



Dave Yost • Auditor of State

MANAGEMENT LETTER

Pittsfield Township
Lorain County
16940 State Route 58
Oberlin, Ohio 44074

To the Board of Trustees:

We have audited the financial statements of Pittsfield Township, Lorain County, (the Township) in accordance with *Government Auditing Standards*, as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated January 17, 2013.

Government Auditing Standards require 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 January 17, 2013, for the years ended December 31, 2011 and 2010.

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 report *Government Auditing Standards* require. 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 Township. The comment with an asterisk (*) denotes a comment brought to the attention of management during the audit of the years ending December 31, 2009 and 2008 for which no corrective action has been taken. If you have questions or concerns regarding these comments please contact your regional Auditor of State office.

Noncompliance Findings

Appropriations Exceeding Estimated Resources

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund should not exceed the total estimated revenue. The appropriations were in excess of the total certificate of estimated resources for the Solid Waste Fund in the amount of \$3,505 and the OPWC Project fund in the amount of \$5,904 at the end of fiscal year 2010.

If appropriations exceed estimated resources, the Township may incur fund deficits that indicate proceeds from one fund are being used for purposes other than they were intended.

We recommend the Township review the certificate of total estimated resources when establishing any appropriations to ensure it does not exceed the certificate.

Noncompliance Findings (Continued)

Publication of Annual Notice *

Ohio Rev. Code Section 117.38 requires cash and GAAP basis entities to publish notice in a local newspaper stating the financial report is available for public inspection at the office of the Fiscal Officer.

The Township did not publish notice in any local newspaper stating its financial report was available for public inspection for 2011 or 2010. Failure to do so could lead to the residents of the Township not being made aware financial statements are available to them.

The Township should publish notice in a local paper that the financial report is available for public inspection in accordance with the Revised Code section listed above.

Legal Level of Control

Ohio Rev. Code Section 5705.38(C) requires that Townships, at a minimum, adopt appropriation measures that are classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

The Township adopted a permanent appropriation measure at the fund level for both 2011 and 2010.

The Township should adopt an appropriation measure at a higher level, which at a minimum, meets the classification required by this Revised Code section.

Recommendation

Policies and Procedures Manual

The Township does not have a formal policies and procedures manual in place governing the various operations of the Township. This weakness may cause a loss of accountability over the consistent application of accounting and personnel policies, procedures and/or practices. Further, this weakness may prevent the Township from adequately complying with the various laws and regulations on the federal, state and local level.

The Township should develop a formal policies and procedures manual governing the various operations of the Township. The manual should include policies and procedures related to the accounting/finance function as well as any federal, state and local compliance requirements. Further, the manual should include policies, procedures and practices related to various human resource issues. These may include, but are not limited to the following: a) leave time accrual and usage, b) hiring, promoting and firing of employees, c) grievance procedures and d) employee evaluation.

In addition, the Township should develop policies governing their credit card usage. Written credit card policies and procedures, approved by the Trustees through resolution, ensure that all credit card users are informed of the rules and regulations governing the use of the Township's credit card. It also provides safeguards for Township credit not to be misused and standards for the Township to pursue recourse against individuals who misuse the Township's credit. A lack of policies and procedures addressing credit use can lead to a misuse of credit, differences in the use of credit, and various documentation standards for reimbursement.

We recommend that the Township create a formal policies and procedures manual for the various operations of the Township.

We intend this report for the information and use of the board of trustees and management.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

January 17, 2013