



**FAIRFIELD**  
COUNTY • OHIO  
AUDITOR

**FINANCE INTERNAL  
CONTROL MANUAL**

Including the Capital Assets Accounting Policies for Financial Reporting

**Effective Date: January 2025**

Prepared for elected officials, department heads, and all interested in financial internal control.

Prepared by the Fairfield County Auditor's Office

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Sections referenced with (*Updated*) have been added/amended/updated from the last published version of this manual.

## The Practice of Internal Controls

The purpose of this manual is to provide practical information about internal controls for Fairfield County financial and payroll personnel, department heads and governing boards included in the Annual Comprehensive Financial Report (ACFR) and/or using the Enterprise Resource Planning (ERP) financial system to process cash receipts, accounts payable, purchasing, financial reporting and payroll.

Ensuring these internal controls are consistently applied will help ensure that public assets are used efficiently and protected against loss, waste, and abuse.

## Word to the Wise

Throughout the year the Auditor's Financial Systems Office provides periodic reminders to employees and departments associated with financial and payroll compliance. Click on the link, [Publications and Forms - Auditor - Fairfield County, Ohio](#) and locate "Word to the Wise."

## This Manual is Available on County Intranet

An electronic version of the Finance Internal Control Manual is available on the Fairfield County intranet. The County Auditor's Office will periodically update portions of this manual and insert new forms as needed. To access the electronic version of this manual, please do the following:

Click on the link, <http://intranet.co.fairfield.oh.us/> Click the **Auditor** button and on the Finance Office Publications and Forms screen locate "Finance Internal Control Manual." Click the selection | **click to see manual** | and the manual will load on your screen, which you can then print.

You must have the free Adobe Acrobat Reader installed on your PC to open these files.

# Fairfield County Auditor — Finance Internal Control Manual

## Budgetary Application

### Accounting and Reporting

#### Account Structure - General Ledger Segments

The Enterprise ERP financial solution provides eight (8) segments for the creation of the Organization Code (ORG), a unique account identifier that defines the combination of segments 1 - 8.

Segment #	Segment Name	Segment Description
1	Fund	4-digit identifier containing balance sheet accounts, cash balances and indicates dedicated purpose of the activity. <ul style="list-style-type: none"> <li>• 1XXX = General Funds</li> <li>• 2XXX = Special Revenue Funds</li> <li>• 3XXX = Capital Project Funds</li> <li>• 4XXX = Debt Service Funds</li> <li>• 5XXX = Enterprise Funds</li> <li>• 7XXX = Agency Funds</li> </ul>
2	Sub fund	4-digit identifier as a subset fund of the primary fund which includes balance sheet structure and maintains a separate cash balance.
3	Division	2-digit identifier of the organizational area
4	Subdivision / Program	4-digit identifier further defining the organizational area
5	Department Activity	6-digit identifier capturing business areas within the organization
6	Report Code	7-digit identifier available for specialized reporting needs
7	Major Function	2-digit identifier utilized in ACFR reporting
8	Certificate	5-digit identifier utilized in budgetary control
	Object Code	6-digit identifier classifying the transaction as Balance Sheet, Revenue or Expense
	Project Code	5-digit identifier for tracking a grant or project when expanded reporting is desired
	Charter Code	41 – Taxes 42 – License & Permits 43 – Intergovernmental Revenue 44 – Charges for Services 45 – Fines 46 – Investment Earnings 47 – Special Assessments 48 – Other Receipts 49 – Other Financing Sources 51 – Salaries & Wages 52 – Fringe Benefits 53 – Contractual Services 54 – Purchased Personal Services 55 – Other Purchased Services 56 – Materials & Supplies 57 – Capital Outlay 58 – Other Expenses 60 – Debt Expenses 70 – Transfers 80 – Local Government Expenses

Organization Code

Revenue Accounts

Expense Accounts

For a full list of Segments please follow this path – *Enterprise ERP/Financials/General Ledger Menu/Set Up/Chart of Accounts/Chart of Accounts Lists*

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### Account Structure – Object Codes

Object codes are defined by the Character Code listed in the General Ledger Segments. Revenue object numbers are identified with the leading number of four (4). Expense object numbers can be identified with the leading number of five (5), six (6) is for debt service, and seven (7) is for transfers. Eight (8) and nine (9) are used for special reporting. The complexity and diversity of the expenditure objects present questions. Proper classification of expenditures at the object level allows for accurate financial reporting and budgeting.

The following is a generic list of common expense object codes and the types of payments associated with the code. Many funds and departments have additional codes. **This is a list of general codes applied to many departments.**

Major Account Category	Account Examples	Account Descriptions
<b>510000</b> Personnel Costs	<b>510010</b> Salary, Elected Official <b>511010</b> Salary, Employees	Example of the two most commonly used accounts associate to employee wages.
<b>520000</b> Fringe Benefits	<b>521000</b> Health Insurance <b>522000</b> Medicare <b>523000</b> PERS <b>523010</b> STRS <b>525000</b> Unemployment <b>526000</b> Workers' Compensation	Example of fringe benefit accounts associated to employment costs of an employee
<b>530000</b> Contract Services	<b>530000</b> Contractual Services	Established at the request of a department head desiring the separation of "contract services with actual signed contracts" from "general contract services" expenditures. The key word is <b>services</b> . Pay for professional services from this account. Examples include consulting, accounting or legal fees, board and care, tutoring
	<b>543000</b> Repairs and Maintenance	Pay for maintenance and repairs as well as associated warranty agreements from this account.
	<b>554000</b> Advertising and Printing  <b>558000</b> Travel and Expenses	Examples are legal advertisements and mass printing of newsletters.  Only employee travel and expenses are to be paid from this line item.
<b>560000</b> Materials & Supplies	<b>561000</b> Supplies	Supplies are expendable items with a useful life of less than one year. Examples include office supplies, forms, stationery, vehicle parts, gravel, sand, postage, gasoline, and food items.

For a full list of Object Codes please follow this path – *Enterprise ERP/Financials/General Ledger Menu/Set Up/Chart of Accounts/Chart of Accounts Segments* select Object Code from the drop-down menu.

It is important to note that an "other expenses" category should be used only when no specific account code fits the situation. Occurrences should be rare that require the use of an "other expense" category. Many department officials have eliminated the use of the "other expenses" category completely.

