



Mary Taylor, CPA  
Auditor of State



**HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HAMILTON COUNTY**

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# Mary Taylor, CPA

Auditor of State

Hamilton County Family and Children First Council  
Hamilton County  
125 East Court Street; Suite 350  
Cincinnati, Ohio 45202

To the Members of Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

January 12, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Hamilton County Family and Children First Council  
 Hamilton County  
 125 East Court Street  
 Suite 350  
 Cincinnati, Ohio 45202

To the Members of Council:

We were engaged to audit the accompanying financial statements of the Hamilton County Family and Children First Council, Ohio (the Council), as of and for the year ended December 31, 2007. These financial statements are the responsibility of the Council's management.

We were unable to obtain audited financial statements or other sufficient evidence to support the January 1, 2007 balances for the general and special revenue funds as reported by Council.

In addition, there were unsupported variances between the beginning and ending fund cash balances reported in the financial statements and the fund cash balances in the Hamilton County Auditor's accounting records. The Hamilton County Auditor is the Council's statutory fiscal agent. The variances are as follows:

<u>Date</u>	<u>Fund Cash Balance Reported in 2007 Annual Financial Report</u>	<u>Fund Cash Balance Reported in the County Auditor Accounting Records</u>	<u>Variance</u>
<b><u>General Fund:</u></b>			
January 1, 2007	\$141,244	\$806,392	(\$665,148)
December 31, 2007	(43,012)	674,538	(717,550)
<b><u>Special Revenue Fund:</u></b>			
January 1, 2007	\$664,246	\$606,475	\$57,771
December 31, 2007	1,639,578	1,556,786	82,792

We were also unable to obtain sufficient evidence to reasonably assure the completeness of disbursements reported on the financial statements, nor were we able to gain assurance through alternative audit procedures.

As described more fully in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Council's larger (i.e. major) funds separately. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Councils to reformat their statements. The Council has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2007, or its changes in financial position for the year then ended.

Also, because of the effects of the matters discussed in paragraphs three through five, the scope of our audit was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to above for the year ended December 31, 2007.

The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2010, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our engagement to opine on the financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. We subjected the federal awards expenditure schedule to the procedures applied to the financial statements. The Council's accounting system did not segregate Federal receipts or disbursements. The Council tracked Federal program disbursements on separate spreadsheets which could not be reconciled to the accounting system. Because of our inability to determine the amounts of Federal receipts or disbursements, and because of the effects of the matters discussed in paragraph three through five, we are unable to express an opinion on the Schedule.



**Mary Taylor, CPA**  
Auditor of State

January 12, 2010



**HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum) (Only)</u>
<b>Cash Receipts:</b>			
Intergovernmental	\$787,924	\$7,077,335	\$7,865,259
Children First Plan	0	411,989	411,989
Membership Dues	70,250	0	70,250
Training & Seminars	11,867	0	11,867
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	870,041	7,489,324	8,359,365
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Contractual Payments	500,244	6,073,062	6,573,306
Salaries & Fringe Benefits	515,467	373,194	888,661
Rent	28,534	7,650	36,184
Office Supplies	3,626	3,038	6,664
Equipment	0	2,714	2,714
Travel & Mileage	2,544	1,327	3,871
Postage	2,346	271	2,617
Maintenance	756	0	756
Miscellaneous	740	4,059	4,799
Printing, Publishing & Advertising	40	48,677	48,717
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	1,054,297	6,513,992	7,568,289
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(184,256)	975,332	791,076
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	141,244	664,246	805,490
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>(\$43,012)</u></b>	<b><u>\$1,639,578</u></b>	<b><u>\$1,596,566</u></b>

*The notes to the financial statement are an integral part of this statement.*

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**HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Section 121.37, Revised Code, created the Ohio Family and Children First Cabinet Council and required counties to establish county family and children first councils. The Hamilton County Family and Children First Council (the Council) was established on December 15, 1993. Statutory membership of a county council consists of the following individuals:

- a. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of job and family services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code (the public children's services agency);
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. A representative of a local nonprofit agency that funds, advocates, or provides services to children and families;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the municipal corporation with the largest city in the county;
- j. The president of the board of county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.32 of the Revised Code;
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004";
- n. At least three individuals who are not employed by an agency represented on the council and whose families are or have received services from an agency represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty per cent of the council's remaining membership.

**HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A county family and children first council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

Among others, a county council's statutory responsibilities include the following:

- a. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- b. Participate in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Education of the Handicapped Act Amendments of 1986";
- c. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- d. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

**Council Membership**

The County's Council membership includes representation from the Hamilton County Board of County Commissioners, the Hamilton County Board of Mental Retardation and Developmental Disabilities, the Hamilton County Juvenile Court, the City of Cincinnati, the Cincinnati Public Schools, and the Hamilton County Department of Job and Family Services. The purpose of the Council is to identify ways in which systems serving children can provide services to the community in the most efficient and effective manner.

**Administrative Agent**

Section 121.37(B)(4)(a), Revised Code, states that each county council shall designate an administrative agent. As permitted by Section 121.37(B)(4)(b)(i), where the board of county commissioners has been designated as the administrative agent, the board may by resolution delegate any of its powers and duties as administrative agent to an executive committee that the board establishes from the membership of the county council. The Council has designated the Hamilton County Board of County Commissioners as administrative agent, which has subsequently delegated its duties to an Executive Committee.

**Executive Committee**

The Executive Committee is the governing and policy-making body. The Council is responsible for establishing broad goals, objectives, and policy statements. This committee is responsible for the creation of all standing committees and task groups of the Council. The Executive Committee has appointed an Executive Director to assist in administering the powers and duties of the Council.

**HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Fund Accounting**

The Council uses fund accounting to segregate cash that is restricted as to use. The Council classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund. All expenditures are made in accordance with an annual budget approved by the administrative body of the Council.

**2. Special Revenue Funds**

These funds were used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. During the year ended December 31, 2007, the Council's primary source of funding was from federal sources to fund its "Help Me Grow" and "Child & Family Health Services" programs.

**D. Fiscal Agent**

The Hamilton County Auditor serves as the fiscal agent and maintains the Council's funds in a separate agency fund.

**E. Budgetary Process**

Section 121.37(B)(4)(a), Revised Code, states the Council shall file an annual budget with its administrative agent. A copy of the annual budget must also be filed with the County Auditor.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

**HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

**2. EQUITY IN POOLED CASH**

The Council's cash pool is maintained by the Hamilton County Auditor, which serves as the fiscal agent. The Ohio Revised Code prescribes allowable deposits and investments, and the Hamilton County Treasurer is responsible for meeting compliance with those provisions. The Council's cash on deposit with the Hamilton County Treasurer at December 31, 2007 was reported by the County at \$674,538 for the General Fund and \$1,556,786 for the Special Revenue Fund; cash reported on the Council's accompanying financial statements is reported at (\$43,012) for the General Fund and \$1,556,786 for the Special Revenue Fund.

The Hamilton County Treasurer is responsible for maintaining adequate depository collateral for all funds in the Council's pooled cash and depository accounts.

**3. RISK MANAGEMENT**

Personal property of the Council is covered under an insurance policy maintained by Hamilton County. The Council has no liability or employee dishonesty insurance.

**4. RETIREMENT SYSTEMS**

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007, OPERS members contributed 9.5% of their gross salaries, and the Council contributed an amount equaling 13.85% of participants' gross salaries. The Council has paid all contributions required through December 31, 2007.

**HAMILTON COUNTY FAMILY & CHILDREN FIRST COUNCIL  
HAMILTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed Through Ohio Department of Job &amp; Family Services:</i>			
Temporary Assistance for Needy Families	N/A	93.558	\$ 4,256,398
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b><u>4,256,398</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed through Ohio Department of Health</i>			
Maternal & Child Health Services Block Grant to the States	N/A	93.994	496,929
Child Abuse & Neglect State Grants	N/A	93.669	59,100
Medical Assistance Program (Title XIX)	N/A	93.778	42,542
Special Education Grants for Infants and Families with Disabilities	N/A	84.181	753,477
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b><u>1,352,048</u></b>
<b>TOTAL</b>			<b><u>\$ 5,608,446</u></b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HAMILTON COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2007**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Hamilton County Family and Children First Council, Ohio (the Council), federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - SUBRECIPIENTS**

The Council passes certain federal awards received from the Ohio Department of Health and the Ohio Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As described in Note A above, the Council reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the government has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.





# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Hamilton County Family and Children First Council  
125 East Court Street  
Suite 350  
Cincinnati, Ohio 45202

To the Members of Council:

We were engaged to audit the financial statement of the Hamilton County Family and Children First Council, Ohio (the Council), as of and for the year ended December 31, 2007, and have issued our report thereon dated January 12, 2010, wherein we noted that the Council prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted we were unable to obtain sufficient evidence to reasonably assure completeness of the beginning and ending fund balances as well as disbursements.

### **Internal Control Over Financial Reporting**

In planning and performing our engagement, we considered the Council's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Council's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Council's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2007-003 and 2007-004 described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Council's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe findings number 2007-003 and 2007-004 are also material weaknesses.

We also noted certain internal control matters that we reported to the Council's management in a separate letter dated January 12, 2010.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our engagement and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2007-001 through 2007-004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated January 12, 2010.

The Council's responses to the findings identified in our engagement are described in the accompanying schedule of findings and questioned costs. We did not audit the Council's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, Council, the federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

January 12, 2010



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Hamilton County Family and Children First Council  
125 East Court Street  
Suite 350  
Cincinnati, Ohio

To the Members of Council:

#### Compliance

We have audited the compliance of the Hamilton County Family and Children First Council, Hamilton County, Ohio (the Council), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the Council's major federal programs. The Council's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

As described in findings 2007-005 and 2007-006 in the accompanying schedule of findings and questioned costs, the Council did not comply with requirements regarding activities allowed or unallowed, allowable costs/cost principles, reporting and subrecipient monitoring applying to its CFDA 93.558 Temporary Assistance to Needy Families, CFDA 83.181 Special Education Grants for Infants and Families with Disabilities, and CFDA 93.994 Maternal and Child Health Services Block Grant to the States. Compliance with these requirements is necessary, in our opinion, for the Council to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Hamilton County Family and Children First Council complied, in all material respects, with the requirements referred to above applying to each of its major federal programs for the year ended December 31, 2007. In a separate letter to the Council's management dated January 12, 2010, we reported other matters related to federal noncompliance not requiring inclusion in this report.

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### Internal Control Over Compliance

The Council's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Council's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to administer a federal program such that there is more than a remote likelihood that the Council's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2007-005 and 2007-006 to be significant deficiencies.

A material weakness is significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that the Council's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. We consider findings 2007-005 and 2007-006 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

We also noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the Council's management in a separate letter dated January 12, 2010.

The Council's responses to the findings we identified are described in the accompanying schedule of findings and questioned costs. We did not audit the Council's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, Council, the federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

January 12, 2010

**HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2007**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Disclaimer
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Disclaimer
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	Yes
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Temporary Assistance to Needy Families (CFDA 93.558); Special Education Grants for Infants and Families with Disabilities (CFDA 84.181); and Maternal and Child Health Services Block Grant to the States (CFDA 93.994)
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2007-001**

**Finding for Recovery**

The Hamilton County Family and Children First Council's policy regarding daily travel for job-related duties states, in pertinent part, that commuting expenses are not reimbursable. Normal commute is the mileage between the employee's home and work location. In no circumstances shall an employee be reimbursed for normal commuting mileage from his/her residence to his/her normal work location nor from his/her normal work location to his/her residence.

