act of 1993, as amended, (FMLA or Act) allows eligible employees of a covered employer to take job-protected, unpaid leave, or to substitute appropriate paid leave if the employee has earned or accrued it, for up to a total of 12 workweeks in any 12 months because of the birth of a child and to care for the newborn child, because of the placement of a child with the employee for adoption or foster care, because the employee is needed to care for a family member (child, spouse, or parent) with a serious health condition, because the employee's own serious health condition makes the employee unable to perform the functions of his or her job, or because of any qualifying exigency arising out of the fact that the employee's spouse, son, daughter, or parent is a military member on active duty or call to covered active duty status (or has been notified of an impending call or order to covered active duty).

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In addition, eligible employees of a covered employer may take job-protected, unpaid leave, or substitute appropriate paid leave if the employee has earned or accrued it, for up to a total of 26 workweeks in a single 12-month period to care for a covered servicemember with a serious injury or illness. In certain cases, FMLA leave may be taken on an intermittent basis rather than all at once, or the employee may work a part-time schedule.

Department of Labor FMLA Fact Sheet #28D, states in part, “employee eligibility is determined, and notice of eligibility status must be provided, the first time the employee takes leave for an FMLA-qualifying reason in the employer’s designated 12-month leave year.”

The eligibility notice may be either oral or in writing and **must**:

- Be provided within **five business days** of the initial request for leave or when the employer acquires knowledge that an employee leave may be for an FMLA-qualifying reason;
- Inform the employee of his or her eligibility status; and
- If the employee is determined to be *not* eligible for FMLA leave, state at least one reason why.

The eligibility notice is not required for FMLA absences for the same qualifying reason during the same leave year or for FMLA absences for a different qualifying reason where the employee’s eligibility status has not changed. If the employee requests leave for a different qualifying reason in the same leave year and the employee’s eligibility status has changed, the employer must notify the employee of the change in eligibility status within five business days.

Each time employers are required to provide the eligibility notice, they must also provide employees with a rights and responsibilities notice, notifying employees of their obligations concerning the use of FMLA leave and the consequences of failing to meet those obligations.

The rights and responsibilities notice must be **in writing** and **must include**, as applicable:

- Notice that the leave may be counted as FMLA leave;
- The employer’s designated 12-month period for counting FMLA leave entitlement;
- Any requirement for the employee to furnish a certification and the consequences for failing to do so;
- Information regarding the employee’s right or the employer’s requirement for substitution of paid leave and conditions relating to any substitution, and the employee’s right to take unpaid FMLA leave if the conditions for paid leave are not met;
- Instructions for planning for any premium payments for maintenance of health benefits that the employee must make during leave (and potential employee liability if the employee fails to return to work after FMLA leave);
- Notice of designation as “key” employee and what that could mean; and
- The employee’s right to job restoration and maintenance of benefits.

The rights and responsibilities notice may be distributed electronically provided all other requirements are met. Employers may use Form WH-381, which is available at no cost from the WHD website at [www.dol.gov/agencies/whd/fmla](http://www.dol.gov/agencies/whd/fmla), to provide notice of eligibility and rights and responsibilities.



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Failure to follow the notice requirements may constitute an interference with, restraint, or denial of the exercise of an employee's FMLA rights. An employer may be liable for compensation and benefits lost by reason of the violation, for other actual monetary losses sustained as a direct result of the violation, and for appropriate equitable or other relief, including employment, reinstatement promotion, or any other relief tailored to the harm suffered.

*The Road Department's collective bargaining agreements, Teamsters Local Union 413, (the Road CBA) does not address FMLA leave nor did the Township have a formal policy in place to address FMLA for Road and Administrative employees.*

The Franklin Township Board of Trustees (the Trustees) entered into a Collective Bargaining Agreement (the CBA) with the Franklin Township Fire Fighters International Association of Fire Fighters Local 1441 (the Firefighters) on March 1, 2018 to replace the CBA expiring on February 28, 2018. **Article 43** of both of the CBAs state, in part,

SECTION 1 Eligible employees covered by this agreement are afforded up to twelve (12) workweeks of Family and Medical Leave Act (FMLA) leave during a twelve (12) month period for one or more of the following reasons: for the birth of a child; for the placement of a child with a member for purposes of adoption or foster care; to provide care for a spouse, child or parent ("family member") with a serious health condition; or due to a serious health condition rendering the member unable to perform the functions of his or her position.

An eligible employee is entitled to twelve (12) workweeks of FMLA leave during a rolling twelve (12) month period, which shall be measured backwards from the date the leave is used. Under a rolling twelve-month period, each time a member takes FMLA leave, the remaining leave entitlement would be any balance of the twelve weeks which has not been used during the immediately preceding twelve months. In other words, if a member has taken eight weeks of leave during the past twelve months, an additional four weeks of leave could be taken. For example, if a member used four weeks beginning February 1, 2002, four weeks beginning June 1, 2002, and four weeks beginning December 1, 2002, the member would not be entitled to any additional leave until February 1, 2003. However, beginning of February 1, 2003, the member would be entitled to four weeks of leave, on June 1, 2003, the member would be entitled to an additional four weeks, etc. (The Township may, at its option, select another twelve-month measuring period upon 60 days' notice to the I.A.F.F. Local 1441.)

To be eligible for leave, an employee must have been employed by the Township for at least twelve (12) months and have worked 1,250 hours during the preceding twelve (12) months. The twelve (12) months necessary to meet the threshold requirement of twelve (12) months of work do not need to be consecutive months. No employee is eligible for FMLA leave if the employee is not an eligible employee under the FMLA Act (meaning, at present, that the Township has fewer than fifty (50) employees on its payroll at the time this leave is requested).

FMLA leave is available to eligible employees regardless of their gender. Leave taken for the birth, adoption or foster care placement of a child must be taken within twelve (12) months of the birth or placement. If an employee's spouse is also employed by the Township, the employee and his or her spouse are limited to a combined total of twelve (12) work weeks of leave for the birth, adoption or foster care placement of a child.

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SECTION 2 (a) The employee requesting FMLA leave must provide thirty (30) days' notice to the Fire Chief to taking FMLA leave if the need for the leave is foreseeable. If thirty (30) days' notice is not possible, notice must be given as soon as practicable. The notice must include the date the leave is to commence and the date the member expects to return to work. If leave is to be taken due to a foreseeable serious health condition of the member, the employee must make a reasonable effort to schedule the leave so as not to disrupt operations of the Township.

(b) Once an employee has given notice of his or her intention to take FMLA leave, the amount of paid and unpaid leave available to the employee will be determined. An employee taking FMLA leave is required to use accrued but unused sick leave (but only to the extent that the purpose for the leave conforms to the Township's sick leave use policies set forth in Article 34), personal leave, and vacation time as part of the twelve (12) workweeks of FMLA leave prior to receiving unpaid FMLA leave. An employee requesting FMLA leave based upon his or her own serious health condition resulting from a service-connected injury is also required to use any authorized injury leave as part of the twelve (12) workweeks of FMLA leave prior to receiving unpaid FMLA leave. An employee may substitute compensatory time for unpaid FMLA leave

(c) An employee wishing to take FMLA leave based upon a serious health condition of the employee of the employee's spouse, child, or parent, must provide certification issued by the health care provider stating:

1. The date on which the serious medical condition began;
2. The probable duration of the condition;
3. The appropriate medical facts within the doctor's knowledge regarding the medical condition;
4. That the employee is needed to care for his or her son, daughter, spouse, or parent and an estimate of the time necessary to provide care; if applicable;
5. That the employee is unable to work or to safely and substantially perform the essential functions of the member's position, if the leave is for serious health condition of the employee;
6. If intermittent leave or a reduced leave schedule is requested for planned medical treatment, the dates on which the treatment is expected to be given and duration of the treatment;
7. If intermittent leave or a reduced leave schedule is requested due to the employee's own serious health condition, that is medically necessary for the employee to be given that type of leave, and the expected duration of the intermittent leave or reduced leave schedule; and
8. If intermittent leave or a reduced leave schedule is requested to care for a family member, that leave is medically necessary for the care of the employee's child, parent, or spouse with a serious health condition, and the expected duration and schedule of the necessary intermittent leave or reduced leave schedule.

A copy of the certification must be provided by the employee to the Fire Chief fifteen (15) days, if practicable, prior to taking the leave. Certification forms to be completed by the member and the health care provider can be obtained from the Fire Chief or Township Clerk.

SECTION 4 If the Board of Trustees reasonably believes that FMLA qualifying event has occurred, or will soon occur, the Board may place the effected employee on FMLA leave by providing written notice to the employee even if the employee has not requested FMLA leave. The notice shall be personally delivered to the employee or mailed, certified mail, return receipt requested, to the employee's home address listed in the Township's

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records. If the Board of Trustees places an employee on FMLA leave without the request of the employee, and the employee declines to provide the Board of Trustees with medical certification, the Board of Trustees may continue the employee on FMLA leave for the duration of the absence, and the employee shall, thereafter, be precluded from contending that his condition did not qualify for family medical leave. Any employee who declines to provide medical certification shall sign a document acknowledging his declination and concurring in the FMLA status to which he is assigned.

Furthermore, as it relates to Article 43 Section 2 above, Article 34 Section 4(c) states "Sickness of a member of the immediate family including spouse, dependent children, mother, father, mother-in-law and father-in-law. Employees working an average 40-hour work week shall be granted not more than five (5) workdays in any calendar year for sickness in the immediate family. Employees working an average workweek of 56 hours under the three-platoon system shall be granted not more than 48 hours in any calendar year for sickness of a member of the immediate family. The Fire Chief may, in special cases where he deems that more than the normal time periods provided are above the necessary, recommend in writing to the Board of Township Trustees that such time limits be extended. The Board may then approve or disapprove such recommendations they determine."