Departmental officials should adhere to the budget structure as approved by the budgeting authority.

**Reminder:** To obtain new accounts, forward a written request to the Finance Department. Please include a complete description of the intended usage of the account. There is no limit to the number of accounts within a fund.

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### Account Structure - Account String (ORG/Object) combination

A transactional account in ERP must contain the **ORG** and **Object**, with **Project** as an optional field.  
Example of an Organization (ORG) Code for the Utilities Sewer Operations = **12504429**

Division Number (2 digits) ..... **12** = Commissioner  
Fund type designation and a fund number (4 digits) ..... **5044** = Sewer Fund  
Followed by a department activity (2 digits)..... **29** = Sewer Related Activity

Example of an ORG/Object combination that would be used to capture transactions in ERP.

12504429 439100 ..... Utilities Office Sewer Interfund Transfers In  
12504429 530000 ..... Utilities Office Sewer Contract Services

Please review the account numbers used by your department. It is important to use accurate account numbers. The account numbers were created in a logical sequence so that the computerized accounting system can produce the necessary financial reports.

Upon a written request from the department head or elected official, the County Auditor can create new accounts for any fund. For example, a grant fund may require a higher level of detail or more accounts than does a standard fund. This requirement can be accommodated by the accounting system. However, the County Auditor will require information about the usage of the accounts in order to make the proper coding.

For a full list of Object Codes please follow this path – *Enterprise ERP/Financials/General Ledger Menu/Set Up/Chart of Accounts/Chart of Accounts Segments* select Object Code from the drop-down menu.

### Budgetary Control – Certificate of Resources, Basic Formulas and Relationships

Budgetary control or “legal level of control” ensures encumbrances plus expenditures do NOT exceed the cash and estimated revenue of the fund in accordance with Ohio Revised Code section 5705.38 – Annual Appropriation Measure.

The County Auditor, fiscal officer for the County, prepares the Certificate of Available Resources, also known in ERP as the Certification of Resources.

**Appropriations must not exceed the available balances**, or the sum of unencumbered carry-over cash plus estimated receipts.

**Unencumbered** carry-over cash  
+/- Advances  
+ Estimated receipts  
= Maximum appropriations

To view a fund’s Certification of Resources please follow this path – *Enterprise ERP/Financials/Budget Processing/Certification of Resources* enter the Fund and Year.

The total of the Amended Certificate, Estimated Revenues/Receipts, or Budgeted Revenues, plus the

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Carry-Over Unencumbered Cash Balance, is sometimes referred to as the “available balance.” The correct term is “the balance available for appropriations.”

The estimated receipts plus the unencumbered carry-over cash must be greater than or equal to the estimated expenditures.

The County Auditor will formally certify this case for all funds to the budgeting authority. Ohio Rev. Code Section 5705.39 states in summary:

“No appropriation measure is to be effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate (commonly referred to as the amended certificate).”

**The pooled cash balance of a fund must be sufficient to cover all requests for expenditure.**

No bill list total should exceed the cash balance of a fund. Whenever the cash balance is insufficient to cover the bill list totals, the County Auditor will be forced to return one or more bills for future payment. The bill list will be lowered.

**At no time will a fund’s pooled cash balance be permitted to be negative at the month end. Ohio Rev. Code Sections 5705.41 (B) states in summary: “No subdivision or taxing unit is to expend money unless it has been appropriated.” Actual expenditures plus outstanding encumbrances cannot exceed the revised budget.**

## Grant Reporting and Tracking

*Are you accepting a new grant?* If so, make sure you have an assigned grant administrator who will ensure grant terms and conditions are met with the grant.

All grants have terms and conditions, federal grants have special reporting requirements. Involving the County Auditor’s Office as soon as possible for technical assistance in creating a new fund and grant number. The fund or accounting structure should be in place at the same time (or very soon thereafter) as accepting the grant is a recommended practice.

A grant number can provide expanded reporting for the county’s single audit and federal reporting schedule. All financial transactions in the accounting solution for revenues and expenses (expenditures) can be associated with the grant number. Additionally, project/grant numbers may also be leveraged to further ensure reporting is accurate. Reports can be generated giving details of the project/grant, even if the project/grant affects more than one fund or several accounts.

**Grant numbers must be linked in the general ledger to the proper revenue and expense accounts.**

Please reach out to Finance via email at [rt-fc-finance@co.fairfield.oh.us](mailto:rt-fc-finance@co.fairfield.oh.us) to get assistance in establishing a grant tracking number.

Did you ever wonder about the responsibilities of a project or grants manager?

The tasks and end goals of grant writing are different from those of grants management. *Grant writing* pertains to the necessary steps to secure grant funding. *Grants management* occurs after the award has been made and includes a comprehensive process of overseeing the projects and the activities that must be executed to meet goals.



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**The person who manages the grant or a project is often a different person than the one who secured the grant funding with an application.**

Here are some important points to keep in mind. Key points of awards and agreements; administration and compliance; monitoring and evaluation; and closeouts are highlighted.

**Grant Awarding and Agreement.** When a grant application is approved, the funding organization (grantor) issues an award to the recipient (grantee). The grant agreement specifies the terms and conditions for utilizing the funds, such as reporting obligations, project timelines and deliverables. It is critical for grants managers to understand all the requirements of a grant award to ensure compliance throughout the grant's duration.

**The grant manager needs to read and understand all grant terms and conditions so that they can be followed.**

**Grant Administration and Compliance.** Managers must establish an administrative system to support the effective implementation of funded projects. The system includes financial stewardship, cost and expenditure monitoring and budget allocation, progress reporting, procurement, and adherence to grantor guidelines.

Additionally, compliance with relevant organization policy, as well as federal, state, and local laws, regulations and standards is necessary to maintain accountability.

**Monitoring and Evaluation.** Regular monitoring enables managers to assess the progress of the funded projects against predetermined targets or milestones.

Managers evaluate whether the project is achieving its objectives, utilize funds efficiently, and make necessary adjustments if challenges arise.

**Grant Closeouts, Audits and Ongoing Relationship.** Once a grant period ends, a grants manager must ensure a proper closeout procedure is in place. This involves final reporting, conducting audits, financial reconciliation, and providing any required documentation to the grantor.