During 2007, Carolyn Simon, Help Me Grow Project Director, received three overpayments of mileage reimbursement which occurred due to a failure to properly deduct commuting mileage in calculating the mileage reimbursement. The overpayment amounts were as follows:

Check #	Mileage Reimbursement Voucher #	Overpayment Amount	Date of Mileage Reimbursement Voucher
4045	110089	\$65.60	April 19, 2007
4045	110089	13.94	April 19, 2007
4164	110094	31.52	June 11, 2007
<b>Total</b>		<b>\$111.06</b>	

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Carolyn Simon in the amount of \$111.06 and in favor of the Hamilton County Family and Children First Council, in the amount of \$111.06.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

The Executive Director authorized the mileage reimbursement vouchers supporting the mileage reimbursement payments and the Fiscal Officer supervises the accounts from which such expenditure was made. Executive Director, Patricia Eber, and Fiscal Officer, Sharon Colgan, are jointly and severally liable in the amount of \$111.06 and in favor of the Hamilton County Family and Children First Council to the extent that recovery is not obtained from Carolyn Simon.

**Officials' Response:**

At the request of Carolyn Simon, the Council faxed her mileage documents in question for her review. She did not request supporting documentation for the overpayment of vacation time. The total amount of repayment due for the mileage is \$111.06. She has not indicated her decision at this time in regard to repayment. The Council processes approximately 30 mileage vouchers each year. These amounts due for recovery are the result of human error and were not due to intentional oversight.

**FINDING NUMBER 2007-002**

**Finding for Recovery**

Carolyn Simon, Help Me Grow Project Director, left service with the Hamilton County Family and Children First Council on June 13, 2007. Upon leaving service, Carolyn Simon received a payout for 20.9 hours of unused vacation leave. The 20.9 hours was overstated by 8 hours due to a failure to post 8 hours of vacation used on April 9, 2007. Therefore, Carolyn Simon should have been paid for 12.9 hours of unused vacation leave. This resulted in an overpayment of \$212.24 (8 x 26.53).

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Carolyn Simon in the amount of \$212.24 and in favor of the Hamilton County Family and Children First Council, in the amount of \$212.24.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

The Executive Director authorized the overpayment of unused vacation leave and the Fiscal Officer supervises the accounts from which such expenditure was made. Executive Director, Patricia Eber, and Fiscal Officer, Sharon Colgan, are jointly and severally liable in the amount of \$212.24 and in favor of the Hamilton County Family and Children First Council to the extent that recovery is not obtained from Carolyn Simon.

**Officials' Response:**

At the request of Carolyn Simon, the Council faxed her mileage documents in question for her review. She did not request supporting documentation for the overpayment of vacation time. The total amount of repayment due for the mileage is \$111.06. She has not indicated her decision at this time in regard to repayment. The Council processes approximately 30 mileage vouchers each year. These amounts due for recovery are the result of human error and were not due to intentional oversight.

**FINDING NUMBER 2007-003**

**Noncompliance/Material Weakness**

Ohio Admin. Code Section 117-2-02(A) requires all local public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As stated in Part C of Article VIII of the by-laws dated August 15, 2000, of the Hamilton County Family and Children First Council, the Hamilton County Auditor (the Auditor) shall act as "fiscal agent" for the Council. The Council maintains internal computerized accounting records separate from the records of the fiscal agent. These records were used as the basis for preparation of the 2007 annual financial report. The official accounting records of the Council are maintained by the Hamilton County Auditor who serves as the Council's fiscal agent.

We compared receipts amounts reported in the 2007 annual financial report to the amounts reported in the records of the County Auditor and noted the following differences:

**FINDING NUMBER 2007-003**  
**(Continued)**

<u>Account</u>	<u>Amount Reported in 2007 Annual Financial Report</u>	<u>Amount Reported by the County Auditor for 2007</u>	<u>Difference</u>
<b>General Fund:</b>			
Intergovernmental	\$0	\$241,900	(\$241,900)
Children First Plan	787,924	789,757	(1,833)
Membership Dues	70,250	70,750	(500)
<b>Special Revenue Fund:</b>			
Intergovernmental	\$7,077,335	\$6,857,879	\$219,456

The Council was able to identify the reasons for the differences in receipts noted above, and we were able to gain assurance of the accuracy of the amounts reported on the 2007 annual financial report prepared by the Council. However, differences that were identified in the process of preparing the 2007 annual financial report were not communicated to the County Auditor for adjustment to the County Auditor's records.

