



Dave Yost • Auditor of State

MANAGEMENT LETTER

Village of Woodmere
Cuyahoga County
27899 Chagrin Boulevard
Woodmere Village, Ohio 44122

To the Members of Village Council:

We have audited the financial statements of the Village of Woodmere, Cuyahoga County, Ohio (the Village) 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 September 20, 2013.

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 September 20, 2013, for the years ended December 31, 2011 and 2010.

We are also submitting the following comments for your consideration regarding the Village'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 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 Village. The comment appearing with an asterisk (*) denotes a comment which had been previously reported in the 2009/2008 audit report for which corrective action has not been taken. If you have questions or concerns regarding these comments please contact your regional Auditor of State office.

Noncompliance Finding

Storage, Use, and Distribution of Personal Information *

Ohio Revised Code Chapter 1347 contains legal requirements related to personal information systems which are applicable to all state and local agencies and defines the terms and uses of this information.

Ohio Revised Code Chapter 1347.01(E) states "personal information" means any information that describes anything about a person, or that indicates actions done by or to a person, or that indicates that a person possesses certain personal characteristics, and that contains, and can be retrieved from a system by, a name, identifying number, symbol, or other identifier assigned to a person.

Noncompliance Finding (Continued)

Storage, Use, and Distribution of Personal Information * (Continued)

Ohio Revised Code Chapter 1347.05 provides that every state or local agency that maintains a personal information system shall perform the following duties:

- (A) Appoint one individual to be directly responsible for the system;
- (B) Adopt and implement rules that provide for the operation of the system;
- (C) Inform each of its responsible employees of all rules adopted in accordance with this section;
- (D) Specify disciplinary measures for unauthorized use of information contained in the system;
- (E) Inform a person supplying personal information if it is legally required, or if they may refuse;
- (F) Develop procedures for purposes of monitoring the accuracy, relevance, timeliness, and completeness of the personal information in this system;
- (G) Take reasonable precautions to protect personal information in the system from unauthorized modification, destruction, use, or disclosure; and
- (H) Collect, maintain, and use only personal information that is necessary and relevant to the functions that the agency is required or authorized to perform, and eliminate personal information from the system when it is no longer necessary and relevant to those functions.

The Village does not have policies addressing the storage, use, and distribution of personal information. The absence of these elements could result in the misuse of personal information.

We recommend the Village establish a policy governing the storage, use and distribution of personal information covering the terms mentioned above. The Village should also use the personal information in a personal information system in a manner that is consistent with the purposes of the system.

Recommendations

1. Maintaining a log to track usage of Village owned vehicles

According to the IRS reference guide to public employees, personal use of a government-owned vehicle is generally a taxable fringe benefit. It may, however, be excludable as a de minimis benefit (infrequent and of little value). Personal use includes the value of commuting in a government-owned vehicle, even if the vehicle is taken home for the convenience of the employer. The value of the benefit must be included in wages, but withholding of income tax on the value of vehicle use is at the employer's option. There are three methods that can be used to determine the value of the vehicle provided to the employee: 1) Lease value rule 2) Cents-per-mile rule 3) Commuting valuation rule.

To conform to the accountable plan rules, employees using a vehicle for business purposes should keep daily records of business miles by keeping a log containing the following information:

- a) Date
- b) Mileage (beginning and ending)
- c) Destination
- d) Business purpose
- e) Personal use mileage
- f) Commuting mileage

Village owned vehicles are available to certain employees in order to conduct official business. However, records are not maintained to monitor and ensure that use of the vehicle is limited to official business. As a result, employees may use a Village vehicle for personal use without being detected.

We recommend a policy on Village owned vehicles be adopted which includes utilization of a daily log that includes the information suggested in the IRS guidance. The log should also be reviewed on a regular basis to ensure the vehicles are only used for official business.

Recommendations (Continued)

2. Meal Reimbursements

The Village has adopted internal control procedures for the reimbursement of meals incurred while conducting Village business. Included in the procedures are documentation of the attendees and the purpose of the meeting. This assists management in determining the propriety of the reimbursement.

During a review of meal reimbursements, we noted several instances in which the Mayor submitted documentation for meal reimbursements but did not include the purpose of the meeting. As a result, reimbursements may have been incurred which did not constitute a proper public purpose.

We recommend that all meal reimbursements include documentation of the purpose of the meeting. Those expenditures which do not include this information should not be reimbursed.

We intend this report for the information and use of the audit committee, management and Village Council.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style with a large loop at the end of the last name.

Dave Yost
Auditor of State

September 20, 2013