## Project Reporting and Tracking

Project tracking may be used to complement Grant Reporting by creating an additional reporting field when a grant continues over multiple program periods (year to year) or it may be used to track and report on a project within a funding structure (example: designated costs centers within a fund).

**Project numbers must be linked in the general ledger and budgeted to and linked to the proper charge code in order to be included in the project's activity for both revenue and expense accounts.**

## Resolutions

The following transactions require a resolution from the County Commissioners:

1. Any change to the appropriation resolution

This would include appropriations from unappropriated money, account-to-account transfers of appropriations from one major expenditure object category to another major expenditure object category, and fund-to-fund transfers. Often, the Budget Commission is asked to amend the official

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certificate in conjunction with a resolution to appropriate from unappropriated money.

### 2. The creation of new funds

Provisions of Ohio Rev. Code Section 5705.09, 5705.12, and [Ohio Compliance Supplement](#) 1-4 allow for the creation of certain funds, capital project or special revenue funds, without State Auditor approval. However, in many cases, the State Auditor must approve the fund's creation, in addition to the Commissioners' legislation. To be safe, contact the County Auditor's Office whenever you need a new fund created. It is best to be proactive and contact the County Auditor as soon as the revenue source is identified. **You must provide a complete description of the fund's purpose, the fund's anticipated revenue sources and the expenditure on the face of the Commissioners' resolution.**

To ensure compliance with Federal Reporting Requirements, resolutions associated with federal grants, must reference a Grant Number (Project Number if applicable) obtained from the County Auditor's Finance Department. The Project Number request must include the CFDA number and identification of the federal grantor. Please refer to the Project Number in the body of the resolution when submitting as a grant in CRMS.

Refer to CRMS (Commissioner's Resolution Management System) for additional guidance. Please follow this link to the HELP Documents available. [mapsys.co.fairfield.oh.us/Help.aspx](https://mapsys.co.fairfield.oh.us/Help.aspx)

## Month-end Reports

At month-end, the Auditor's Office will process all activity and complete all required internal reporting. Once the process is complete there will be an e-mail notification sent out to all users to continue their day-to-day processing. It is the Departments responsibility to review and balance all revenue, expense and encumbrances and print and save all required reports.

At any time, a department representative can make an appointment with a Finance Deputy to get answers to questions about the month-end reconciliation or balancing process.

**Budgetary Application**

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**Accounts Payable and Purchasing**

**Bill Lists and Deadlines**

Approved bill lists serve as authorization to draw a county warrant or check. The County Commissioners and County Administrator, as well as certain boards and agencies, prepare bill lists to document approval. They have established the following deadlines for voucher submission.

- A. For all departments required to obtain approval from the Board of Commissioners for the payment of bills, above the \$77,250 threshold:

Submit the voucher packets or bills **to the Auditor’s Office on or before the end of business on Wednesday** for approval during the following Tuesday meeting.

<b>Week1</b>	<b>Monday1</b>	<b>Tuesday1</b>	<b>Wednesday1</b> Submit voucher packets or bills	<b>Thursday1</b>	<b>Friday1</b>
<b>Week2</b>	<b>Monday2</b>	<b>Tuesday2</b> Commissioners’ meeting approval	<b>Wednesday2</b>	<b>Thursday2</b> Checks Issued	<b>Friday2</b>

The Commissioners’ Office will forward a complete, approved bill list to the County Auditor after the meeting. As a rule, the Commissioners’ Office will consult with the County Auditor on budgetary issues prior to the meeting date, which allows for the keying cycle to commence prior to the formal approval.

**The County Auditor will issue warrants (or checks) dated the Thursday following the approval date.**

At month-end, warrants or checks may be issued on a day other than Thursday. If there is a question about the check date at month-end, please call the Finance Office.

- B. For all departments required to obtain approval from the County Administrator for the payment of bills, at or below the \$77,250 threshold:

Submit the voucher packets or bills **to the Auditor’s Office on or before the end of business on Monday** for approval in the following days before the checks are issued.

<b>Week</b>	<b>Monday</b> Submit voucher packets or bills	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b> Checks Issued	<b>Friday</b>
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The County Administrator will forward a complete, approved bill list to the County Auditor once the vouchers have been approved. As a rule, the County Administrator will consult with the County Auditor on budgetary issues prior to approving the bill list, which allows for the keying cycle to commence prior to the formal approval.

**The County Auditor will issue warrants (or checks) dated Thursday following the submission for payment.**

- C. At month-end, warrants or checks may be issued on a day other than Thursday. A month-end

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### Budgetary Application

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schedule will be sent out with different deadlines, if needed.

- D. For all departments required to obtain approval from sources other than the Commissioners or County Administrator for the payment of bills:

Submit a correct, approved bill list with voucher packets **to the Auditor's Office on or before the end of business Wednesday** for the following Monday check date.

<b>Week1</b>	<b>Monday1</b>	<b>Tuesday1</b>	<b>Wednesday1</b> Submit voucher packets or bills	<b>Thursday1</b>	<b>Friday1</b>
<b>Week2</b>	<b>Monday2</b> Checks issued	<b>Tuesday2</b>	<b>Wednesday2</b>	<b>Thursday2</b>	<b>Friday2</b>

- E. For budgetary corrections not requiring a resolution from the County Commissioners:

Submit the budgetary correction in writing **to the County Auditor through the request tracker**. Any change or correction that must be reflected on month-end reports is required to be in the County Auditor's office before the month-end process has begun. Every effort will be made to process changes or corrections as quickly as possible. Keep in mind that certain corrections can be cumbersome and may involve complex interdepartmental issues.

- F. **Bill Lists** should include all the following:

- **Original signatures of approving board official** or designee. If the bill list does not contain signatures of the approving board, there must be a notation on the bill list signed by an administrator noting that the approving party has signed the voucher packets.
- **The date of the approval.**
- **The total of the bill list should be noted.**
- **Items paid** by account number or purchase order number, vendor, and amount.

- G. Certain items, such as court orders and Veterans' Services bills, are documented separately from bill lists. The initiating department must provide a complete audit trail.

- H. The Auditor's Office balances the total check distribution to all bill lists and other approval documents after each check run and distributes a copy of the reconciliation to all appropriate departments. Each department should review this balancing report, as well as a departmental review of various month end reports, to enhance its internal control of the check distribution process.

### Cellular Telephone Usage

The *County Personnel Policy Manual*, Section 3:21 outlines the County Policy for Cellular Telephone Usage.

