

MAHONING COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): Child Support Enforcement Foster Care (Title IV-E) Social Service Block Grant (Title XX) Emergency Rental Assistance Coronavirus State and Local Fiscal Recovery Funds	<u>AL#</u> 93.563 93.658 93.667 21.023 21.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$1,515,763 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2021-001

Noncompliance and Material Weakness

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) to the accounting system 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.

Ohio Rev. Code § 321.09 states that each business day, the county treasurer shall make a statement to the county auditor for the preceding day showing items such as amount of taxes received, amount received from other sources, total amount deposited by depository, the balance in the depository, and the balance in the county treasury.

Due to turnover in key personnel, the daily Form 6 was not always completed accurately, leading to delays in performing the monthly bank to book reconciliations for the following months:

Month-End	Date Completed
June	November 16, 2021
July	December 7, 2021
August	December 7, 2021
September	December 15, 2021
October	December 16, 2021
November	January 3, 2022
December	February 24, 2022

Failure to reconcile on a timely basis increases the possibility that the County 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.

In addition, a review of the December reconciliation identified a couple of significant reconciling items, which are as follows:

Form 6 Cash Reconciliation Process Errors:

Reconciling Items Amount	Date Occurred	Date Corrected
\$347,054	July 6, 2021	February 14, 2022
\$475,809	December 30, 2021	January 3, 2022

In addition to the items reported above, \$29,972 in outstanding reconciling items dating back to July remained uncorrected. The cash reconciling processing errors did not result in a financial statement adjustment.

FINDING NUMBER 2021-001 (Continued)

Moreover, variances were identified while reviewing investment transactions for the months of July through December, which are as follows:

Investment Transactions:

Monthly Bank-to-Book Reconciliation by Net Investment Transactions

Month	Amount Per Book	Amount Per Bank	Variance
July	\$595,928	\$ 539,229	\$56,699
August	114,202	190,332	76,130
September	1,162,975	1,031,177	131,797
October	1,014	827,757	828,772
November	-	1,623,143	1,623,143
December	33,587	883,177	849,590

The variances are a result of unposted investment transactions such as interest income, bank service charges, purchase, sales, and realized gains/losses. These items were posted and corrected as of February 11, 2022. The Treasurer should record all transactions and prepare timely monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated by the Treasurer, documented and corrected promptly.

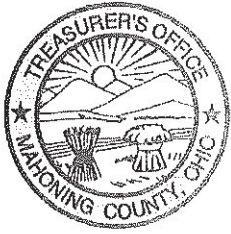
Finally, a number of county elected officials play important roles in ensuring the financial stability of the county. Based upon the findings in this audit, the Ohio Auditor of State recommends that all county officials with responsibility for the county's finances work collaboratively to meet their joint obligations to and broader expectations of the citizens of the county, to include a joint effort at preparing and verifying accurate and timely reconciliations of all accounts and funds.

Officials' Response: Please see the following attachments; including the Official's Response, the Auditor of State's Conclusion and the Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.



Daniel R. Yemma
Mahoning County Treasurer
120 Market St.
Youngstown, OH 44503
(330) 740-2460

July 29, 2022

Auditor of State Keith Faber
88 East Broad St. 5th Floor
Columbus, OH 43215

Dear Auditor Faber:

I am writing in response to the "Mahoning County Single Audit for the Year Ending December 31, 2021" that was presented during an exit conference held July 21, 2022. Finding Number 2021-001 references O.R.C. 321.09 and states "...the daily Form 6 was not always completed accurately..." and discussion during the exit conference indicated the Form 6 was not completed in a timely manner. At no time during the course of the audit engagement was I questioned with regard to the Form 6 as far as accuracy or timeliness and only became aware toward the end of the engagement when I was informed there would be a finding.