During our audit period we noted the following use of FMLA leave:

| Employee         | Department | Hours  | Leave | Board Approved |
|------------------|------------|--------|-------|----------------|
| Employee 1       | Road       | 280    | N/A   | Yes            |
| Employee 2       | Fire       | 456    | SL    | Yes            |
| Employee 3       | Fire       | 176    | SL    | Yes            |
| Employee 4       | Fire       | 216    | SL    | Yes            |
| Employee 5       | Fire       | 679.12 | SL    |                |
|                  |            | 40     | CT    |                |
|                  |            | 168.88 | VL    |                |
| Employee 5 Total |            | 888    |       | No             |
| Employee 6       | Admin      | 0      | N/A   | Yes            |
| Employee 7       | Fire       | 192    | SL    | Yes            |
| Employee 8       | Fire       | 816    | SL    |                |
|                  |            | 120    | PL    |                |
|                  |            | 96     | HL    |                |
|                  |            | 120    | VL    |                |
|                  |            | 96     | CT    |                |
| Employee 8 Total |            | 1248   |       | Yes            |
| Employee 9       | Fire       | 0      | N/A   | Yes            |
| Employee 10      | Fire       | 26     | SL    | Yes            |
| Employee 11      | Fire       | 72     | SL    | Yes            |
| Employee 12      | Fire       | 120    | SL    | Yes            |

Legend:

|    |                 |
|----|-----------------|
| SL | Sick leave      |
| PL | Personal Leave  |
| VL | Vacation Leave  |
| CT | Comp time Leave |
| HL | Holiday Leave   |

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The Township had no formal procedures regarding the approval or tracking of FMLA leave. The following issues were noted during our payroll testing:

1. Employee 5 and Employee 8 used FMLA leave more than the allotted 12 weeks in a year
2. The Department Supervisor, who was responsible for tracking all leave, did not track the “roll-forward” period. Our testing of each Department’s leave showed that FMLA leave was not tracked separately from regular leave. Thus, had any of the approve employees requested a separate FMLA leave, the Township would not have been able to determine if the employee was eligible for FMLA leave in subsequent pay periods.
3. The Township provided four WH-381 forms for four of the ten Fire Department employees. The WH-381 documents such things as employee’s FMLA eligibility, date in which employee notified employer of FMLA request, reason for leave request, as well as the employee’s rights and responsibilities. The rights and responsibilities will outline if a certification is enclosed in the request or if certification is required to be filed with the Township, how FMLA will be calculated (12-month period, rolling method, calendar year, etc.) as well as outlining the employee’s requirement to provide updates. We did not receive any WH-381 forms for the Road or Administrative employees approved for FMLA.
4. Only one of the four WH-381 forms showed the proper calculation of FMLA in accordance with the Fire CBA; one had noted the calculation was performed on a calendar year while the other two stated the calculation was done on a 12-month period measure beginning with the employee’s first day of FMLA.
5. Two of the four WH-381 forms indicated certification for FMLA leave was not enclosed, one form indicated no certification was needed and one did not indicate if certification was enclosed or not. According to the WH-381 form, the employee had 15 days from the request of FMLA to provide a certification of time needed. The Township was not able to provide any such certifications for any employee.
6. Three of the WH-381 forms requested the employee provide an update of their status and intent to return to work every two weeks, while one indicated the employee provide such update every other week. There was no support provided to determine if employees provided these updates. Furthermore, when the Board approved FMLA, the resolutions did not establish a timeline indicating the number of days an employee was approved for FMLA, nor was there any mention of any updates provided in the minutes.
7. We noted three Fire employees were off for paternity leave. In accordance with Article 34 of the Fire’s CBA, an employee is only allotted to use 48 hours of SL to care for a member of the immediate family. Article 43 section 2(b) sick leave may be used as paid leave to the extent stated in Article 34. Two of the employees on paternity leave used more than 48 hours of SL. This additional SL time was not approved by the Board.
8. Although the Board approved FMLA leave, per our discussion with two of the Board members, they were not provided with any documentation prior to approving any leave; the Board simply relied on what information was provided to them verbally. While it may be necessary to approve FMLA without any documentation from time to time, the Board should ensure they receive documentation as required by the WH-381 forms and decide the length of time an employee should be allotted FMLA.

Failure to comply with the CBA and FMLA laws could lead to the Township not following the FMLA regulations. Additionally, the lack of knowledge by each Department Supervisor has led to inconsistencies in documenting the employee’s rights and responsibilities; as well as the lack of documenting any rights and responsibilities or obtaining certification.

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We recommend the Township provide all employees with proper training regarding FMLA. This would include requiring Supervisors and the Fiscal Officer to attend FMLA training to ensure all proper documentation is obtained, documented properly, and maintained. We recommend the Township develop policies and procedures related to FMLA. This would include ensuring FMLA leave is tracked separately to ensure the employee is eligible for FMLA leave, monitoring FMLA leave to ensure it is not extended beyond the allotted 12 weeks, ensuring the proper leave type is used in accordance with each CBA, outlining FMLA requirements for the Road and Administrative employees, etc.

**Officials' Response:**

The township hired a third-party to administer FMLA - this is not out-sourced, and no department heads are responsible.

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**Retirement Pick-Up – Road Department  
Non-compliance/Internal Control Deficiency/Finding for Recovery**

Article 15 of the of the collective bargaining agreement (CBA), Teamsters Local Union 413 states, dated January 1, 2016 through December 31, 2018, and January 1, 2019 through December 31, 2021, states, in part, the Township agrees to pay that portion of the employee contribution to PERS (Public Employees Retirement System), which is equal to three percent (3%) of the employee's earned compensation.

For purposes of computing the employee's earnings or basis of his contributions to PERS, the amount paid by the Township on behalf of the employee as such employee's statutory obligation, is intended to be and would be considered as having been paid by the employee in fulfillment of his statutory obligation.

- Pension Pick-up Schedule For Employees Hired Prior to January 1, 2009, shall be:8%
- Pension Pick-up Schedule for Employees Hired January 1. 2009 or after shall be; 6%

James Timmons was hired in September 2018, the Fiscal Office did not set up the Township's contribution to the employee's pension contribution from pay periods ended October 2, 2018, through November 27, 2018. This resulted in an underpayment of \$461. When the Fiscal Office fixed this matter beginning pay period ended December 11, 2018, they set the pickup rate at 8% instead of the required 6% noted above. James Timmons' pension pick up rate was 8% for the remainder of the audit period. This resulted in an overpayment of \$992. James Timmons was overpaid a net total of \$531.

The Township should implement policies and procedures to ensure the CBA is being properly followed for all employees.

The overpayment described above is an illegal expenditure as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, the overpayment and the amount of overpayment will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

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**Officials' Response:**

Retirement pick-up is stated in each CBA and/or CBA, and has Board authorization and must comply with OPERS rules. Payroll corrects errors and retains documentation.

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**Fiscal Officer Training  
Non-Compliance/Internal Control Deficiency**

Ohio Rev. Code § 507.12(B) and (C) state 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 within the fiscal officer's first term. Twelve hours of training shall be completed for each subsequent term.

During our testing, we reviewed the Auditor of State's website, the Treasurer of State's website and the fiscal officer's personnel folder and did not locate any certificates of completion for training for the fiscal officer.

We recommend that the Fiscal Officer complete the required training and continuing education required by Ohio Rev. Code § 507.12(B).

**Officials' Response:**

The Board of Trustees will work together with the Fiscal Officer to have them provide a report of the completion of required training hours.

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**Filing for Temporary Total Disability (TTD)  
Non-compliance/Internal Control Deficiency**

Article 24.1(E) of the Agreement between the Franklin Township and Fraternal Order of Police Capital City Lodge No. 9 July 1, 2016 through June 30, 2019, and July 1, 2019 through June 30, 2022, states "as a condition of receipt of injury leave benefits, the member must apply for worker's compensation benefits under the Ohio workers' compensation program as soon as practicable. This condition shall be imposed for all alleged service-connected injuries and all alleged recurrences of the same. Copies of all Workers' Compensation applications shall be submitted to the Township Clerk. The member shall endorse over to the Township all wage and salary benefits awarded to the member by the Ohio Workers' Compensation system which extend over the same time period for which the member is granted injury leave. In compliance with the Rules and Regulations of the Ohio Bureau of Workers' Compensation, a member may be required to execute a written agreement reflecting the provisions of this paragraph prior to an award of injury leave."

Article 33, section 4, of the Agreement between Franklin Township Fire Fighters International Association of Fire Fighters Local 1441 and Board of Trustees dated March 1, 2015 through February 28, 2018, and March 1, 2018 through February 28, 2021 states "employees certified off duty on injury leave shall file the

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applicable form(s) with the Ohio Bureau of Workers' Compensation for lost wages and remit any such payment(s) to the Franklin Township Board of Trustees. After injury leave is approved by the Board of Trustees and the Bureau of Worker's Compensation's final disposition of the claim disapproves wage and or salary benefits with the claimed-on duty injury or job-related illness, then injury leave shall be discontinued, and injury leave initially granted shall be charged to the employee's accrued but unused sick leave, vacation leave, holiday time and/or compensatory time balance(s). In the event that these balances are insufficient to cover the injury leave for the excess amounts so paid the employee, such repayment may, at the option of the Board of Trustees, be automatically deducted from other monies owed to or become owing to the employee, or, if the Board so desires, the amounts may be recouped from any type of future leave time to be credited, or in any combination thereof, or in such other or additional manner as the Board of Trustees may direct."