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### Credit and Vendor Cards

Please refer to the [County Personnel Policy Manual](#), Section 2:12 and Addendum C – Credit Card Policy of Fairfield County Board of Commissioners.

Please reach out to County Commissioner’s – Administration Office for program details.

#### Establishment of Credit Card Programs and Card Limits

- Purchases cannot be used in any manner to circumvent competitive bidding requirements for purchases and contracts as determined by Ohio Revised Code.
- Credit limits are established by County Commissioners and may be adjusted by resolution.
- Purchases MAY NOT be split to bypass the single transaction limit.
- The appointing authority must have a purchase order opened prior to any purchase being made.

#### Allowed uses of a credit card (ORC 301.27 (E)(1). – see policy for extended list.

- The purchase must be for any work-related item.
- The purchase serves a public purpose.

#### Prohibited uses of a credit card (ORC 301.27 (E)(1). – see policy for extended list.

- Services that are 1099 eligible.
- Entertainment/recreation
- Adult publications/entertainment
- Alcoholic beverages
- ATM, cash advances and all other cash related transactions
- Late charges or finance charges

#### **Credit Card Program Roles and Responsibilities**

##### Key policy notations for **Appointing Authority’s**.

- Apply to the Board of County Commissioner’s for authorization to have an employee under it’s authority to use a credit card held by that Appointing Authority.
- Serve as the primary point of contact for their desired credit card program.
- Name a Program Coordinator for managing the Appointing Authority’s credit card program.
- Ensure the certification of funds (availability of budget), order and distribute cards, ensure training is provided to Authorized Cardholders (employee).

##### Key policy notations for **Program Coordinator’s**.

- Serve as the Appointing Authority’s program coordinator.
- Process cardholder applications, limits adjustments, suspensions, cancellation and program compliance on behalf of the Appointing Authority.
- Responsible for resolving disputes with merchants.
- Responsible for reviewing and reconciling card activity for the Appointing Authority’s cards.
- Responsible for troubleshooting problems encountered with card use or vendor authorization.
- Provide follow-up on lost or stolen cards.
- Facilitate training to Authorized Cardholders (employee).
- Reconcile the purchasing logs and approve payment.
- Timely process the credit card billing with original statement, purchasing log and supporting receipts.

##### Key policy notations for **Authorized Cardholders (employees)**.

- County credit cards may only be used for work related purposes.
- No employee may use a County credit card for personal use.

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### Budgetary Application

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- Employees issued a County credit card shall acknowledge receipt and review the policy prior to use.
- Credit cards may NOT be used as an ATM (automated teller machine) card, a debit card, or for cash advances.
- Detailed original transaction receipts must be obtained to support the expense.
  - Every effort should be made to ensure that the receipt contains the vendor's name, date of purchase, itemized description of purchase, per unit price and extended price.
- Lost receipts - a cardholder will be held personally responsible for missing receipts and may be required to reimburse the County for those billed purchases for which a receipt is not present and cannot be produced.
  - The Appointing Authority may accept alternate supporting document in-lieu of an original receipt. The Authorized Cardholder may present a letter outlining the required receipt details (vendor's name, date of the purchase, details of the purchase) and provide a reason for the inability to provide original receipt. This alternate document must be signed by the employee's supervisor and department coordinator as acceptable supporting documentation.
- Maintain a purchasing log and submit receipts and log to Program Coordinator for payment processing – refer to Addendum C.

### Proper “Public Purpose”

What does it mean??? – Please refer to the [County Auditor's presentation](#) on the Intranet.

- Whether the expenditure is for or promotes public health, safety, morals, or general welfare.
- Whether the primary objective is to promote a public purpose, although it may incidentally advance a private interest.
- If there has been a prospective legislative determination of a proper public purpose.

All planned expenditures of public dollars should pass the above criteria. Additional Federal Procurement Rules may apply when federal dollars are utilized. Please refer to your grant award and grantor directed instructions. If federal and local rules are contradictory, the most restrictive apply when federal funds are being used.

### Procurement/Purchasing Guidance

**Ohio Revised Code (ORC) Section 9.17 (effective 10/3/2023) established competitive bidding threshold limits for the purchase of goods and services under ORC 307.86 to \$77,250. Reference Resolution 2023-10.10.a – regarding threshold limit.**

Purchasing and approval of most contracts for materials, supplies, services, and equipment necessary to operate the many functions of government are primary functions of the county commissioners.

Most claims against the county must be approved by the county commissioners unless the amount due is set by law or fixed by a court or other authorized person or body (ORC 307.55). All contracts must be approved at a regular or special session of the board and entered into the minutes of the board (ORC 305.25). The law also requires a full record to be kept, including the vote of each motion. All funds must be lawfully appropriated for a proper public purpose prior to expenditure and all expenditures must be made by warrant drawn against an appropriate fund (ORC 5705.41 (B)(C)). In order to be lawful, all contracts, with certain exceptions, must include a certification of availability of funds by the county auditor (ORC 5705.41(D)).

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The following procedures regarding procurement apply to Fairfield County. Fairfield county will follow the ORC sections 307.86 through 307.92 with regard to state and local procurement laws and regulations as follows:

- Competitive Bidding Threshold – exception ORC 307.86
- Renewing Leases for Electronic Data Processing Equipment, Services or Systems, or Radio Communications Systems – ORC 307.861
- Competitive Sealed Proposals – Procedure ORC 307.862
- Bidding Process for Franchise ORC 307.863
- Notice of Competitive Bidding ORC 307.87
- Bid Contents ORC 307.88
- Accepting Bids ORC 307.89
- Contract Award – Preferences ORC 307.90
- Rejecting All Bids ORC 307.91
- Contracting Authority Defined ORC 307.92

Fairfield County will also follow 2 CFR 200.317 through 200.326 with regard to procurement for Federal projects.

NOTE: Ohio Revised Code 125.04 (C) states...A county may purchase supplies or service from another party, including another political subdivision, instead of through a contract that the Ohio Department of Administrative Services has entered into on behalf of the county, if the county can prove that it can purchase those same supplies or services from the other party upon equivalent terms, conditions or specifications but at a lower price. If so, the county need not competitively bid those supplies or services.