We compared expenditure amounts reported in the 2007 annual financial report to the amounts reported in the records of the County Auditor and noted the following differences:

<u>Account</u>	<u>Amount Reported in 2007 Annual Financial Report</u>	<u>Amount Reported by the County Auditor for 2007</u>	<u>Difference</u>
<b>General Fund:</b>			
Salaries & Fringe Benefits	\$515,467	\$515,297	\$170
Office Supplies	3,626	2,815	811
Postage	2,346	2,212	134
Travel & Mileage	2,544	2,825	(281)
Printing, Publishing & Advertising	40	438	(398)
Maintenance	756	22,390	(21,634)
Rent	28,534	24,528	4,006
Contractual Payments	500,244	655,742	(155,498)
Miscellaneous	740	19,881	(19,141)
<b>Total Expenditures</b>	<b>\$1,054,297</b>	<b>\$1,246,128</b>	<b>(\$191,831)</b>
<b>Special Revenue Fund:</b>			
Salaries & Fringe Benefits	373,194	373,265	(71)
Office Supplies	3,038	1,671	1,367
Equipment	2,714	20,245	(17,531)
Postage	271	186	85
Travel & Mileage	1,327	1,400	(73)
Printing, Publishing, & Advertising	48,677	11,067	(37,610)
Rent	7,650	8,050	(400)
Contractual Payments	6,073,062	5,895,321	177,741
Miscellaneous	4,059	8,351	(4,292)
<b>Total Expenditures</b>	<b>\$6,513,992</b>	<b>\$6,319,556</b>	<b>\$194,436</b>



**FINDING NUMBER 2007-003  
 (Continued)**

The Council was unable to identify the reasons for the differences in expenditures noted above. We were unable to gain assurance regarding what amounts should have been reported for expenditures and therefore are unable to opine thereon.

We also compared the beginning and ending cash balance reported in the 2007 annual financial report to the cash amounts reported in the records of the County Auditor and noted the following differences:

<u>Date</u>	<u>Cash Balance Reported in 2007 Annual Financial Report</u>	<u>Cash Balance Reported by County Auditor</u>	<u>Difference</u>
<b><u>General Fund:</u></b>			
January 1, 2007	\$141,244	\$806,392	(\$665,148)
December 31, 2007	(43,012)	674,538	(717,550)
<b><u>Special Revenue Fund:</u></b>			
January 1, 2007	\$664,246	\$606,475	\$57,771
December 31, 2007	1,639,578	1,556,786	82,792

We also reviewed the unaudited financial statements of the Council for 2006, 2005, and 2004, and noted that the ending fund balances did not carry over to the beginning fund balances of the following year.

To ensure accuracy in the external financial reporting process and to assist the Council with internal monitoring, we recommend procedures be established to ensure the timely reconciliation of the internal accounting records to the records of the County Auditor. Any differences noted in the reconciliation process should be promptly communicated to the County Auditor for adjustment to the accounts of the Council. We also recommend that the Council compare cash balances reported by the County Auditor to the cash balances reported in the annual financial report and fully investigate and resolve any differences. The Council should work with the County Auditor's office to make the necessary adjustments to the County financial records for the differences in receipts identified above. In addition the Council and the County Auditor's office should work together through the variances for disbursements and fund balances, identify and make the necessary adjustments.

**Officials' Response:**

The net difference between the general fund and the restricted fund for CY 2007 is \$2,605.00. In 2007 the General fund had revenues and expenditures that were Federal. These dollars are reported in the restricted fund on our statement as they are Federal TANF dollars. During 2007 new grant numbers were established in the restricted fund for these dollars. The numbers reported were for CY 06 revenues and disbursements that were paid in CY 2007.

Other differences are due to journal entries for allocations not being posted to the County Auditor's records and some variances are for posting of expenses to a different account number in FCFC 's internal records and the County Auditor's records.