Accordingly I am respectfully requesting your office provide detailed documentation showing lack of completing the Form 6 in a timely manner as well as amounts and sources of inaccuracies. I have refuted this characterization in my response which is included in the report and object to the finding. However if such weaknesses exist they must be identified, resolved and prevented from reoccurring. Additionally and also respectfully I request the public release of the audit be withheld until this information is received and reviewed.

Thank you for your time and understanding and please contact me with questions or if additional information is required.

Sincerely,



Daniel R. Yemma

CC: Mahoning County Commissioners: Carol Rimedio-Righetti, David Ditzler, Anthony Traficanti
Mahoning County Prosecutor Paul Gains
Mahoning County Auditor Ralph Meacham
Mahoning County Administrator Audrey Tillis

This page intentionally left blank.



Daniel R. Yemma
Mahoning County Treasurer
120 Market St.
Youngstown, OH 44503
(330) 740-2460

August 12, 2022

Auditor of State Keith Faber
88 East Broad St. 5th Floor
Columbus, OH 43215

Dear Auditor Faber:

I am writing as a follow-up to the letter dated July 29 in which I requested a meeting be held to provide documentation and explanation regarding Finding #2021-001 in the 2021 Mahoning County audit. The requested meeting was scheduled August 4 and held August 9 between members of the State audit team and myself and members of my staff. I appreciate the State taking time to meet with us.

Unfortunately the meeting was not successful in addressing the issues I had requested. Approximately one hour before the meeting, which as mentioned was scheduled 5 days prior, I received an email with 4 attachments advising these were for my review before and during the meeting. The attachments appear to be auditor notes and worksheets, and the total of the 4 attachments amounted to 141 pages. I first viewed the email about 50 minutes before the meeting. This is certainly not sufficient time to begin to review, understand and be in a position to discuss the contents.

The state attempted to explain some of the attachments but this was largely unproductive as my office was seeing these documents for the first time. We were not at all familiar and neither the state nor my office was in a position to take what would have required hours and days to digest.

An example of a specific entry in the finding for which I requested clarification is the \$475,809 shown at the bottom of page 2. We were advised to enter the original entry of \$501, 824.86 by the County Auditor, this was done Dec. 30, 2021. We were then advised by the Auditor the amount was not correct and an adjustment must be made. We entered the correcting adjustment of \$475,808.65 on Jan. 19, 2022 when advised by Auditor. I'm not sure why the state shows a different date nor why this is being shown as Treasurer error. It is not uncommon for reconciling items to require adjustment and this came to us from our Auditor's. The time elapsed between the two entries is not unusual and the net amount of the adjustment of \$26,016 I would think is not material, though relevant. The other amount \$347,054 being shown as error was not explained and now we find the state has changed the originating date to July 6, 2021. How does a date change after exit conference is held and what is the explanation.

The audit engagement is a financial audit the purpose of which is to provide an opinion as to the fair representation of the financial statements. The report states the financial statements are accurately

represented. Additionally a financial audit includes commenting on internal control testing over financial reporting and compliance, and the results of that testing. It is here it would seem appropriate to comment on the delay in completing timely monthly bank reconciliations. It would also be appropriate to comment, as the report does, that daily reconciliations were completed without interruption and the delay in completing monthly bank reconciliations was rectified. The financial statements are not adversely affected, the delay has been corrected and at least one of the errors is not the Treasurer's. The report states "Lack of completing an accurate and timely reconciliation may allow for accounting errors..." This is not the case here and I maintain my position the issue being presented does not rise to the level of a finding.

Accordingly I continue to object to the characterization and inclusion of the finding.

Thank you for your time and do not hesitate to contact me as necessary.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel R. Yemma", with a long horizontal flourish extending to the right.