### Competitive bidding

The county must follow guidance in ORC 307.87 related to competitive bidding. Departments may access the [Procurement Tool Kit](#) on the County Intranet for detailed guidance and forms.

## Purchase Orders (County Auditor Certifications)

### Fairfield County issues three different types of purchase orders.

#### 1. Blanket Purchase Orders

Funds are encumbered for a unique vendor for a specific purpose for the duration of the current fiscal period. The expiration date is December 15, but can be extended upon written request.

#### 2. Normal Purchase Orders

Funds are encumbered for a unique vendor for a specific purpose for a one-time purchase or for up to three months. This type cannot be extended.

#### 3. Department Emergency Purchase Order

Funds are encumbered for a unique vendor for a specific purpose. The purchase order is limited to a three-month time span. This type is for emergency-based items when the need is there and the workflow approval process needs to be bypassed. The purchase order number is assigned at time of entry. This should be used only in true emergency situations or otherwise informed.

### Notes regarding Purchase Orders

A. The date of the purchase order must be **on or before** the date of obligation. In other words, the

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purchase order should be certified prior to committing to a purchase.

Exceptions are noted in the pages copied from the [Ohio Compliance Supplement](#). The most common exception is the “Then and Now Certification.” If the fiscal officer can certify that both at the time that the contract or order was made and at the time that they are completing their certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. See Ohio Rev. Code Section 5705.41 (D) and 5705.42.

The **Then and Now Certificate** is explained in [2024 Ohio Compliance Supplement](#) 1-2.

The complete vendor number is required. Departments may do a vendor inquiry on all active vendors.

- B. When making a payment from a purchase order, be sure to check the remaining balances to ensure that the balance is sufficient to cover the bill.
- C. A **current year** purchase order may be increased or decreased by sending a letter to the County Auditor’s office that is signed by the elected official or department designee. This option is useful when a particular purchase order is slightly understated or overstated. The process is called “re-certification.” Once a purchase order is re-certified, the Auditor’s Office adjusts the purchase order and will reprint the purchase order. The reprint is required to be used with all future payments.

**Note:** Prior year or carry-over purchase orders **may not be adjusted** since appropriations may have since expired.

- D. As a general rule, purchase orders released and approved will be converted each day, throughout the day. If your department requires an emergency purchase order, please call the Auditor’s Office.
- E. Only blanket purchase orders may be carried over from one year to another.

### Notes regarding Carry-Over Purchase Orders

- F. A carry-over purchase order should be obtained for obligations already incurred on or before December 15 that will not be paid until the following January 1 or later. Carry-over purchase orders can only be a blanket purchase order.
- G. Carry-over purchase orders that expire with a balance remaining **cannot** be re-issued. The appropriations and the encumbrance will have expired.
- H. In December, on a date notified by memo, the County Auditor will furnish a report listing all the certified carry-over purchase orders requested by departments. The department head or designee will sign and return the report to the County Auditor, verifying that all carry-over purchase orders have been obtained. Any changes to the report (additions, deletions, changes in vendor name or amount, etc.) should be noted.

### Commonly asked questions about Carry-Over Purchase Orders

- **In spite of careful control measures, what happens when a carry-over purchase order turns out to be insufficient or was missed?**

In December the Board of Commissioners may adopt a Resolution, exempting expenditures for \$1,000.00 and under. This means that a “Then and Now Resolution” is **not required** for those departments governed by the Board of Commissioners. All other agencies will need to complete the proper resolution.



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### OPTIONS:

1. If a carry-over purchase order was immaterially understated, it is acceptable to say that reasonable compliance was demonstrated, and a portion of the obligation can be paid from the carry-over encumbrance and a portion can be paid from a current purchase order. There will be two purchase orders for the payment. No reasonable auditor would disagree with this action.
2. If the obligation is less than \$100, and is for an “agency” department, the County Auditor can process the expenditure with a current purchase order, given the logic of a “substitute then and now certification” and given all other applicable requirements for the approval of the payment have been met. Again, no reasonable auditor would disagree with this action.
3. If the expenditure is between \$100 and \$1,000 and is for an “agency” department the expenditure may be approved with a current purchase order and a resolution from the appropriate approving Board, giving “retroactive” authorization, calling to mind the fact that the agency is granted authorization to exempt purchases of \$1,000 or less from the prior certification process.
4. There is no provision for the authorization of blanket exemption for purchases over \$1,000. However, if the Board of County Commissioners, or appropriate approving Board by resolution, uniquely authorizes such a possible expenditure, a copy of the signed resolution, as a “substitute then and now certification,” must be placed with the voucher packet presented for payment.

The four options above demonstrate a conscious approval of expenditures outside of the normal certification process. It is the desire of management (and/or all appointing authorities) to show a pattern of legal compliance with budgetary provisions.

- **How can a current-year expenditure be made from a purchase order dated after the obligation was made? In other words, the prior certification was missed.**
  1. If the expenditure is less than \$100, for agencies, or less than \$1,000 for Commissioner approval, the payment can be made from a current purchase order. The County Auditor will note the exception. No reasonable auditor would disagree with this action.
  2. If the obligation exceeds \$100, for agencies or exceeds \$1,000 for Commissioner approval, a **then and now certificate** (see **Exhibit B-3**) can be issued. A then and now certification is first presented to the County Auditor, who is the chief fiscal officer for the County.

**The County Auditor will certify that both at the time the contract or order was made and at the time the certification is being issued, sufficient funds were available or in the process of collection, to the credit of the proper fund, properly appropriated and free of any previous encumbrance.**

The County Auditor will then forward the certification and voucher packet to the Commissioners to authorize the drawing of the warrant or check. An example of a then and now certification and further description is presented in **Exhibits B-1 through B-3**.

It is important to avoid placing an unsigned then and now certificate inside a voucher packet presented for payment. This will only delay the payment of the bill.

**Note:** A then and now certificate becomes part of a resolution that serves as approval for payment. A resolution noting a “missed carry-over” purchase order serves as a “substitute then and now certificate” and is approval for the payment. The difference between the two cases is timing and the type of defined certification of the County Auditor.

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3. Any payment or transactions made as an exception to established policies.
4. Fund Transfers

Refer to limits on fund transfers listed in [2024 Ohio Compliance Supplement](#) 1-6.

The creation of new accounts and any adjustment to purchase orders that fall within the current appropriation limits require a letter to the Auditor's office, but not a resolution.

