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MANAGEMENT LETTER

Copley Township
Summit County
1540 S. Cleveland-Massillon Road
Copley, Ohio 44321

To the Board of Trustees:

We have audited the financial statements defined in our Independent Auditor's Report of the Copley Township, Summit, Ohio (the Township) as of and for the year ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated October 29, 2021.

Government Auditing Standards require us to communicate deficiencies in internal control, as well as report on compliance with certain provisions of laws, regulations, contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated October 29, 2021, for the year ended December 31, 2020.

2 CFR Part 200 subpart F requires that we report all material (and certain immaterial) instances of noncompliance, significant deficiencies, and material weaknesses in internal control related to major federal financial assistance programs. We have issued the required report dated October 29, 2021, for the year ended December 31, 2020.

We are also submitting the following comments for your consideration regarding the Township's compliance with applicable laws, regulations, grant agreements, contract provisions, and internal control. These comments reflect matters that do not require inclusion in the *Government Auditing Standards* or Single Audit reports. Nevertheless, these comments represent matters for which we believe improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing these recommendations. These comments reflect our continuing desire to assist your Township but are only a result of audit procedures performed based on risk assessment procedures and not all deficiencies or weaknesses in controls may have been identified. If you have questions or concerns regarding these comments please contact your regional Auditor of State office.

Noncompliance Finding

Uniform Guidance (UG) Policies

2 CFR § 1000.10 gives regulatory effect to the Department of Treasury. In addition, 2 CFR § 200.302(b)(6) requires written procedures to implement the requirements of 2 CFR § 200.305 Payment. Moreover, 2 CFR § 200.302(b)(7) requires written procedures for determining the allowability of costs in accordance with Subpart E-Cost Principles of this part and the terms and conditions of the Federal award. Finally, 2 CFR § 200.430 states costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees: (1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities; (2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and (3) Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.

The Township was awarded grant monies under the Uniform Guidance (UG); however, the Township did not establish formal written policies required by the UG for the sections listed above. Failure to establish the required UG policies could result in federal questioned costs and possible reduction in funding.

To help ensure compliance with the Uniform Guidance requirements, the Township should establish and maintain timely updated policies and, more importantly, implement procedure as specified by UG requirements for all grant monies received. Any changes to the Township's policies should also be formally approved by the Board and documented within the minutes.

Recommendation

Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following exceptions were noted resulting in adjustments to the financial statements, which management has agreed, to reflect the proper reporting indicating a deficiency in the design, implementation and maintenance of internal control relevant to preparing and fairly presenting financial statements.

Transfers

General Fund Transfers In were overstated and General Fund Other Financing Sources were understated by \$2,043. Custodial Fund Other Distributions were overstated and Custodial Fund Distributions to Other Funds (Primary Gov't) were understated by \$2,043. This exception was due to the Township improperly recording a transaction as a transfer in the amount of \$2,043 from the Lerakis Sand & Gravel Bond Fund (Custodial Fund) to the General Fund because the respective custodial fund was inactive and no longer needed.

**Recommendation
(Continued)**

Lease Activity

Ambulance and Emergency Medical Services Fund (Special Revenue) Principal Disbursements were understated \$84,957, Interest Disbursements were understated \$13,077, and Capital Outlay Disbursements were overstated \$98,034. This exception was due to the Township improperly recording the Water Tender Truck lease payment of \$98,034 as a Capital Outlay Disbursement.

The Township did not have procedures in place to record transactions properly. Failure to consistently follow a uniform chart of accounts increases the possibility the Township will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

To help ensure the financial statements are presented properly, the Township should review the design, implementation and maintenance of internal control relevant to preparing and fairly presenting financial statements, and update and/or clarify the procedures and expected practices to help ensure proper reporting. This may also help ensure the Township is meeting its professional responsibilities in accordance with applicable accounting guidance and allow for more accurate analysis by the financial statement users.

We intend this report for the information and use of the Board of Trustees, audit committee, and management.



Keith Faber
Auditor of State
Columbus, Ohio

October 29, 2021