Article 13, Section 1 of the Teamsters Local Union 413 collective bargaining agreement states, "as a condition of receipt of injury leave benefits, the Township may from time to time require an employee to apply for Workers Compensation benefits under the Ohio Workers Compensation Program as soon as practicable. This condition may be imposed for all alleged job-related [injuries] and all alleged recurrences of the same. Copies of all Workers Compensation applications shall be submitted to the Board of Trustees. If at any time requested by the Township, the employee shall endorse over to the Township all wage and salary benefits awarded to the employee by the Ohio Workers Compensation System, which extended over the same period for which the employee is granted injury leave. In compliance with the rules and regulations of the Ohio Bureau of Workers Compensation, an employee may be required to execute a written agreement reflecting the provisions of this paragraph prior to an award of injury leave."

According to Ohio Rev. Code § 4123.55, an employee doesn't receive Temporary Total Disability (TTD) unless the employee is totally disabled for a continuous period of two weeks or more. According to the first two CBAs, if the employee was to receive TTD, the employee is required to remit their TTD to the Township. In the third CBA, the employee, at the determination of the Township Board, may be required to remit their TTD to the Township. According to the minutes and reports from Sedgwick, the Township's Management Care Company, the total days off work ranged from 1 to 204 days for individuals that received injury leave from the Township.

During the audit period, no employee, out of the 10 employees receiving injury leave pay, submitted paperwork to BWC to receive TTD, however, the Township provided injured employees full pay for the entire time off.

We spoke to Sedgwick regarding the impact TTD has on the Worker's Compensation premiums. We were informed there are instances it is better for an entity to pay the TTD benefits on their own, as the impact to the premiums outweighs the cost to the Township for paying 100% of the injury leave. However, the longer the individual is off the more beneficial it is for the Township to have the employee request the TTD benefits. Sedgwick stated it would be beneficial to the Township to perform a cost analysis on each situation to determine which is the best method, Township paying for injury leave v. applying for TTD. No such analysis was performed during the audit period.

As noted in Ohio Revised Code § 4123.56, if an employee is approved for TTD, the employee receives 72% of their net-take-home pay or statewide average wage if the calculated net-take-home is greater than the statewide average wage of the first 12 weeks and 66.67% thereafter. If the employee was approved for TTD, while the Township was paying 100% of the salaries, the Township would have received 72% to 66.67% in reimbursement from the employee to reduce the responsibility placed on the Township to pay for injury leave.

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While there may be a benefit to the Township to pay 100% of an employee's injury leave in some cases the first two CBAs clearly state the employee was required to file for TTD with the Ohio Bureau of Workers' Compensation and remit payments to the Township. Additionally, the second CBA states if an employee was not approved by BWC to receive TTD then the employee must use their own leave to cover time off from work related injuries. In some cases, the employee was not eligible for TTD due to the number of days off not exceeding 14 days. Without performing the proper cost analysis in each situation when injury leave was granted, it is possible the cost of paying 100% of injury leave cost the Township more monies than the increase to the BWC premiums would have been.

We recommend the Township adopt a formal policy regarding applying for TTD and/or granting injury leave, which should include performing a cost analysis for each employee. Additionally, the Board of Trustees should be monitoring receipts related to the reimbursement of TTD payments from employees to ensure TTD has been approved before paying injury leave when a CBA requires this practice. Lastly, if the Township wishes to waive or alter the terms of its CBAs with respect to the provisions requiring an employee to file for TTD with the BWC before injury leave is granted, it should do so in writing or in future CBA agreements to ensure that actual Township practices are consistent with its formally adopted CBAs.

**Officials' Response:**

The Township has hired a third-party to administer BWC and provide guidance and oversight.

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**Errors and Unsupported Pay – Holly Watts**

**Non-Compliance/Internal Control Deficiency/Finding for Recovery**

Officer Holly Watts received a separate check during pay period ended September 4, 2017. The payment, #44202, was for four hours at a rate of \$20.36. These hours were not reflected on Officer Watts' timecard, or any maintained by the Police Chief and submitted to the Fiscal Office to process payroll. This resulted in an overpayment of \$86 (gross), which includes a pension pickup of 6.5%.

In addition, Holly Watts' timecard and the Police Chief's Tracker and Summary spreadsheets (spreadsheets maintained by the Police Chief which were submitted to the Fiscal Office to process bi-weekly payroll), showed Officer Watts worked 37.5 hours for pay period ended August 22, 2017. However, the wage detail report from the Uniformed Accounting Network (UAN) accounting system used to process the Township's payroll, shows Officer Watts was paid for 80 hours. Officer Watts was part-time at this time and paid \$15/hour. Based on these facts, Officer Watts was overpaid \$637.

Further, Holly Watts received a step increase beginning September 4, 2018, which increased her regular hourly rate to \$21.97/hour. However, the Fiscal Office did not properly update her hourly pay rate related to Holiday payouts and Overtime payments. Holiday payments remained at \$20.77/hour, and Overtime payments were still calculated at a rate 1.5 times an hourly rate of \$20.77/hour or \$31.16/hour, instead of \$32.95/hour. During pay period ended January 8, 2019, Holly Watts was paid out 120 hours of Holiday leave, which is comprised of 40 hours of Holiday leave remaining for 2018 and her entire 80 hours of Holiday



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leave for 2019, at a rate of \$20.77/hour. This error resulted in an underpayment of \$153, which includes 6.5% pension pick up.

Finally, Holly Watts earned and was paid for a total of 32.8 hours Overtime after her September 4, 2018 step increase. This resulted in an underpayment of \$1.79/overtime hour, or \$62; which includes 6.5% pension pick up.

These errors resulted in a net overpayment of \$508 to Holly Watts.

The overpayment described above is an illegal expenditure, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, the overpayment and the amount of overpayment will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

The Township has implemented strengthened internal controls and updated procedures for payroll processing. These measures address and mitigate prior issues related to payroll discrepancies, PTO accruals, step increases, longevity payments, and benefit calculations. The revised processes provide greater accuracy, consistency, and oversight across all payroll functions.

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**Injury Leave**

**Non-Compliance/Internal Control Deficiency**

The following sections of each collective bargaining agreement (CBA) in place during the audit period address injury leave for each department.

**Police Department Collective Bargaining Agreements:**

Injury Leave is addressed in ARTICLE 24 of the Police Department's collective bargaining agreements (CBAs). It should be noted the following language is from the July 1, 2016 through June 30, 2019 contract. Any changes to the following sections of Article 24 in the July 1, 2019 through June 30, 2022 will be represented as underlined text. Article 24.1 states:

A. All members may be granted injury leave with pay not to exceed three (3) calendar months (520 work hours) for each service-connected injury, provided such injury is reported to the member's immediate supervisor not more than three (3) days from the date such injury occurs.

All members may be granted injury leave with pay not to exceed **six (6)** calendar months (**1040** ~ work hours) for each service-connected injury, provided such injury is reported to the member's immediate supervisor not more than three (3) days from the date such injury is known to the member.

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B. Service-connected injuries are defined as injuries received while acting within the scope of and arising out of a member's employment as a full-time constable with the Township. Injury leave may be granted for all service-connected injuries. Injuries occurring other than in the scheduled and paid working hours shall be presumed to be nonservice connected unless the member can demonstrate that the member was engaged in the actual performance of the duties of the member's position on behalf of the Township.

C. If injury leave is approved, time off for the purpose of medical examinations, including examinations by the Bureau of Workers' Compensation, and/or treatments resulting from an on-duty injury shall be charged to injury leave.

D. If there is a recurrence of a previous service-connected injury, the member may be granted injury leave with pay not to exceed the balance of three (3) calendar months, (520 work hours) provided that the recurrence is reported to the member's immediate supervisor not more than three (3) days from the date such recurrence occurs.

E. As a condition of receipt of injury leave benefits, the member must apply for worker's compensation benefits under the Ohio workers' compensation program as soon as practicable. This condition shall be imposed for all alleged service-connected injuries and all alleged recurrences of the same. Copies of all Workers' Compensation applications shall be submitted to the Township Clerk. The member shall endorse over to the Township all wage and salary benefits awarded to the member by the Ohio Workers' Compensation system which extend over the same time period for which the member is granted injury leave. In compliance with the Rules and Regulations of the Ohio Bureau of Workers' Compensation, a member may be required to execute a written agreement reflecting the provisions of this paragraph prior to an award of injury leave.

F. A member is prohibited from working special duty while on injury leave. In addition, a member on injury leave is prohibited from performing any other work for compensation unless such other work is otherwise permitted to be performed by employees receiving temporary total disability compensation under the laws, rules and/or regulations of the Ohio Bureau of Workers' Compensation.

Article 24.2 states:

A. Upon a member's timely report of a service-connected injury, a report of the cause of the injury, signed by the immediate supervisor shall be submitted to the Chief as soon as practicable.

B. No member shall be granted injury leave with pay unless authorized by the Board of Trustees. The Board of Trustees may periodically require the member to be examined by a physician appointed and paid for by the Township. In addition, or in the alternative, a member may, from time to time, also be required to obtain and present a medical report from the member's personal physician which clearly sets forth that the member is unable to perform the member's regular (and/or restricted) duties as the direct result of a service-connected injury. No member on injury leave shall return to work without the written approval of an attending physician and, at the Board's option, the written approval of a physician appointed and paid for by the Township. If, in the reasonable judgment of the Board of Trustees, the injury is such that the member is capable of performing the member's regular duties or restricted duties during the period of convalescence, the

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Board of Trustees shall so notify the member in writing and deny and/or cancel injury leave with pay.