### Returned Budgetary Items

Purchase orders or voucher packets presented for payment will be returned for certain reasons.

Specific examples of returned items include:

1. Account number or vendor numbers are invalid.  
The County Auditor will not second-guess the intention of the originating department.
1. Vouchers do not include proper documentation.  
Similarly, if payment should be made from a statement & the invoice is not attached, the voucher will be returned.
2. Complete documentation for the payment is lacking.  
The voucher may either be adjusted (lowered) or returned, depending on the case.
4. The purchase was made prior to acquiring the purchase order.  
The item will be returned for a then and now certification and/or special resolution.
5. An incorrect account code or expense classification has been used.
6. The item requires Board approval, and no approval has been documented.
7. No W-9 (Request for Taxpayer Identification Number and Certification) is on file for a non-wage vendor.  
The request for payment (or the request to set-up the vendor) will be returned.
8. The invoice indicates a capital asset purchase and no "Capital Asset Request for Asset Tag Form" has been included.  
The County Auditor's Office manually updates the software for capital asset reporting. For this reason, the inclusion of the "Capital Asset Form" is very important for managing the County's capital assets. It is also helpful to write on the voucher packet to be easily identified during the reviewing process. For more information about capital assets, see the Capital Asset Inventory Section of this manual and **Exhibits K-1 through K-6**.
9. Account numbers are invalid, appropriations are insufficient, cash balance is insufficient, or the request is ambiguous.  
Lists, settlements, or other requests that require County Auditor action may be returned for these reasons.
10. The expenditure is not for a proper public purpose.

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Expense vouchers submitted for retirement and other recognitions for employees and board members are **NOT** a proper public purpose and will be denied by the Auditor's Office. Some examples, though not all-inclusive, are plaques (unless this meets the Annual Public Service Recognition Program approved by the County Commissioners beginning in 2008, and recognized in the ORC section 325.25), flower arrangements, watches, and clocks. These recognitions, while commendable, should be paid privately by co-workers.

Professional judgment is required to evaluate and determine whether an item should be returned. All items will be judged on a case-by-case basis. Any item returned by the Finance Department will include a written explanation describing why it was returned.

The objective of the County Auditor is to enforce the internal control policies and procedures of County management and to ensure that the County remains compliant with Ohio Revised Code provisions.

### Travel Reimbursement (Employee)

The *County Personnel Policy Manual*, Section 2:11 outlines the County Policy for Travel and Expense Reimbursement.

**Exhibit D-5** illustrates a commonly used **County Travel/Expense Report**. Departments are encouraged to use this form in order to maintain internal control. (Please note the indications for a purchase order to be acquired prior to the obligation date.)

When a county employee submits **original detailed receipts**, an Employee Travel/Business Expense Report approved by a department supervisor, and a description or proof of attendance, the voucher packet for travel and reimbursement should be complete. If all budgetary provisions have been followed and the proper public purpose is apparent to a reviewer, reimbursement should not be delayed.

On rare occasions, a county employee may be unable to provide an original detailed receipt for a valid business expense, such as for a meal. If it can be shown from secondary documentation that the expense was legitimate and proper, and if the employee's supervisor approves, then the expense normally should be reimbursed.

Under normal circumstances the County employee should pay for the travel expense by cash, check, or personal charge card at the time the expense is incurred. The County will reimburse the employee upon submission of the **Employee Travel/Business Expense Report** (see **Exhibit D-5**). If the report and proper documentation are submitted timely, the County will issue a reimbursement check before interest begins to accrue on the employee's charge card.

The Commissioners have also noted that unless the Appointing Authority otherwise approves, registration fees will be reimbursed at actual cost, and accommodations will be reimbursed at actual expenses but at a reasonable rate.

**Note: Certain grant terms and conditions limit travel reimbursement, and such terms and conditions must be followed.** In some cases where the County limits exceed the grant limits, the grant funding is subsidized. In other cases, the grant funding stands alone.

### Vendors

#### Establishing a New Vendor

Internal control policy requires complete documentation and defined approval levels for changes to the

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vendor master file.

Departments must complete a **Vendor Request and Change Form** (see **Exhibit D-2**) in order to request a new vendor or to change the address of a current vendor.

The Vendor Request/Change Form should contain the following information:

<b>Vendor name</b>	Must be the same name as shown on Form W-9 (see below).
<b>Current Address</b>	If this is a new vendor request, provide the current street address or post office box number.  If this is an address change, provide the address or post office box number currently recorded in the vendor file.
<b>Address Change</b>	If this is a new vendor, leave this line blank.  If this is an address change, provide the vendor's new address or post office box number.
<b>Phone Number</b>	Is preferred on all vendors.  If the vendor has provided only a post office box number, the vendor <b>must</b> provide a telephone number.
<b>TIN Number</b>	Provide the taxpayer Tax Identification Number.
<b>Vendor Activity</b>	Describe the type of goods or services that the vendor provides.
<b>Authorized Signature</b>	The department head or designee must sign the form. If a signature stamp is used, the person initiating the form must sign under the stamp.

In addition, IRS **Form W-9** (Request for Taxpayer Identification Number and Certification), **Exhibit D-3**, must be enclosed for each vendor. See **Exhibit D-3.1** for IRS instructions to prepare Form W-9. A W-9 is required for all non-wage distributions in exchange for services or some other consideration, but a W-9 is not required for employee reimbursements. The County Auditor's Office must keep the original W-9's on file. **The vendor name as listed on the Vendor Request/Change Form should match the vendor name on the W-9.** A Form 1099 will be issued if the vendor activity for services (not goods and products) exceeds \$600 per year.

Fairfield County is a vendor to other governments and organizations. The County may be asked to complete a W-9.

### Vendor Changes

In Ohio, we have heard of several schemes to **redirect payments in fraudulent ways**.

We are highlighting portions of the Auditor of State bulletin on this topic now. Attached is the full bulletin for your review. Also, the internal control manual is being updated for this topic. We will review the updates during the annual Making Numbers Count training.

Some of the procedures in the internal control manual and in the bulletin are specific to financial payments and are highlighted below to increase awareness now.

**For departments who are requesting changes to a vendor or employee contact information:**

NEVER make a change to vendor or employee's contact information or banking information without

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**independent verification. In-person communication** is always the best practice for verifying identity and contact information. Never use email to verify change requests.

