

Management Letter

Board of Directors
Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
919 Seventh Street
Portsmouth, Ohio 45662

We have audited the financial statements of Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties, Ohio (the Board) as of and for the year ended December 31, 2020, and have issued our report thereon dated August 20, 2021.

Government Auditing Standards requires us to report significant internal control deficiencies, fraud, and illegal acts (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 August 20, 2021 for the year ended December 31, 2020.

The Office of Management and Budget Uniform Guidance requires that we report all material (and certain immaterial) instances of noncompliance and significant internal control deficiencies, related to major federal financial assistance programs. We have issued the required report dated August 20, 2021 for the year ended December 31, 2020.

We are also submitting the following comments for your consideration regarding the Board's compliance with applicable laws, regulations, grant agreements, contract provisions, and internal control. These comments reflect matters that do not require inclusion in the report *Government Auditing Standards* requires. 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. However, these comments reflect our continuing desire to assist your Board. If you have questions or concerns regarding these comments please do not hesitate to contact us.

Noncompliance

Proper Encumbrance of Funds

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

Noncompliance (Continued)

Proper Encumbrance of Funds (Continued)

There are several exceptions to the standard requirement stated above that a 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 Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the organization can authorize the drawing of a warrant for the payment of the amount due. The organization has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution

Amounts of less than \$3,000 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 organization.

2. Blanket Certificate – Fiscal Officers 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.

3. 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, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

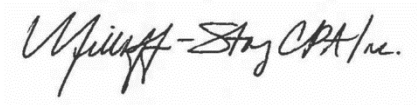
We noted an instance in which an invoice date preceded purchase order date. We also noted that the Board had unrecorded encumbrances at year-end. Amounts were immaterial, therefore correction of the budgetary statement was waived. Failure to certify the availability of funds properly can result in overspending funds and negative cash fund balances. The Board should adopt procedures to ensure that there are no unrecorded encumbrances at year-end. Additionally, the Fiscal Manager should certify the availability of funds prior to the commitment being incurred. When this is not feasible, the Board should utilize an exception noted above, when appropriate.

Cash Management-Federal Programs

The Board contracts with each provider stating they will provide funds in a timely manner. During testing of the Board's payments to the providers, we noted an instance where one payment that was not made timely. We recommend that the Board ensure payments are made to providers in a timely manner.

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This report is intended solely for the information and use of management, the Board of Directors, others within the Board, and federal awarding agencies and pass-through entities 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 "Millhuff-Stang CPA/Inc." The signature is written in a cursive, flowing style.

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

August 20, 2021