C. While a member's request for injury leave is pending, the member may use and/or be placed on accrued but unused sick leave, vacation leave, or compensatory time, which time usage shall be reccredited to the member's appropriate leave balance(s) upon certification by the Board of Trustees that injury leave has been approved. If injury leave is not approved by the Board of Trustees, the member will be charged the designated leave initially used.

D. If injury leave is approved by the Board of Trustees and the Bureau of Worker's Compensation disapproves wage and/or salary benefits in connection with the claimed service-connected injury, then the injury leave initially granted shall be charged to the member's accrued but unused sick leave, vacation leave and/or compensatory time balances.

**Fire Department Collective Bargaining Agreements:**

Article 33 of the Agreement between Franklin Township Fire Fighters International Association of Fire Fighters Local 1441 and Board of Trustees dated March 1, 2015 through February 28, 2018 and March 1, 2018 through February 28, 2021 states:

SECTION 1 A fully paid leave of absence of ninety (90) calendar days shall be allowed to each full-time employee for each individual on duty injury or job-related illness. This leave of absence need not be taken in ninety (90) consecutive days and may be divided into        increments.

SECTION 2 The Fire Chief shall certify to the Board of Township Trustees that an employee is off-duty on injury leave by submitting a form describing the circumstances surrounding the injury and/or illness.

SECTION 3 Whenever an employee is required to stop working because of an injury or other job related disability, he shall be paid for the remaining hours of that workday, or shift, at his regular rate and that time shall not be charged to any leave of absence of any kind.

SECTION 4 Employees certified off duty on injury leave shall file the applicable form(s) with the Ohio Bureau of Workers' Compensation for lost wages and remit any such payment(s) to the Franklin Township Board of Trustees. After injury leave is approved by the Board of Trustees and the Bureau of Worker's Compensation's final disposition of the claim disapproves wage and or salary benefits with the claimed on duty injury or job related illness, then injury leave shall be discontinued and injury leave initially granted shall be charged to the employee's accrued but unused sick leave, vacation leave, holiday time and/or compensatory time balance(s). In the event that these balances are insufficient to cover the injury leave for the excess amounts so paid the employee, such repayment may, at the option of the Board of Trustees, be automatically deducted from other monies owed to or become owing to the employee, or, if the Board so desires, the amounts may be recouped from any type of future leave time to be credited, or in any combination thereof, or in such other or additional manner as the Board of Trustees may direct.

**Road Department Collective Bargaining Agreement**

Article 13 in the January 1, 2016 through December 31, 2018 and the January 1, 2019 through December 31, 2021 Road Department's CBAs state, in part:

Employees may be granted injury leave with pay not to exceed three (3) calendar months (520

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work hours) for each job-related injury, provided such injury is reported to the member's immediate supervisor before the end of the employee's shift.

As a condition of receipt of injury leave benefits, the Township may from time to time require an employee to apply for Workers Compensation benefits under the Ohio Workers Compensation Program as soon as practicable. This condition may be imposed for all alleged job related injuries and all alleged recurrences of the same. Copies of all Workers Compensation applications shall be submitted to the Board of Trustees. If at any time requested by the Township, the employee shall endorse over to the Township all wage and salary benefits awarded to the employee by the Ohio Workers Compensation System, which extended over the same time period for which the employee is granted injury leave. In compliance with the rules and regulations of the Ohio Bureau of Workers Compensation, an employee may be required to execute a written agreement reflecting the provisions of this paragraph prior to an award of injury leave.

Ohio Rev. Code § 4123.28 states "every employer in this state shall keep a record of all injuries and occupational diseases, fatal or otherwise, received or contracted by his employees in the course of their employment and resulting in seven days or more of total disability. Within a week after acquiring knowledge of an injury or death therefrom, and in the event of occupational disease or death therefrom, within one week after acquiring knowledge of or diagnosis of or death from an occupational disease or of a report to the employer of the occupational disease or death, a report thereof shall be made in writing to the bureau of workers' compensation upon blanks to be procured from the bureau for that purpose. The report shall state the name and nature of the business of the employer, the location of his establishment or place of work, the name, address, nature and duration of occupation of the injured, disabled, or deceased employee and the time, the nature, and the cause of injury, occupational disease, or death, and such other information as is required by the bureau.

The employer shall give a copy of each report to the employee it concerns or his surviving dependents. No employer shall refuse or neglect to make any report required by this section.

Each day that an employer fails to file a report required by this section constitutes an additional day within the time period given to a claimant by the applicable statute of limitations for the filing of a claim based on the injury or occupational disease, provided that a failure to file a report shall not extend the applicable statute of limitations for more than two additional years."

Ohio Rev. Code § 4123.55, states, "no compensation shall be allowed for the first week after an injury is received or occupational disease contracted and no compensation shall be allowed for the first week of total disability, whenever it may occur, unless and until the employee is totally disabled for a continuous period of two weeks or more, in which event compensation for the first week of total disability, whenever it has occurred, shall be paid, in addition to any other weekly benefits which are due, immediately following the second week of total disability. There shall be no waiting period in connection with the disbursements provided by section 4123.66 of the Revised Code".

There was no procedure in place during the audit period outlining the responsibilities of the Department Supervisor's handling of claims and/or identifying what information was to be submitted to the Board upon requesting injury leave. The Board approved some injury leave but not all, as shown in the table below. Additionally, upon approving the injury leave the board did not always note how many days of injury leave they were approving. When inquiring with the Trustees regarding what information regarding injury leave was presented to them by the Department Supervisor prior to approval, we were informed the Board only received a verbal update on the matter and based upon this approved or denied the injury leave.

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The following table documents the injury leave duration in days and hours and Board approval for everyone receiving injury leave during the audit period:

| <b>Employee</b>  | <b>Injury Date</b> | <b>Initial Board Approval</b> | <b>Extension Approved by Board</b>    | <b>Cost</b> | <b>Lost Days</b> | <b>Lost Hours</b> |
|------------------|--------------------|-------------------------------|---------------------------------------|-------------|------------------|-------------------|
| Firefighter 1    | 12/1/17            | No                            | N/A                                   | \$850.58    | 7                | 48                |
| Firefighter 2    | 11/6/18            | Yes, up to 90 days            | Yes, extend 30 days on four occasions | \$39,926.88 | 209              | 1656              |
| Firefighter 3    | 2/28/19            | Yes, up to 90 days            |                                       | \$40,672.00 | 193              | 1496              |
| Firefighter 4    | 3/13/19            | No                            | N/A                                   | \$21,373.44 | 274              | 696               |
| Firefighter 5    | 3/5/19             | Yes, up to 90 days            | N/A                                   | \$3,872.00  | 22               | 144               |
| Firefighter 6    | 5/18/19            | No                            | N/A                                   | \$1645.60   | 8                | 68                |
| Officer 1        | 9/20/17            | Yes, 1 day                    | N/A                                   | \$3,246.88  | 1                | 104               |
| Officer 2 – 2018 | No Claim Filed     | Yes                           | No                                    | \$20,122.88 | 0                | 632               |
| Officer 2 – 2019 | 1/31/19            | No                            | N/A                                   | \$15,454.72 | 28               | 518               |
| Officer 2 – 2019 | 4/1/19             | No                            | N/A                                   |             | 63               |                   |
| Officer 3        | 1/15/19            | No                            | N/A                                   | \$4,569.72  | 36               | 208               |
| Road 1           | 1/23/18            | No                            | No                                    | \$21,315.60 | 143              | 800               |

The above table indicates the date an injury occurred. The injury date may not correspond with the first day of injury leave due to various reasons. The initial Board approval column indicates if the Board approved initial injury leave, while the extended Board approval column indicates if the Board approved extensions beyond the 90 day or 520 hours noted in the above cited police, fire, and road department CBAs. The cost column shows the salaries paid by the Township based on hours, times hourly rate; or salary. The lost days column is derived from the Township's third-party administrator (TPA) report named RTW (return to work) dates and Missed Days. The lost hours are based on hours missed as noted on payroll documentation.

Based on this table there are several non-compliance items noted. The following summarizes all the issues and recommendations related to these items.

While the Fire and Police CBA's indicate BWC must approve lost wages prior to receiving injury leave, the Road's CBA is unclear what must be approved by BWC to receive injury leave. The Township had no formal policy or procedures addressing injury leave. Due to this fact, Road employees may be eligible to receive injury leave without the proper approval from BWC.

The Township should adopt a policy clarifying if BWC must approve lost wages prior to Board approving any Road employee's injury leave.

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1. In 2018, Officer 2 was approved for injury leave by the Board in resolution 18-156. The Board did not document number of days for which injury leave was approved as part of their approval. Pursuant to review of various reports from the Township's TPA, no claim was filed regarding Officer 2's 2018 injury. Officer 2 was allowed to take 632 hours of injury leave, which is more than the amount allotted in the Police CBA, without BWC's approval of any injury claim. Officer 2 received \$20,122 in injury leave during 2018.

The Township should adopt policies and procedures to ensure the Township is informing BWC of all injuries occurring while employees are working. The Board should have evidence an employee is approved for injury leave, and number of days approved by BWC, before approving any injury leave. In accordance with the Police Department's CBA, Article 24.2(C), and the Fire Department's CBA, Article 33 section 4, employees should be required to use their own accrued leave until a claim is approved by BWC. Once BWC approves any lost days, the Township would adjust any leave used by the employee.