We will require in-person verification for change requests for payment information where possible. It is the best practice to also use a second person verification where the vendor is not personally known by the paying agent. **We will ask for the person or department which deals with the vendor to verify the identity and confirm the change request.**

If distance prevents verifying identity and contact information in-person, use only an **independently verified contact person and telephone number**. Do not use contact information from a change request; instead, find a phone number from a validated source such as a prior invoice or a regularly updated employee or vendor contact information listing. Another source for a valid telephone number is searching for the company's known website.

**When using a telephone call to validate the identity of an employee or vendor contact, always ask the employee or vendor a question related to past experiences or conversations that only he/she would know the answer to.**

With the form required for a new vendor or a change with a vendor, we will require a secondary approval (internally) for all **payment requests, payment instruction changes, or vendor contact information**. **Please see the attached form, which has been updated to require two signatures at the departmental level.**

**The payment change initiation and payment approval functions should be segregated.**

**For certain employee changes, there will also be a need for secondary approval, such as with bank verifications.**

- We will **provide continual training and education** over policies, procedures, protecting personal information, and recent cyber and phishing threats so that employees can identify fraud schemes before taking compromising actions. This is accomplished with the annual cybersecurity training, with communication about the internal control manual, and with other communications and meetings.
- We will use **layers of authentication and security** such as a financial institution's positive pay, ACH positive pay, and ACH Debit Block programs.

Some of the procedures and practices within the bulletin are covered in the annual cybersecurity training.

*Here are procedures and practices for everyone to follow:*

- With emails, **pay close attention to the name of the employee or vendor** – oftentimes cybercriminals make subtle changes to names to make you think you are communicating with a legitimate or known person/vendor. For example, can you spot the subtle difference between these two emails schoolsolutions@gmail.com vs.schoolsolutiions@gmail.com? The second email address included an extra "i" in the vendor's name.
- **Was the email or invoice unexpected?** Unless you are expecting an email, never click on links or open attachments without first verifying the authenticity of the message.
- **Does the email or invoice come with a sense of urgency including a positive (reward) or negative consequence for not acting quickly?** This is a red flag.
- **Targeted attacks may arrive when criminals know the CEO or high-ranking official is not**

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**available to confirm requests.** By following social media posts, criminals may choose to act when, for example, your executive is on a cruise.

**Take time to review emails for red flags.**

### Voucher Packets

The following points should be kept in mind when preparing voucher packets for payment on a County Auditor warrant.

- Include the original invoice or statement along with the appropriate invoices being paid inside of the voucher packet. You must submit original invoices. Your department should present a statement in the voucher packet for payment only when the vendor did not issue an invoice. In this case, enter this statement on the face of the invoice:

**“No invoice is available.”**

It is an important internal control principle to pay from **original invoices**. This policy will ensure that the County will avoid duplicate payments. It is required that the correct invoice number and description is entered during the invoice entry process. This will ensure that the payment is posted to the proper account. If no invoice number is listed, you must use the account number on the invoice. A vendor could be doing business with more than one department at any time, so the County should do all that is possible to ensure proper credit when invoices are paid.

- All invoices must have a stamp or written approval such as “Ok to Pay” or “Approved for Payment” and initials. For those departments utilizing the purchase order receiving copy, the approval can be documented on the purchase order receiving copy.

#### **Exceptions to the “original invoice” rule:**

1. Departments that are legally separate from the County with self-governing boards are separately audited agencies. These agencies may choose to retain original invoices at the departmental level. In these cases, those agencies will file documentation which notes that the original invoices are filed with the agency. When this exception is used, those agencies must make these notations on the face of the copied invoice:

- **“OK to pay from copy” Original Documentation on file with department.**
- The authorized official’s signature and or initials, stamped or written.

2. Certain grant departments have unique items for which original invoices or lists must be kept at the departmental level. In these cases, those departments will file documentation which notes that the original invoices are filed with the department. When this exception is used, those departments must make these notations on the face of the copied invoice:

- **“OK to pay from copy” Original Documentation on file with department.**
- The authorized official’s signature and or initials, stamped or written.

3. A department should write a letter (signed by the elected official or department designee) to the County Auditor that describes a situation where a payment must be made where an original invoice is not available and another document can be substituted for the invoice. For example, if a vendor does not issue an invoice, a packing slip or some other

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documentation may be inserted in the voucher packet for audit purposes.

4. Some departments make some payments by lists, such as board members, care workers, or election driver's workers. The workers themselves do not provide invoices to the department, of course, so no invoices are available. The County has historically paid transactions of this nature from approved lists.
- All payments must be for a **proper public purpose** and must be in accordance with County policy and any legal provision. If the County Auditor has a question about the appropriateness of a particular expenditure, the Finance Office will either:
    - Call or email the originating department head or elected official to get a minor clarification; or,
    - Return the voucher packet noting the problem and reason for the voucher packet being returned.
  - The department must record approval on the face of the invoice within the voucher packet. For example, the elected official will sign off on travel reimbursements or the department head will approve payment for a shipment received on a particular date. (The Board approval comes at the "Bill List" point.)

**Note:** With the exception of County Commissioner approved bills, Board-approved vouchers, accompanied by a "Bill List," must be stamped or marked with a notation stating "Board Approval (is) on Bill List" **or** must be signed (approved) by an authorized signer.

- With the exceptions of insurance, certain maintenance agreements, and postage, Fairfield County generally does not pay for goods or services before they are received. In the unusual situation where an item must be **prepaid**, the department must provide additional documentation in the voucher packet. For example, a hotel could require payment to be made on a County check in order for the department to receive tax-exempt status. After the elected official has provided a letter explaining the situation, the County will issue a check as a **prepaid item**. The department would then be responsible for providing receipts to the Finance Office once the goods are services are provided and the receipts become available. The Finance Office will attach those receipts to the original voucher packet.

### Warrants (Check) Distribution

Generally, expenditures of County funds must be paid with warrants (checks) issued by the County Auditor, with the approval of the County Commissioners and other authorized County boards (See Ohio Rev. Code Sections 319.16, 307.86, and 9.37 as well as [Ohio Compliance Supplement 2-5 in Exhibit B-7](#)).

