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MANAGEMENT LETTER

Greeneview Local School District
Greene County
4800 Cottonville Road
Jamestown, Ohio 45335

To the Board of Education:

We have audited the financial statements of Greeneview Local School District, Greene County, Ohio (the District) in accordance with *Government Auditing Standards*, as of and for the fiscal year ended June 30, 2019, and have issued our report thereon dated April 30, 2020.

Government Auditing Standards require us to report significant internal control deficiencies, fraud (including noncompliance with laws and regulations), and also abuse and noncompliance with contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated April 30, 2020, for the fiscal year ended June 30, 2019.

We are also submitting the following comments for your consideration regarding the District's compliance with applicable laws, regulations, grant agreements and contract provisions. These comments reflect matters that do not require inclusion in the *Government Auditing Standards* report. Nevertheless, these comments represent matters for which we believe improvements in compliance 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 District 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. Comments marked with an asterisk (*) have been repeated from the prior audit of the financial statements.

NONCOMPLIANCE FINDINGS

- *1. **Ohio Admin. Code § 117-2-01(D)(4)** states that when designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

Segregation of Duties (SOD) has been defined as a basic building block of sustainable risk management and internal controls for an organization. The principle of SOD is based on shared responsibilities of a key process that disperses the critical functions of that process to more than one person or department. Without this separation in key processes, fraud and error risks are far less manageable.

During the review of the District's control design and implementation for payroll disbursements and extracurricular receipts, it was noted that the same employee or employees were responsible for multiple, incompatible steps without evidence of sufficient compensating controls. For the payroll process, the Assistant to the Treasurer modified the master file, approved payroll and reconciled the payroll account. The Treasurer prepared payroll and initiated direct deposits. For extracurricular receipts, the Athletic Director reconciled cash receipts to daily cash, prepared bank deposits, and took deposits to the bank.

**NONCOMPLIANCE FINDINGS
(Continued)**

The District should perform an evaluation of its operations to see if incompatibilities exist in key processes. The School should evaluate each incompatibility and address them either by splitting up the incompatible tasks or establishing and implementing compensating controls to address the increased risks. Failure to do so could result in fraud and errors going undetected in a timely manner.

2. **Ohio Rev. Code § 9.21(A)** states, that no later than three months after the effective date of this section, the legislative authority of a political subdivision that holds a credit card account on the effective date of this section shall adopt a written policy for the use of credit card accounts. Otherwise, a legislative authority 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 or positions authorized to use a credit card account;
- (2) The types of expenses for 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 cancelation, and the process for reporting lost or stolen credit cards;
- (6) The political subdivision's credit card account's maximum credit limit or limits;
- (7) The actions or omissions by an officer or employee that qualify as misuse of a credit card account."

The School District's approved **Credit Card Policy** did not include provisions addressing all of the points listed in the Ohio Rev. Code. The points that were not addressed included provisions (1), (3), (4), (5) and (6) of the ORC § 9.21(A) as listed above.

The failure to have a Credit Card Policy that addresses all of the points outlined in the Ohio Rev. Code, will cause the School District to be in non-compliance with ORC §9.21(A) and may result in misuse of the School District's credit card going undetected in a timely manner.

The School District's Board of Education should review its current credit card policy and approve an updated policy that addresses all of the points listed in Ohio Rev. Code §9.21(A).

- *3. **Ohio Rev. Code § 117.38(B)** requires, in part, that the financial reports are to be certified by the proper officer or board and filed with the auditor of state within one hundred fifty days after the close of the fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Additionally, **Ohio Admin. Code § 117-2-03(A)(1)** states, in part, that pursuant to section 117.38 of the Revised Code, all local public offices must file an annual financial report. Such reports must be filed electronically through the "Annual Financial Data Reporting System" via an entity-specific link, unless the entity has an approved waiver.

The District filed the 2019 annual financial report with the Auditor of State on November 26, 2019, one day before the due date of November 27, 2019; however, the District did not include Notes to the Required Supplementary Information (RSI) in the filed financial report.

NONCOMPLIANCE FINDINGS
(Continued)

The District should establish and implement policies and procedures to verify a full financial report is filed timely and accurately with the Auditor of State by the required deadline. Failure to do so could result in materially misstatement statements being filed and audited resulting in material weakness or opinion modifications in future audits.

4. **Ohio Rev. Code § 3321.04(C)** states the board of education of the school district or the governing authorities of a private or parochial school may in the rules governing the discipline in such school, prescribe the authority by which and the manner in which any child may be excused for absence from such school for good and sufficient reasons.

Greeneview Local School District's Attendance Policy (5200) requires the parent of each student of compulsory school age or from an adult student who has been absent from school or from class for any reason, a written statement of the cause for such absence.

The District was unable to provide adequate documentation for one out of five students (20%) with excused absences examined for fiscal year 2019.

The District should establish and implement procedures to verify that approved policies regarding excused absences are being followed by each school building and appropriate documentation is being maintained for reporting purposes in accordance with the District's records retention schedule. Failure to properly document the reasons for absences and tardiness could result in incorrect or misleading information being reported to the Ohio Department of Education regarding student attendance and average daily membership.

We intend this report for the information and use of the Board of Education and management.



Keith Faber
Auditor of State
Columbus, Ohio

April 30, 2020