2. As mentioned above, Officer 2 was allowed to take injury leave beyond the Police's CBA limit of 520 hours. The Board did not approve any extension of injury leave for Officer 2 in 2018. This allowed Officer 2's injury leave to exceed the allowable 520 hours and cost the Township an additional \$3,566 in injury leave payments. The table above also shows two instances where a Firefighter's injury leave was extended beyond the permitted 90 days. In one of the instances, the Board approved the extension, while the Board was not informed nor did it take any action to approve Firefighter 3's extension. The additional time allowed beyond the permitted 90 days cost the Township an additional \$22,414 for extending Firefighter 2's injury leave and an additional \$20,940 for Firefighter 3's extension.

Additionally, the table above shows the Road Employee 1's injury leave was extended beyond the 520 hours allotted by the Road CBA. It appears this extension was not approved by the Board; per our review of the minutes. While the payroll records showed the Road Employee was paid a total of 800 hours of injury leave, we learned the Road Supervisor and Fiscal Office mishandled the Road Employee's approved FMLA leave. Prior to the Road Employee reaching the allowable 520 hours of injury leave, the Road Superintendent required the Road Employee to file for leave under the Family Medical Leave Act (FMLA). The Board approved the Road Employee's FMLA leave at the May 16, 2018 Board meeting, in resolution 18-069. However, instead of requiring this employee to use their own leave while off on FMLA, the Township continued to pay them 280 hours of additional injury leave.

The Township should adopt policies and procedures to ensure injury leave is not allowed to be extend beyond the limits placed on such leave in all adopted CBAs. The aTownship should consider requiring employees to use their own accrued leave if the injury leave exceeds any limitation. The Township should consider researching short-term and long-term disability insurance that can be purchased by employees to assist in providing long-term injury leave. Finally, the Board should be monitoring injury leave by requesting updates from the TPA to determine if estimated lost days are increasing beyond the initial estimate provided. This would also ensure the Board is approving all extensions to injury leave beyond any limitations noted in the CBAs.

The Board had no policy in place requiring employees and/or supervisors to submit any approved BWC claims or medical information prior to approving injury leave. The Board did not always take formal action to approve injury leave and did not always note the number of days injury was approved. The Board did approve an Officer, Officer 1, in the table above, for 1 day of injury leave. Not only did this Officer get paid

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for the injury, but the Police Chief also approved a timesheet for additional 12 days beyond what the Board approved. Additionally, as noted in the table above, two firefighters, Firefighter 1 and Firefighter 6, received injury leave pay for all days missed. In each situation, the Firefighters were not off for more than 13 days of injury leave.

While the Police CBA, Article 24.2(D), and the Fire CBA, Article 33, Section 4, clearly indicate BWC must approve lost wages prior to receiving injury leave, which, if an employee is off less than 14 days, lost wages would not be approved, the Township paid employees who were on injury leave for less than 14 days. Based on these facts, it cost the Township \$3,246, \$850 and \$1,645 respectively, for Officer 1, Firefighter 1, and Firefighter 6's lost wages. Had the Township followed the CBAs, these employees would have had to use their own leave to cover their injury leave, resulting in no injury leave cost to the Township.

The Township should adopt a policy requiring claim information to be submitted prior to paying for any injury leave. As part of the policy, the Township should make it clear if employees should use their own personal leave to cover any injury leave prior to claims being approved by the Board and/or BWC. This should include injury leave that is less than 14 days. If the Township decides to pay employees for injury leave, but BWC disapproves wages, based on Ohio Rev. Code §4123.55 or for any other reason, the Township should have a procedure in place to require the employee's leave be adjusted.

While the Supervisors may have informed the Board of the injury leave, the Board did not always take formal action to approve said injury leave. An example of this occurred at the March 20, 2019 meeting in which the Road Superintendent informed the Board of an employee's injury leave, but no mention was made in the minutes indicating the Board approved the injury leave. There were six employees in the above table that did not have injury leave approved by the Board of Trustees.

We recommend the Board of Trustees take formal action to approve any injury leave presented to them. This approval should include such things as number of days approved and guidance for potential medical follow-up if necessary.

**Officials' Response:**

The Township has hired a third-party to administer BWC and provide guidance and oversight.

|                       |          |
|-----------------------|----------|
| <i>Finding Number</i> | 2019-102 |
|-----------------------|----------|

**Compensatory Time Excess Carryover Balance:**

**Non-Compliance/Internal Control Deficiency/Finding for Recovery**

The Agreements between Franklin Township and Fraternal Order of Police, Capital City Lodge No. 9, July 1, 2016 through June 30, 2019, and July 1, 2019 through June 30, 2022 (the CBAs) address the use/accrual of compensatory time for police employees.

Article 18.4, states, in part, "compensatory time off shall be earned or granted to the members, at the election of the member, in lieu of payment for overtime worked, and shall be earned at a rate consistent with this Article. The maximum amount of compensatory time a member may accrue is eighty (80) hours per calendar year at any time. Any compensatory time in excess of forty (40) hours that is not used or paid out by December 31 of each calendar year shall be paid in the first full pay period in January of the following

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year. Upon separation from employment with the Township for any reason, members shall be entitled to compensation at their then current rate of pay for accrued and unused compensatory time accumulated.”

The Township did not have a formal policy in place regarding the carryover of compensatory time. Although the CBA, Article 18.4, required compensatory leave balances in excess of 40 hours to be cashed out, the Police Chief allowed Officers to carryover compensatory leave balances in excess of 40 hours. By allowing this practice to occur Officers were allowed to use and/or cash out hours above the allotted 40 hours at a higher rate. This resulted in overpayments to Sergeant Todd Moore and Officer Joseph Sheridan in the amount of \$5 and \$85, respectfully.

In addition to allowing Officers to carryover more than 40 hours of compensatory time, the Police Chief allowed Officers to carry more than 80 hours of compensatory time at any given time. The contract is unclear, and there was no formal policy, whether an officer must use compensatory time or allowed to be paid out compensatory time when the 80-hour maximum is reached.

Finally, the Township requires each individual department to maintain their own leave balances. There was no process in place to require departments to submit leave balance information to the Fiscal Office when requesting leave usage or cash outs. As such, the Fiscal Office is unable to monitor such things as carryover balances and compensatory time to determine if the Police Chief is complying with the CBA.

We recommend the Township adopt, implement and monitor policies and procedures regarding the accumulation, carryover of, and pay out of compensatory time. These policies should include, but not be limited to, providing the Fiscal Office and Board compensatory time accumulation and leave balance reports and pay out requests of compensatory time more than 40 hours at the end of each calendar year.

The Board should also clarify what is to occur when an officer reaches the maximum 80-hour compensatory balance.

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials’ Response:**

Annual comp-time reviews are conducted to ensure balances do not exceed policy/CBA limits. Fiscal and payroll coordinate to correct excess balances, and payouts or adjustments follow established procedures.

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| <i>Finding Number</i> | 2019-103 |
|-----------------------|----------|

**Jeffery Menshouse Retroactive Pay  
Non-Compliance/Internal Control Deficiency/Finding for Recovery**

During the payroll testing, we found a document with a note on it from the Fiscal Officer, Lisa Morris. The note indicated the Police Chief provided the Fiscal Officer with a breakdown of Jeffery Menshouse’s pay for period ended November 12, 2019. This breakdown consisted of working days 10/30/19-11/12/19 and



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showed that Jeffery Menshouse should have received a step increase as a part-time officer beginning November 7, 2019 and he should have been paid \$14.16/hour for days worked 10/30 through 11/6 (32 total hours) and \$17.70/hour for days worked 11/7/19 through 11/12/19 (39 total hours). The Fiscal Officer noted this breakdown was received on November 25, 2019, after the November 12, 2019 pay period had been processed for the entire pay period at the \$14.16/hour rate, for a total of \$1,005.36.

The Fiscal Officer attempted to correct the situation on the November 26, 2019 paycheck, however, rather than paying him for the difference between the \$14.16 and the \$17.70 for the 39 hours, she instead paid him the full amount of what pay period November 12, 2019 should have been. This resulted in an overpayment of \$1,005.36 (71 hours x \$14.16) .

The overpayment described above is an illegal expenditure, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, the overpayment and the amount of overpayment will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

Retroactive payments now require Board authorization and complete supporting documentation. Payroll verifies rate changes and effective dates before issuing payment, and any improper payments are reviewed for recovery.

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| <i>Finding Number</i> | 2019-104 |
|-----------------------|----------|

**Hours Not Paid – Police Department  
Non-compliance/Internal Control Deficiency**

Sound internal controls require an independent person from those initially entering data to review bi-weekly payroll reports for completeness and accuracy.

As noted throughout this report, the Township's payroll process had many flaws, including:

- hours on timecards not properly transferred to information submitted to Fiscal Office,
- hours on information submitted to Fiscal Office not agreeing to timecards,
- no review of payroll reports to determine completeness and accuracy of data entered by Department Supervisors and Fiscal Office.

When testing the police department's payroll, we noted instances where employees were not paid for the hours they worked, as noted on timecards/timesheets. In some instances, this was due to employees working overtime (OT) hours after they submitted their weekly timecard/timesheet. These additional hours were noted on subsequent timecards/timesheets, but the hours were not paid. The following is a list of instances where OT or regular hours were worked by officers, but not actually paid, resulting in underpayments:

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- In 2017, Jeff Francies had four instances where he worked OT hours but was either not paid for this time or was paid for the wrong amount of hours. This resulted in an underpayment of \$107, which includes 6.5% pension pick up.
- In 2017, David Ratliff had two instances where he was not paid for OT hours worked, resulting in an underpayment of \$96. This includes 6.5% pension pick up.
- In 2017, we noted four instances where Holly Watts, working as a part-time officer, was not paid a total of 25.75 hours at a rate of \$15/hour. This resulted in an underpayment of \$386.
- In 2018, we noted instances where Norm Baldwin, working as a full-time Officer, was not paid for OT hours worked, resulting in an underpayment of \$86. This includes a 6.5% pension pick up.
- In 2019, we noted an instance where Joseph Sheridan was not paid for three hours of OT worked, resulting in an underpayment of \$99.