The Council has not had an audit issued since 2003 and at that time there was not a significant difference in the County Auditor's numbers and the Council's numbers. Each month records from the Auditor's office are printed and all receipts and disbursements are compared to the Auditor's records. In the future, we will report any differences and adjustments that need to be made. We did not realize that the Auditor's records were the official records for the Council. Moving forward, we will make sure that our records are in agreement with the Auditor's records.

**FINDING NUMBER 2007-003  
 (Continued)**

The Council received a clean audit for the period January 1, 2003 through December 31, 2003. We have not yet received an audit opinion for the audit periods 2004, 2005 and 2006. We intend to work with the County Auditor's office to identify and resolve the differences you noted in the cash balances.

**AOS response:**

There was no evidence presented to verify revenues and disbursements were numbers reported in CY 2006 and paid in CY 2007.

**FINDING NUMBER 2007-004**

**Noncompliance/Material Weakness**

Finding Number 2007-006 describes deficiencies in preparing the Council's schedule of expenditures of federal awards. We believe this finding also represents material noncompliance and a material weakness under auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Officials' Response:**

See response at finding 2007-006.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
------------------------------------------------------------

**FINDING NUMBER 2007-005**

**Noncompliance/Material Weakness**

<b>Finding Number</b>	2007-005
<b>CFDA Title and Number</b>	CFDA 93.558 Temporary Assistance to Needy Families CFDA 84.181 Special Education Grants for Infants and Families with Disabilities (TANF Part C) CFDA 93.994 Maternal & Child Health Services Block Grant to the States
<b>Federal Award Number / Year</b>	2007/2008
<b>Federal Agency</b>	CFDA 93.558: Department of Health & Human Services CFDA 84.181: Department of Education CFDA 93.994: Department of Health & Human Services
<b>Pass-Through Agency</b>	CFDA 93.558: Ohio Department of Job and Family Services CFDA 84.181 & 93.994: Ohio Department of Health

**FINDING NUMBER 2007-005  
(Continued)**

**Subrecipient Monitoring**

The Council receives the majority of its funding from federal sources. Acting as a “pass-through entity” as defined by OMB Circular No. A-133, “Audits of States, Local Governments, and Non-Profit Organizations”, the Council contracts with numerous providers that determine eligibility, provide services to clients, and report to the Council and the Ohio Department of Health as required by the terms of the contract. All contract providers are “subrecipients” as defined by OMB Circular No. A-133.

OMB Circular A-133, Subpart D, Section .400(d) states that a pass-through entity shall perform the following for the Federal awards its makes:

- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, and name of the federal agency. When some of this information is not available, the pass through entity shall provide the best information available to describe the Federal award.
- (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements, as well as any supplemental requirements imposed by the pass-through entity.
- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for the authorized purposes in compliance with laws, regulations, and the provisions of the contracts or grant agreements, and that performance goals are achieved.
- (4) Ensure that subrecipients expending more than \$500,000 or more in Federal awards during the subrecipient’s fiscal year have met the audit requirements of this part for that fiscal year.
- (5) Issue a management decision on audit findings within six months after receipt of the subrecipient’s audit report and ensure that the subrecipient takes appropriate and timely corrective action.
- (6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity’s own records.
- (7) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements necessary for the pass-through entity to comply with this part.

The Council employs a Contract Manager whose job description includes a general reference to duties for monitoring of contracts with providers/subrecipients. However, the Council has no written policies which formally address guidelines and procedures for monitoring of providers/subrecipients.

In auditing the federal programs we also noted the following conditions:

- (1) For the Help Me Grow program which is funded by both the Temporary Assistance to Needy Families grant (TANF) under CFDA 93.558 and the TANF Part C grant funded under CFDA 84.181, we requested documentation of compliance reviews conducted during the year 2007. We noted that all of the four program reviews conducted for the period January 1, 2007 through June 30, 2007 contained a statement that “No financial information was reviewed during this review.” We also requested all of the program reviews conducted for the period July 1, 2007 through June 30, 2008 and noted that two of the four reviews (50%) contained a statement that “No financial information was reviewed during this review.”

