



Dave Yost • Auditor of State

**CITY OF CLEVELAND HEIGHTS
CUYAHOGA COUNTY
GASB 68 EXAMINATION - OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
DECEMBER 31, 2016**

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INDEPENDENT ACCOUNTANT'S REPORT

Ohio Public Employees Retirement System
CliftonLarsonAllen LLP
1966 Greenspring Drive, Suite 300
Timonium, Maryland 21093

We have examined the City of Cleveland Heights, Cuyahoga County, management's assertion that the census data and pensionable wages reported to the Ohio Public Employees Retirement System (OPERS) as of December 31, 2016, and for the year then ended was accurate and complete.

Management asserts that:

- The census data provided to OPERS as of December 31, 2016 is accurate and complete. Census data includes
 - First and Last Name;
 - Last four digits of the social security number;
 - Contributions remitted to the plan;
 - Pensionable Compensation;
- The census data provided to OPERS as of December 31, 2016 included all enrolled employees.
- Census data changes occurring during the year ended December 31, 2016 to an enrolled employee's eligible compensation, were properly updated with OPERS.
- All employees required to be enrolled in OPERS were properly enrolled.
- The total pensionable wages and employee contributions information reported to OPERS agrees with the payroll records of the employer.

The City of Cleveland Heights' management is responsible for the assertions. Our responsibility is to opine on the assertions based on our examination.

Our examination followed attestation standards established by the American Institute of Certified Public Accountants and standards applicable to attestation engagements included in the Comptroller General of the United States' *Government Auditing Standards* and, accordingly, included examining, on a test basis, evidence supporting management's assertions and performing other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertions related to the accuracy and completeness of the census data and pensionable wages as described above provided to OPERS as of and for the year ending December 31, 2016 are fairly stated in all material respects.

In accordance with Government Auditing Standards, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud and noncompliance with provisions of laws or regulations that have a material effect on the accuracy and completeness of the census data and pensionable wages; and any other instances that warrant the attention of those charged with governance; noncompliance with provisions of contracts or grant agreements, and abuse that has a material effect on the subject matter. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on whether management's assertion regarding the accuracy and completeness of the census data reported to the retirement system is fairly stated, and not for the purpose of expressing an opinion on the internal control over the accuracy and completeness of the census data provided to the pension system, or on compliance and other matters; accordingly, we express no such opinions. Our examination disclosed a certain finding that is required to be reported under Government Auditing Standards and that finding, along with the views of responsible officials, is described in the attached Schedule of Findings.

This report is intended solely for the information and use of the City of Cleveland Heights' management, those charged with governance, and the management of OPERS and the OPERS plan auditors, CliftonLarsonAllen LLP, and is not intended to be and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State

Columbus, Ohio

April 7, 2017

**CITY OF CLEVELAND HEIGHTS
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016**

FINDING NUMBER 2016-001

Payroll Reconciliation – Significant Deficiency

A necessary step in the internal control over financial reporting is to determine the accuracy of balances in the City's accounting and payroll systems.

As of December 31, 2016, the City was unable to reconcile payroll between its financial and payroll accounting systems, with a total variance of \$1,924.

Failure to reconcile payroll accounts may result in incorrect payments or contributions by the City.

We recommend the Finance and Human Resource departments of the City reconcile payroll disbursements between the City's financial and payroll accounting systems on a monthly basis to ensure amounts properly match and are complete in both systems.

Management's Response: In 2015, due to retirements, there were changes in personnel in both the Payroll and Finance departments, which led to an eventual abandonment of the practice of reconciling data from the payroll system to the accounting system, instead becoming a reconciliation process between the data on the finance system and the bank statement only. Unlike when this reconciliation process was abandoned, the Finance Department now has access to the Payroll system reporting module and further has an Accountant on staff, rather than an Account Clerk on staff, who has responsibility for this reconciliation process. Going forward, the Finance Department will be able to generate reports from the payroll system on a regular basis, thus bypassing the payroll department entirely and directly reconcile payroll data with the data in the Finance system and then compare those amounts with the direct deposits and payroll/deduction checks on the bank statement. We are also in the process of converting to a new enterprise software system to replace the obsolete system the City is currently using, which will provide greater reporting capability, thus making the reconciliation process much more efficient.

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CITY OF CLEVELAND HEIGHTS - OPERS

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 4, 2017**