We recommend the Township implement policies and procedures to ensure data input by Department Supervisors in their payroll summary sheets submitted to the Fiscal Office for payroll processing and by the Fiscal Office into the payroll system is complete and accurate.

The underpaid individuals and the amount they were underpaid will be included in the Finding For Recovery Summary in Appendix A below and netted against any Finding for Recovery amount(s) owed by the individual.

**Officials' Response:**

Supervisors ensure timely submission of corrected timesheets. Payroll reconciles working hours to shift logs and activity records to prevent missed hours. Corrections are issued promptly when errors occur.

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| <i>Finding Number</i> | 2019-105 |
|-----------------------|----------|

**Joseph Sheridan – Unsupported Time  
Non-Compliance/Internal Control Deficiency/Finding For Recovery**

Sound internal controls require an independent person from those initially entering data, to review bi-weekly payroll reports for completeness and accuracy.

During our review of 100% of Officer Joseph Sheridan's payroll for the audit period, we noted he received an additional 40 hours of pay at certain points throughout 2018, in addition to his normal 80 hours of pay per pay period. There was no supporting documentation that provided an explanation for these additional payments. The table below illustrates the pay periods in which these additional unsupported 40-hour payments were noted, along with the resulting overpayment amounts.

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| Pay<br>Period<br>Ended | Hours | Rate  | Overpayment |
|------------------------|-------|-------|-------------|
|                        |       | \$    |             |
| 7-Aug                  | 40    | 20.77 | \$ 830.80   |
|                        |       | \$    |             |
| 18-Sep                 | 40    | 20.77 | \$ 830.80   |
|                        |       | \$    |             |
| 16-Oct                 | 40    | 20.77 | \$ 830.80   |
|                        |       | \$    |             |
| 30-Oct                 | 40    | 20.77 | \$ 830.80   |
|                        |       | \$    |             |
| 11-Dec                 | 40    | 20.77 | \$ 830.80   |
|                        |       |       | \$ 4,154.00 |
| Pension Pick Up        |       |       | 0.065       |
|                        |       |       | \$ 4,424.01 |

These unsupported payments resulted in a total overpayment of \$4,424 to Joseph Sheridan.

We recommend the Township require an independent person, such as a Department Supervisor, review bi-weekly reports before finalizing the payroll process.

The overpayment described above is an illegal expenditure, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, the overpayment and the amount of overpayment will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

All hours must be supported by documented timesheets and stamped timecards and supervisory approval.

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| <i>Finding Number</i> | 2019-106 |
|-----------------------|----------|

**Josh Edwards Payroll Inaccuracies  
Non-compliance/Internal Control Deficiency**

During the Franklin Township Board of Trustees' special meeting on April 24, 2019, the Police Chief stated Police Officer Josh Edwards had stepped down from his Sergeant position effective April 16, 2019. There was no formal action taken by the Board to accept Mr. Edwards resignation as a Sergeant. Per the wage detail report, for pay period ended April 16, 2019 (wage #866), Josh Edwards was paid a rate of \$29/hour when his proper Sergeant pay rate was set at a higher rate of \$31.84/hour. This error resulted in Josh Edwards being underpaid by \$241, which includes a 6.5% pension pick up.

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From pay periods ended January 8, 2019 to March 19, 2019, for a total of six pay periods, Josh Edwards had \$171.35 withheld by the Township as garnishments. We were unable to find any supporting documentation that supported the reason for these garnishments and neither the Police Chief, nor Josh Edwards, could explain the reason for the garnishments.

Since we are unable to determine if these garnishments were done to correct any payment(s) identified in this report that Josh Edwards improperly received, we will be treating this garnishment as an underpayment in the amount of \$1,028.

We recommend the Township require the Department Supervisors to review bi-weekly payroll reports to determine the completeness and accuracy of the data input by the Fiscal Office. Also, we recommend that the Board approve any garnishments, if necessary, as well as maintain support for all wage garnishments in employee personnel files.

The underpaid individual and the amount they were underpaid will be included in the Finding For Recovery Summary in Appendix A below and netted against any Finding for Recovery amount(s) owed by the individual.

**Officials' Response:**

The Township has implemented strengthened internal controls and updated procedures for payroll processing. These measures address and mitigate prior issues related to payroll discrepancies, PTO accruals, step increases, longevity payments, and benefit calculations. The revised processes provide greater accuracy, consistency, and oversight across all payroll functions.

|                       |          |
|-----------------------|----------|
| <i>Finding Number</i> | 2019-107 |
|-----------------------|----------|

**Pro-Rating Personal Leave  
Internal Control Deficiency**

The Franklin Township Board of Trustees (the Trustees) entered into a Collective Bargaining Agreement (the CBA) with the Franklin Township Fire Fighters International Association of Fire Fighters Local 1441 (the Firefighters) on March 1, 2018, to replace the CBA expiring on February 28, 2018. Article 44 states:

*“SECTION 1 Each full-time employee shall receive personal time as follows:*

- a. All employees that work a fifty-six (56) hour week shall receive one hundred and twenty (120) hours of personal time per year.*
- b. All employees that work a forty (40) hour week shall receive eighty six (86) hours of personal time per year.*

*SECTION 2 Personal times shall be used in a manner similar to Holiday or Compensatory time. Personal time shall be scheduled with the approval of the Fire Chief or his designee and taken in a minimum of one tenth (1/10) of one hour increments.*

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*SECTION 3 Personal time shall only be used as time off. It will be placed in the employee's time bank on January 1st of each year. It shall be used prior to the end of the calendar year (December 31st) or will be forfeited back to the Township.*

*SECTION 4 Employees shall receive above stated personal time for years one (1), two (2) and three (3) of this contract."*

Article 37, Section 12 states " No employee shall receive or be paid for vacation until that employee has worked twenty-six (26) pay periods for which he has earned vacation credit."

Article 36, Section 1, states, in part "each full time employee shall receive credit for any holidays occurring the first six (6) months service following the successful completion of such service" Article 36, Section 4, states, in part, " Notwithstanding the foregoing, an employee who first qualifies for holiday time other than January 1st shall only be credited for those holidays remaining in that calendar year during which such employee first qualifies for holiday time, with this time to be credited on the first day following the day on which the employee qualifies for holiday time. "

While the contract language for other leave types such as Vacation and Holiday Leave place restrictions on when these leaves can be earned, used or paid out, the Personal Leave language does not place any limitation on earning, or the use of such leave. Additionally, the Board did not adopt any policy restricting the use of Personal Leave. Thus an employee hired after Jan 1<sup>st</sup> or resigns, or is terminated, in the middle of the calendar year still receives the entire amount of personal leave hours upon hire date or resignation as if on Jan 1<sup>st</sup> each calendar year.

For example, if an employee is hired on March 1<sup>st</sup> and resigns on April 1<sup>st</sup> the same year, this employee is allotted 120 hours of personal leave in accordance with the CBA covering March 1, 2018 through February 28, 2021.

We recommend the Township consider the need to pro-rate personal leave using any reasonable method

**Officials' Response:**

New employees start only on the first day of a new pay period. All leave balances are entered as agreed in each departments respective CBA.

|                       |          |
|-----------------------|----------|
| <i>Finding Number</i> | 2019-108 |
|-----------------------|----------|

**Assistant Fire and Fire Chief's Personal Leave  
Noncompliance/Internal Control Deficiency/Finding for Recovery**

The Township entered a memorandum of understanding (MOU) with the Fire Chief and Assistant Fire Chief covering years-ended December 31, 2018 and 2019. The MOU's addressed the different types of leave each was allowed to use. The MOU did not include Personal Leave however both Chief Welch and Asst. Chief Adams used Personal Leave per review of the timesheets and leave balance sheets. (See Table 1 for summary of personal hours used.)

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DECEMBER 31, 2017, 2018 and 2019  
(Continued)**

Table 1

|       | Employee | Unallowed PL | Rate     | Overpayment |
|-------|----------|--------------|----------|-------------|
|       |          |              |          |             |
| 2018  | Adams    | 8            | \$ 41.29 | \$ 330      |
|       |          | 94           | \$ 43.32 | \$ 4,072    |
|       |          |              |          | \$ 4,402    |
|       | Welch    | 8            | \$ 42.50 | \$ 340      |
|       |          | 88           | \$ 44.55 | \$ 3,920    |
|       |          |              |          | \$ 4,260    |
|       |          |              |          |             |
| 2019  | Adams    | 24           | \$ 43.32 | \$ 1,039    |
|       |          | 62           | \$ 45.05 | \$ 2,793    |
|       |          |              |          | \$ 3,832    |
|       | Welch    | 84           | \$ 44.55 | \$ 3,742    |
|       |          | 2            | \$ 46.33 | \$ 93       |
|       |          |              |          | \$ 3,835    |
|       |          |              |          |             |
| Total | Adams    |              |          | \$ 8,235    |
|       | Welch    |              |          | \$ 8,095    |
|       |          |              |          |             |
|       |          |              |          |             |

The overpayments described above are illegal expenditures, as understood in Ohio Rev. Code § 117.24 and 117.28. Therefore, each overpaid individual and the amount they were overpaid will be included in Finding For Recovery Summary in Appendix A below. Fiscal Officer Lisa Morris and her bonding company, Travelers Casualty and Surety Company of America, are jointly and severally liable for any net overpayments related to this finding as noted in the Finding For Recovery Summary.