**FINDING NUMBER 2007-005**  
**(Continued)**

- (2) For the Child & Family Health Services program which is funded by the Maternal & Child Health Services Block Grant under CFDA 93.994, the Contract Manager conducted a compliance review for one of seven (14%) providers during 2007. Council personnel stated that other reviews had been conducted but evidence of those reviews could not be located.
- (3) Contracts with providers contain a requirement that the provider/subrecipient have an annual audit and that a copy of the annual audit report be provided to the Council. However, not all providers/subrecipients had provided a copy of their annual audit report to the Council and there was no documentation to indicate that Council management had reviewed such audit reports, issued management decisions on audit findings, and ensured that appropriate and timely corrective action was taken by the provider/subrecipient.

The Council, acting as a pass-through entity, has a responsibility to monitor subrecipients to ensure that federal funds are administered by subrecipients in good stewardship and in compliance with applicable laws and regulations. Therefore, we recommend that the Council establish formal written policies and procedures for monitoring of subrecipients. Such procedures and procedures should include or address the following:

- (1) a requirement that all award documents specify the CFDA title and number, amount of award, award name, the name of Federal grantor agency, and applicable laws and regulations;
- (2) the number, size, and complexity of contracts to be reviewed and the scope, frequency, and timeliness of monitoring activities to be performed;
- (3) procedures to ensure corrective action is taken by subrecipients based on the Council's monitoring activities; and
- (4) procedures to ensure that required subrecipient audits are completed, that management decisions on audit findings were made within 6 months after receipt of the subrecipient's audit report, and procedures to ensure that subrecipients took appropriate and timely corrective action on all audit findings.

**Officials' Response:**

During FY2007 the Help Me Grow program was reviewed two times per contract year with one being a chart only review and the second review consisting of a financial and chart review. For FY2007, a chart and financial review took place for the 1<sup>st</sup> and 2<sup>nd</sup> quarters (7/1/06-12/31/06) and a chart review only took place for the 3<sup>rd</sup> and 4<sup>th</sup> quarters (1/1/07- 6/30/07).

For the Child & Family Health Services program desk audits were conducted quarterly for FY2007 which consisted of reviewing the 1<sup>st</sup> – 4<sup>th</sup> quarter expenditures reports submitted quarterly by the providers. Should any discrepancies or issues arise which require further review the Contract Manager then conducts an onsite review as was the case during FY2007. Also, Mid Year and Annual Progress Reports are reviewed for compliance and accuracy.

FCFC will ensure that all providers submit a copy of their annual audit report for review as a part of their contractual requirement.

**FINDING NUMBER 2007-006**

**Noncompliance/Material Weakness/Questioned Cost**

<b>Finding Number</b>	2007-006
<b>CFDA Title and Number</b>	CFDA 93.558 Temporary Assistance to Needy Families CFDA 84.181 Special Education Grants for Infants and Families with Disabilities (TANF Part C) CFDA 93.994 Maternal & Child Health Services Block Grant to the States CFDA 93.669 Child Abuse & Neglect State Grants CFDA 93.778 Medical Assistance Program
<b>Federal Award Number / Year</b>	2007/2008
<b>Federal Agency</b>	Department of Health & Human Services Department of Education
<b>Pass-Through Agency</b>	CFDA 93.558: Ohio Department of Job and Family Services CFDA 84.181 & 93.994: Ohio Department of Health

**Grant Accounting / Activities Allowed or Unallowed / Allowable Costs/Cost Principles / Reporting**

45 C.F.R. Section 92.20(a) states that a State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State and of its subgrantees must be sufficient to permit the preparation of reports required by this part and the statutes authorizing the grant and also permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

45 C.F.R. Section 92.20(b)(2) further states that grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

Further, OMB Circular A-133, Subpart C, Section .300 states that the auditee shall:

- (a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the Federal Agency, and name of the pass-through entity.
- (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- (c) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with OMB Circular A-133, Section .310.