Daniel R. Yemma

CC: Mahoning County Commissioners: Carol Rimedio-Righetti, David Ditzler, Anthony Traficanti
Mahoning County Prosecutor Paul Gains
Mahoning County Auditor Ralph Meacham
Mahoning County Administrator Audrey Tillis



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

Auditor of State's Conclusion:

Per the Treasurer's request on July 29, 2022, to provide detailed documentation showing lack of completing the Form 6 in a timely manner as well as amounts and sources of inaccuracies, the Auditor of State's staff returned to the County to obtain, scan and copy a lengthy amount of documentation to support the numerous inaccuracies identified during the audit. A meeting was scheduled with the Treasurer on August 4, 2022 to provide support and walk him through a few of the many reconciling adjusting factors which caused the delays in completing the monthly reconciliations. Due to the time constraints in gathering the detailed documentation, every effort was made to provide the Treasurer with this information as soon as it was available.

During the meeting, several examples of reconciliation process errors were walked through to demonstrate where the numbers were obtained from and what they represented. Additionally, the July through December 2021 reconciliations were provided to demonstrate late completion.

While preparing for that meeting, we became aware that an improper date had been included in the audit finding and revised the finding to include the correct date. Neither the dollar amount nor the issue related to the date was changed.

In addition to our Auditor of State's Conclusion listed in the Corrective Action Plan, we conclude that timely and complete reconciliations are a basic internal control that should be completed by every entity and we stand by the finding as written.

This page intentionally left blank.



Daniel R. Yemma
Mahoning County Treasurer
120 Market St.
Youngstown, OH 44503
(330) 740-2460

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2021

Finding Number: 2021-001
Planned Corrective Action: Treasurer's office shall continue to perform Form 6 report and monthly Reconciliations in a timely manner
Anticipated Completion Date: February 2022
Responsible Contact Person: Daniel R. Yemma, Treasurer

Response: I object to the statement regarding delays in completing the Form 6 under Finding #2021-001 "...the daily Form 6 was not completed timely..." resulting in delays in completing monthly reconciliations. This is not an accurate statement. The employee with responsibility to complete the Form 6 and monthly bank reconciliations retired abruptly at the beginning of July 2021 with only one week notice. There was no transition in the position. I personally completed the Form 6 on a daily basis from then until December when the position was filled. I remained involved on a daily basis until about the first of 2022 as we transitioned. At no time was the daily Form 6 not completed. While it is a daily report, in reality and practicality it is not always completed every day. There may be outstanding issue(s) needing researched that take more than a day, the person responsible for completing may be off, there may be a county holiday that is not a bank holiday so requires completing two days of Form 6...there are a wide variety of reasons the Form 6 may not be completed each day and I'm sure this is the case in all 88 counties in Ohio. There was never an instance where the Form 6 was not worked on in a conscientious and diligent manner. The Form 6 is a successive report, meaning subsequent days cannot be completed until the previous day is complete. For example, today is the 28th and we discover an error was made on the 21st. Making a correction to the 21st most likely requires correction to successive days 22nd, 23rd, 24th etc. This is impossible to do in one day, therefore takes days to catch up. None of this is cause for monthly reconciliations not to be completed.

The delay in performing monthly bank reconciliations is due to office workload and lack of personnel. The retiring employee left at the same time we began 2nd Half tax collection, so as we lost a staff member the office workload increased dramatically. Practicality and need to prioritize functions and service to the taxpayer as far as duties of the Treasurer must be and were exercised. This made it necessary to push back performing the monthly bank reconciliations. The schedule included under your findings shows that upon the position being filled approximately December immediate attention was given to the monthly bank reconciliations and by February 2022 all reconciliations for 2021 were complete. This is approximately no more than one month later than would be expected under normal circumstances. Given the challenges we were faced with this is remarkable performance.

Similar treatment applied to investment transactions which were posted and corrected as of February 11, 2022. Monthly statements are received from our investment advisor as well as our third-party bank custodian. These were and continue to be reviewed on a monthly basis by this office as well as our fiduciary advisor for accuracy in recording transactions.

Auditor of State's Conclusion: A review of the Form 6 throughout the audit period identified instances where the Form 6 originally provided had items not being included, or doubled-up with a pay-in which were then recreated and caused reconciling delays.