**Officials' Response:**

Leave eligibility and balances for command staff are verified prior to approval. Payroll processes leave usage or payouts only after confirming compliance with policy and contract terms.

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**APPENDIX A - FINDING FOR RECOVERY SUMMARY  
TABLE 1 - ADMIN FINDINGS**

| Dept  | Employee         | 2019-085      | 2019-086         | 2019-013      | 2019-087        | 2019-095        | 2019-024      | Total Amount     |
|-------|------------------|---------------|------------------|---------------|-----------------|-----------------|---------------|------------------|
| Admin | Don Cook         |               |                  |               | \$ 1,118        |                 |               | \$ 1,118         |
| Admin | Erin Chrome      | \$ 323        | \$ 5,483         | \$ -          |                 |                 |               | \$ 5,806         |
| Admin | John Fleshman    |               |                  |               | \$ 1,118        |                 |               | \$ 1,118         |
| Admin | Jessica Rice     | \$ (391)      | \$ 3,153         | \$ 80         |                 |                 |               | \$ 2,842         |
| Admin | Lisa Morris      |               |                  |               |                 | \$ 1,681        |               | \$ 1,681         |
| Admin | Mark Potts       | \$ 476        | \$ 3,779         |               |                 |                 |               | \$ 4,255         |
| Admin | Teresa Rodriguez | \$ 240        | \$ 1,011         | \$ 80         |                 |                 |               | \$ 1,331         |
| Admin | Connie Scalf     | \$ 47         | \$ 658           |               |                 |                 |               | \$ 705           |
| Admin | Melissa Schoop   | \$ 275        | \$ 2,080         |               |                 |                 |               | \$ 2,355         |
| Admin | Robyn Watkins    | \$ (102)      |                  |               |                 |                 |               | \$ (102)         |
| Admin | Teresa Sheline   |               |                  |               |                 |                 | \$ 716        | \$ 716           |
|       | <b>Total</b>     | <b>\$ 868</b> | <b>\$ 16,164</b> | <b>\$ 160</b> | <b>\$ 2,236</b> | <b>\$ 1,681</b> | <b>\$ 716</b> | <b>\$ 21,825</b> |

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**SCHEDULE OF FINDINGS  
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**APPENDIX A - FINDING FOR RECOVERY SUMMARY  
TABLE 2 - FIRE FINDINGS**

| Dept | Employee           | 2019-039          | 2019-041        | 2019-042        | 2019-045        | 2019-048          | 2019-049        | 2019-108         | Total Amount     |
|------|--------------------|-------------------|-----------------|-----------------|-----------------|-------------------|-----------------|------------------|------------------|
| Fire | Chaz Adams         |                   | \$ -            | \$ 182          |                 |                   |                 | \$ 8,235         | \$ 8,417         |
| Fire | Robert Arnold      |                   | \$ -            | \$ 155          |                 |                   | \$ 74           |                  | \$ 229           |
| Fire | Jonathan Ball      |                   |                 |                 |                 |                   | \$ (429)        |                  | \$ (429)         |
| Fire | Tim Benjamin       | \$ (814)          | \$ -            | \$ 131          |                 |                   | \$ 167          |                  | \$ (516)         |
| Fire | Matthew Bocock     | \$ (7)            | \$ -            | \$ 173          |                 |                   |                 |                  | \$ 166           |
| Fire | Jason Brockmeyer   |                   | \$ -            | \$ 138          |                 |                   | \$ 540          |                  | \$ 678           |
| Fire | Todd Broecker      |                   | \$ -            | \$ 185          |                 |                   | \$ (166)        |                  | \$ 19            |
| Fire | Tyler Burleson     |                   |                 |                 |                 |                   | \$ (151)        |                  | \$ (151)         |
| Fire | Bayden Chandler    | \$ (232)          | \$ 251          | \$ 117          |                 |                   | \$ -            |                  | \$ 136           |
| Fire | Ron Cunningham     |                   |                 | \$ 47           | \$ 529          |                   | \$ (354)        |                  | \$ 222           |
| Fire | Mario D'Amico      |                   |                 |                 | \$ 579          |                   | \$ -            |                  | \$ 579           |
| Fire | Ronald Delozier    |                   | \$ -            | \$ 138          |                 |                   |                 |                  | \$ 138           |
| Fire | Deante Drummer     |                   |                 | \$ 47           | \$ 443          |                   | \$ 536          |                  | \$ 1,026         |
| Fire | Doug Fleahman      | \$ (116)          |                 | \$ 47           |                 |                   | \$ -            |                  | \$ (69)          |
| Fire | Nick Girardi       | \$ (581)          | \$ -            | \$ 117          |                 |                   | \$ (9)          |                  | \$ (473)         |
| Fire | Joseph Graham      |                   | \$ -            | \$ 161          |                 |                   | \$ (893)        |                  | \$ (732)         |
| Fire | Chris Helser       |                   | \$ -            | \$ 173          |                 |                   | \$ 31           |                  | \$ 204           |
| Fire | Kipp Hitchcock     |                   | \$ -            | \$ 192          |                 |                   | \$ 4            |                  | \$ 196           |
| Fire | Nick Holderbaum    | \$ (349)          | \$ 502          | \$ 131          |                 |                   | \$ 162          |                  | \$ 446           |
| Fire | Alex Keefe         | \$ (814)          | \$ 580          | \$ 131          |                 |                   | \$ (88)         |                  | \$ (191)         |
| Fire | Jason Klaus        |                   | \$ 558          | \$ 138          |                 |                   | \$ (69)         |                  | \$ 627           |
| Fire | Seth Kovach        | \$ (814)          | \$ -            | \$ 131          |                 |                   |                 |                  | \$ (683)         |
| Fire | John Latorre       |                   |                 | \$ 71           |                 |                   | \$ (137)        |                  | \$ (66)          |
| Fire | Alex Marcum        | \$ (348)          | \$ -            | \$ 101          |                 |                   | \$ 864          |                  | \$ 617           |
| Fire | Nick Marcum        | \$ (581)          | \$ -            | \$ 117          |                 |                   |                 |                  | \$ (464)         |
| Fire | Joe Mattia         | \$ (5)            | \$ 298          | \$ 143          |                 |                   | \$ (7)          |                  | \$ 429           |
| Fire | Tom Mattia         | \$ (465)          | \$ -            | \$ 138          |                 |                   |                 |                  | \$ (327)         |
| Fire | Cody McGirr        | \$ (116)          | \$ -            | \$ 47           |                 |                   | \$ 548          |                  | \$ 479           |
| Fire | Richard McMichael  |                   | \$ -            | \$ 138          |                 |                   |                 |                  | \$ 138           |
| Fire | Scott Meyer        | \$ (581)          | \$ -            | \$ 117          |                 |                   |                 |                  | \$ (464)         |
| Fire | Dustin Mogg        | \$ (116)          | \$ 390          | \$ 101          |                 |                   | \$ 19           |                  | \$ 394           |
| Fire | Carvel Mullins III |                   | \$ -            | \$ 138          |                 |                   |                 |                  | \$ 138           |
| Fire | Carvel Mullins IV  |                   |                 |                 | \$ 773          |                   | \$ -            |                  | \$ 773           |
| fire | Greg Parks         |                   | \$ -            | \$ 138          |                 |                   |                 |                  | \$ 138           |
| Fire | Jeremy Partlow     |                   | \$ -            | \$ 138          |                 |                   | \$ -            |                  | \$ 138           |
| Fire | Eric Pierce        | \$ (814)          | \$ -            | \$ 131          |                 |                   | \$ 866          |                  | \$ 183           |
| Fire | Tyler Piper        |                   |                 | \$ 22           |                 |                   | \$ 1,123        |                  | \$ 1,145         |
| Fire | Jeff Rosencrance   | \$ (116)          | \$ -            | \$ 54           |                 |                   | \$ 652          |                  | \$ 590           |
| Fire | Jason Roshon       |                   | \$ -            | \$ 143          |                 |                   | \$ 742          |                  | \$ 885           |
| Fire | Nick Schirtzinger  |                   | \$ -            | \$ 183          |                 |                   | \$ 837          |                  | \$ 1,020         |
| Fire | Paul Shambaugh     |                   | \$ -            | \$ 178          |                 |                   | \$ (34)         |                  | \$ 144           |
| Fire | Thomas Smallsreed  | \$ (116)          | \$ 464          | \$ 47           |                 |                   | \$ 696          |                  | \$ 1,091         |
| Fire | Caleb Stelzer      | \$ (581)          | \$ -            | \$ 117          |                 |                   | \$ (871)        |                  | \$ (1,335)       |
| Fire | Andy Taylor        |                   | \$ -            | \$ 71           |                 |                   | \$ 643          |                  | \$ 714           |
| Fire | Nick Thornton      |                   | \$ -            | \$ 138          |                 |                   | \$ 186          |                  | \$ 324           |
| Fire | Mike VanCleef      |                   | \$ -            | \$ 138          |                 |                   | \$ 186          |                  | \$ 324           |
| Fire | James Welch        |                   | \$ -            | \$ 186          |                 | \$ (2,184)        | \$ 46           | \$ 8,095         | \$ 6,143         |
| Fire | Aaron Wilbur       |                   | \$ -            | \$ 154          |                 |                   | \$ 221          |                  | \$ 375           |
| Fire | Owen Mees          |                   |                 |                 |                 |                   | \$ (748)        |                  | \$ (748)         |
|      | <b>Total</b>       | <b>\$ (7,566)</b> | <b>\$ 3,043</b> | <b>\$ 5,482</b> | <b>\$ 2,324</b> | <b>\$ (2,184)</b> | <b>\$ 5,187</b> | <b>\$ 16,330</b> | <b>\$ 22,616</b> |