**FINDING NUMBER 2007-006  
 (Continued)**

As stated in Article VIII, Section C of the Hamilton County Family and Children First Council (HCFCFC) bylaws, the Hamilton County Auditor serves as “Fiscal Agent” for the Council and therefore maintains the official accounting records which identify and track receipts and expenditures. HCFCFC also maintains a separate set of internal accounting records using a computerized software program. However, neither the official records of the County Auditor nor the internal accounting records are maintained in a manner such that grants are properly accounted for in accordance with the above mentioned requirements.

To track federal expenditures, the Fiscal Officer maintains spreadsheets separate from the accounting records, but these spreadsheets are not reconciled to the internal accounting records or to the records of the County Auditor and, as stated in Finding #2007-003 above, therefore, we were unable to gain assurance as to what amounts should have been reported for expenditures on the Schedule of Federal Awards Expenditures and required grant reporting. This resulted in us modifying our opinion on the Schedule of Federal Awards Expenditures program compliance, and we are therefore questioning these cost.

<b>Program</b>	<b>CFDA #</b>	<b>Expenditures</b>
Temporary Assistance for Needy Families	<b>93.558</b>	\$4,256,398
Maternal & Child Health Services Block Grant to the States	<b>93.994</b>	496,929
Child Abuse & Neglect State Grants	<b>93.669</b>	59,100
Medical Assistance Program	<b>93.778</b>	42,542
Special Education Grants for Infants & Families with Disabilities	<b>84.181</b>	<u>753,477</u>
<b>Total Federal Expenditures</b>		<b>\$5,608,446</b>

Failure to use grant accounting procedures results in a co-mingling of federal and state grant funds, an inability to track receipts and expenditures by their specific source, increases the risk of noncompliance with federal grant requirements, and increases the risk of errors in the process of preparing required federal financial reports and the Schedule of Federal Awards Expenditures.

We recommend that the Council work with the Hamilton County Auditor’s Office to establish procedures which would ensure that grant accounting procedures are utilized.

**Officials’ Response:**

We agree that the Council does not use grant accounting in accordance with the state definition. However, each grant has a separate grant number established in the County Auditor’s office and all revenues and expenditures are coded with that grant number. For those grants that have multiple funding streams, the Council uses excel spreadsheets to breakout revenues and expenditures by each funding stream. Our internal records reflect each funding source and the expenditures charged against it. Beginning with the grants for SFY 2010, the Council has established a grant number for each funding stream in the County Auditor’s office in order to track each of these revenues and expenditures so that they are not co-mingled. All invoices submitted to the Council for payment must have supporting documentation for services delivered and must be approved by the appropriate personnel before payment is made. All contracts are monitored by establishing an excel spreadsheet and tracking their expenditures against that contract in total and by funding stream.

As of the date of the audit report, the Council intends to follow the recommendation of the Auditor of State and has established procedures in the County Auditor’s office to allow us to properly implement Grant Accounting.

Some of the issues with our A-133 Audit have already been addressed.

**FINDING NUMBER 2007-006  
(Continued)**

There are two issues that need to be addressed in this finding. The Council provided detailed documentation for all Federal Expenditures that were reported on the Federal schedule. The issue is that these expenditures could not be tied back to the accounting records as to which federal program the expenditures and revenues were being applied. Each program is identified in the accounting system and excel spreadsheets are used to track the various funding streams. Beginning with SFY 2010, new grant numbers have been established for all federal programs.

The second issue is questioning these federal costs. On the individual testing of the federal expenditures there were no invoices presented to us or questioned that they were not used for their intended purpose and the supporting documentation attached to the invoices did not support the request for reimbursement for services.

Beginning with contracts for SFY 2010 for the Help Me Grow Program the providers are required to submit a separate invoice for all services being charged to a specific funding stream. They are required to submit a separate invoice for services for General Revenue Funding, Part C funding and Part C ARRA funding.

**AOS Response:**

We were able to determine if the expenditures were made for FCFC proper public purposes; however, we were unable to determine if these expenditures met the federal Activities Allowed or Unallowed and Allowable Costs/Cost Principles program requirements for each grant.







Mary Taylor, CPA  
Auditor of State

HAMILTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

HAMILTON COUNTY

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
APRIL 13, 2010