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**SCHEDULE OF FINDINGS  
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**APPENDIX A - FINDING FOR RECOVERY SUMMARY  
TABLE 3 - ROAD FINDINGS**

| Dept | Employee        | 2019-038        | 2019-032        | 2019-031      | 2019-033        | 2019-035      | 2019-084        | 2019-036        | 2019-097      | Total Amount     |
|------|-----------------|-----------------|-----------------|---------------|-----------------|---------------|-----------------|-----------------|---------------|------------------|
| Road | Harold Aldrich  | \$ 96           |                 |               | \$ 198          |               |                 |                 |               | \$ 294           |
| Road | Ron Beatty      | \$ 1,465        |                 |               | \$ 357          |               |                 |                 |               | \$ 1,822         |
| Road | Thomas Chesshir | \$ (134)        |                 |               | \$ 148          | \$ 780        | \$ 4,967        |                 |               | \$ 5,761         |
| Road | Ryan Phillipi   | \$ 95           | \$ -            |               | \$ 305          |               |                 | \$ 580          |               | \$ 980           |
| Road | Jim Stevens     |                 | \$ 3,388        | \$ 925        | \$ 478          |               |                 |                 |               | \$ 4,791         |
| Road | James Timmons   | \$ 221          | \$ -            |               | \$ 146          |               |                 | \$ 972          | \$ 531        | \$ 1,870         |
|      | <b>Total</b>    | <b>\$ 1,743</b> | <b>\$ 3,388</b> | <b>\$ 925</b> | <b>\$ 1,632</b> | <b>\$ 780</b> | <b>\$ 4,967</b> | <b>\$ 1,552</b> | <b>\$ 531</b> | <b>\$ 15,518</b> |

FRANKLIN TOWNSHIP  
FRANKLIN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017, 2018 and 2019

APPENDIX A - FINDING FOR RECOVERY SUMMARY  
TABLE 4 - POLICE FINDINGS

| Dept   | Employee          | 2019-058      | 2019-102     | 2019-063          | 2019-066        | 2019-067        | 2019-068      | 2019-069      | 2019-070       | 2019-071       | 2019-072      | 2019-073        | 2019-074        | 2019-075        | 2019-053        | 2019-052        | 2019-051      |
|--------|-------------------|---------------|--------------|-------------------|-----------------|-----------------|---------------|---------------|----------------|----------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| Police | Norm Baldwin      |               |              |                   |                 |                 |               |               |                | \$ (48)        |               |                 |                 |                 |                 |                 |               |
| Police | Josh Edwards      | \$ 38         |              |                   |                 | \$ 1,398        | \$ 531        |               |                |                |               | \$ 542          |                 |                 |                 |                 |               |
| Police | Courtland Fisher  | \$ 36         |              |                   |                 |                 |               | \$ 102        |                |                |               |                 | \$ (917)        |                 |                 | \$ 109          |               |
| Police | Jeff Francies     | \$ 47         |              |                   | \$ (317)        |                 |               |               |                |                |               |                 |                 |                 |                 |                 |               |
| Police | Jeffrey Menshouse |               |              |                   |                 |                 |               |               |                |                |               |                 |                 |                 |                 |                 |               |
| Police | Todd Moore        | \$ 57         | \$ 5         |                   |                 |                 |               |               |                |                |               | \$ 537          |                 |                 | \$ 1,096        |                 |               |
| Police | Roger Meyers      |               |              |                   |                 |                 |               |               |                |                |               |                 |                 |                 |                 | \$ (853)        | \$ 28         |
| Police | Timothy Meyers    |               |              |                   |                 |                 |               |               |                |                |               |                 |                 | \$ 1,096        |                 | \$ 120          |               |
| Police | David Pollock     | \$ 36         |              |                   |                 |                 |               |               |                |                |               |                 |                 |                 |                 | \$ 115          |               |
| Police | David Ratliff     | \$ 94         |              |                   |                 |                 |               |               |                |                |               | \$ 726          |                 |                 |                 |                 |               |
| Police | Eric Ratliff      | \$ 36         |              |                   |                 |                 |               |               |                |                |               |                 |                 |                 |                 |                 |               |
| Police | Joseph Sheridan   |               | \$ 85        |                   |                 |                 |               |               |                |                |               |                 |                 |                 |                 | \$ 84           | \$ 88         |
| Police | Bryon Smith       |               |              | \$ (5,984)        |                 |                 |               |               |                |                | \$ 102        |                 |                 |                 |                 |                 |               |
| Police | Holly Watts       |               |              |                   |                 |                 |               |               |                |                |               |                 |                 |                 |                 | \$ (194)        |               |
| Police | David Woodie      | \$ 36         |              |                   |                 |                 |               |               | \$ (77)        |                |               | \$ 194          |                 |                 |                 | \$ 54           |               |
|        | <b>Total</b>      | <b>\$ 380</b> | <b>\$ 90</b> | <b>\$ (5,984)</b> | <b>\$ (317)</b> | <b>\$ 1,398</b> | <b>\$ 531</b> | <b>\$ 102</b> | <b>\$ (77)</b> | <b>\$ (48)</b> | <b>\$ 102</b> | <b>\$ 1,999</b> | <b>\$ (917)</b> | <b>\$ 1,096</b> | <b>\$ 1,096</b> | <b>\$ (565)</b> | <b>\$ 116</b> |

FRANKLIN TOWNSHIP  
FRANKLIN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017, 2018 and 2019

APPENDIX A - FINDING FOR RECOVERY SUMMARY

TABLE 4 - POLICE FINDINGS (Continued)

| 2019-057 | 2019-078 | 2019-079 | 2019-081 | 2019-082 | 2019-083 | 2019-080 | 2019-103 | 2019-104 | 2019-105 | 2019-106   | 2019-100 | Total Amount |
|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|------------|----------|--------------|
|          |          | \$ (187) |          |          |          |          |          | \$ (86)  |          |            |          | \$ (321)     |
|          |          |          | \$ 644   | \$ (400) |          | \$ -     |          |          |          | \$ (1,269) |          | \$ 1,484     |
|          |          |          |          |          |          | \$ -     |          |          |          |            |          | \$ (670)     |
|          |          |          |          |          |          |          |          | \$ (107) |          |            |          | \$ (377)     |
|          |          |          |          |          |          |          | \$ 1,005 |          |          |            |          | \$ 1,005     |
|          |          |          |          |          |          | \$ -     |          |          |          |            |          | \$ 1,695     |
|          |          |          |          |          | \$ 39    | \$ -     |          |          |          |            |          | \$ (786)     |
|          |          |          |          |          |          | \$ -     |          |          |          |            |          | \$ 1,216     |
|          |          | \$ (183) |          |          |          | \$ 967   |          |          |          |            |          | \$ 935       |
|          | \$ 279   |          |          |          |          | \$ -     |          | \$ (96)  |          |            |          | \$ 1,003     |
| \$ 676   |          |          |          |          |          |          |          |          |          |            |          | \$ 712       |
|          |          |          | \$ 455   |          |          | \$ 682   |          | \$ (99)  | \$ 4,424 |            |          | \$ 5,719     |
|          |          |          |          |          |          | \$ -     |          |          |          |            |          | \$ (5,882)   |
|          |          |          |          |          |          | \$ -     |          | \$ (386) |          |            | \$ 508   | \$ (72)      |
|          |          | \$ 183   |          |          |          | \$ -     |          |          |          |            |          | \$ 390       |
| \$ 676   | \$ 279   | \$ (187) | \$ 1,099 | \$ (400) | \$ 39    | \$ 1,649 | \$ 1,005 | \$ (774) | \$ 4,424 | \$ (1,269) | \$ 508   | \$ 6,051     |

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**FRANKLIN TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2017, 2018, AND 2019**

| Finding Number | Finding Summary   | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b> |
|----------------|---|------------------|--|
| 2016-001       | Material/immaterial adjustments   | No               | Ledgers had to be materially restructured. Several issues noted throughout report regarding need to adjust financial records           |
| 2016-002       | 5705.41(D)  | No               | Comment repeated   |
| 2016-003       | OAC 117-2-02, not maintaining public records such as grant agreements, debt agreements, etc.  | No               | Not corrected, repeated in various comments  |
| 2016-004       | ORC 5705.39 Appr. Exceed Est. Resources   | No               | Comment repeated   |
| 2016-005       | No Credit Card Policy   | No               | Comment repeated   |
| 2016-006       | Petty Cash Policy   | Yes              | Petty Cash account closed in mid 2018  |
| 2016-007       | Bank Reconciliation not being performed   | No               | Comment repeated   |
| 2016-008       | Ohio Rev. Code §109.43(B) & §149.43(E)(1)] Elected Official Training  | No               | Comment repeated   |
| 2016-009       | Ohio Rev. Code 149.43(B)(2), Record retention policy  | No               | Comment repeated   |
| 2016-010       | Ohio Revised Code, Section 135.22, fiscal Officer Training  | No               | Comment repeated   |
| 2016-011       | AOS Bulletin 2015-007 requires Regulatory Cash Basis Entities are required to file Basic Financial Statements that include Statements or Combined Statement of Receipts, Disbursements and Changes in Fund Balances - Governmental, Proprietary and Fiduciary, as applicable and Notes to the Basic Financial Statements on the Hinkle System beginning in 2016 | No               | Comment Repeated   |

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# OHIO AUDITOR OF STATE KEITH FABER



**FRANKLIN TOWNSHIP**

**FRANKLIN 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 12/30/2025**

65 East State 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](http://www.ohioauditor.gov)