#### Department-Requested Held Warrants (Checks)

A department may request a check be held back from the mail so that an authorized employee can collect the check from the Auditor's Office. The department head must designate in writing the name of the authorized employee who can pick up the check from the Auditor's Office. **For control purposes, vendors and unauthorized employees may not pick up checks in the Auditor's Office.** A requesting department must select the options within Invoice Entry in Munis, if it wants a check held. The authorized employee must provide a signature to the Auditor's Office upon pick-up of the held checks.

#### Voided Warrants (Checks)

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When the County must void a check, the Auditor's Office will take these courses of action:

1. If the check is still "in house," the Finance Office will void the check. The Finance Office will document an audit trail and will restore appropriations.
2. If the check has been mailed and the vendor has agreed to return the check, the Finance Office will void the check once it has been received and will restore appropriations. However, if the voided check was written in a prior year, cash will be restored but not appropriations.
3. If the vendor cashes the check and subsequently issues a refund to the County, the refund check should be paid into the funds revenue account that it was debited for the original expense or expenditure. If the amount is significant to the department, appropriations from unappropriated money (perhaps, accompanied by an amended certificate) may be proposed to the appropriation authority.
4. If a vendor issues a credit instead of issuing a refund check, there will be problems handling the credit in a fund accounting system. In these situations, the County Auditor will review the problems on a case-by-case basis and consider the materiality of each event.

Void check procedures are documented in the County Auditor's office and a complete audit trail will be provided.

#### Reissuing Lost or Stolen Checks

From time to time, a check will be lost or stolen and must be reissued. Upon notification, with signature by the check payee, the County Auditor will process a **Request for Reissue of Outstanding Warrant** form, **Exhibit D-8**. The Finance Office will void the old check and reissue a new check to the vendor. The Finance Office will mail the replacement check to the payee or hold per department request. This process will not occur no earlier than ten business days after the date of the original check. Post Office representatives have assured the Auditor's Office that this is an appropriate waiting period to verify postal delivery.



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### Accounts Receivable and Revenue

#### Cash handling/change drawer best practices

Below outlines best practices to keep cash safe and maintain proper control and recordkeeping of all cash transactions within the county in accordance with Ohio Revised Code 9.38 and Auditor of State Bulletin 202-006 Cash Collections Best Practices.

Policies/Procedures - All local governments/entities should establish policies related to cash collections and deposits, shall follow guidance from ORC 9.38.

Training and Bonding Considerations - It is highly recommended that all individuals tasked with cash collections and deposits be provided training,

Segregation of Duties - There should be a strong emphasis on segregation of duties, as it is vital to the control process. Segregation of duties is the process in which management divides or segregates key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. To put it simply, no one employee should handle every aspect of a transaction. Assigning different people to count cash receipts and reconcile the counts prior to deposit is an example of segregation of duties over cash collections.

Point-of-Sale Cash Collection – Over-the-counter receipts typically involve the use of a cash drawer, which may have an allotted amount of “start-up” cash for employees to manually make change for customers. This process is at risk of human error, therefore, overages and shortages in the cash drawer may occur.

#### Cash drawers

- Whenever possible, one employee should be responsible for a cash drawer.
- Employees should count their drawers at the start and end of their shifts, fill out a count sheet, and sign it.
- The count sheet should list the amount of each denomination and not just the total.
- For shifts longer than five hours, a mid-shift count must be performed as well.
- Cash drawers should not be left unattended or open at the register for any reason.
- Cash refunds require a manager’s signature.
- Cash drawers should only be at the register, at the count desk, or locked in the safe.
- When the amount of cash in the drawer exceeds the predefined limit, a manager should be notified to move the excess funds to the safe.
- Any large bills (>\$20) in excess of the standard cash float should be kept below the cash drawer in the register to prevent theft.

“Start-up” cash generally requires withdrawing cash from the bank. There should be a reconciliation procedure for the cash drawer that, at a minimum, provides the totals of the “start-up: cash and collections from sales, should balance to the amount in the drawer, and should provide documentation of shortages and overages.

Expenses/Denomination Exchanges - Employees should NOT utilize the cash drawer for any reason other than collecting sales receipts.

If the cash drawer needs smaller denominations of cash to make change, ensure your process involves more than one person counting and witnessing the exchange.

Cash Collections – Reconciliation - A reconciliation form is used to document the information that supports the amount of cash collected and the cash deposited.

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The reconciliation form should record enough information to support the total of each type of item sold, total cash collected, and total cash to be deposited. The reconciliation form should be signed by all parties counting/receiving the cash to be submitted for deposit.

### Cash count sheet/reconciliation forms

- When filling out a cash count sheet for a cash drawer, include all required information and sign the sheet:
  - Name
  - Date of the count
  - Time of the count
  - Cash breakdown, including all denominations of coins and bills.
  - Signature
- When final cash count sheets are made for each drawer and the safe at the end of the night, two people must count the cash separately, compare and reconcile their counts, and sign the cash count sheet.

Cash Collections – Deposits - The deposit of all cash collections should be in accordance with the board policies and procedures.

### Safeguarding cash drawers

- No cash should be left unattended. Cash drawers should be transferred to and from cash registers via the count desk only.
- All cash must be stored in a safe or secured, locked location.
- No cash should enter or exit the safe or secured location without being counted.
- Only one manager should have the key to the safe during a shift. Two people should count the cash in the safe, record the number on a cash count sheet, and sign it when the safe keys change hands, namely the current shift manager and the next shift manager.
- The safe should never be left open or unlocked. When deposit bags are removed from the safe, two people must be present, both count the bag and sign the total.

### Cash deposits

- Bank deposit sheets should match the cash count sheets exactly.
- All cash deposits should be recorded in the cash ledger.
- Two people should verify the cash for deposit.

## Electronic Deposits

When an outside party transmits a deposit to the County electronically, *i.e.*, by electronic funds transfer (EFT) or automated clearinghouse (ACH) credit, it is the responsibility of the receiving department to ensure that the County Treasurer is notified of the anticipated transaction amount. That department is then required to process a pay-in letter and receipt to the County Treasurer once the EFT or ACH is received.

**No EFT or ACH deposit should go unrecorded on the accounting system for more than 1 business day.** The communication to the County Treasurer should occur once the approval by the disbursing agency has been made. Daily, the County Treasurer will send an e-mail to all county departmental fiscal officers a list of EFT's or ACH's that are more than 1 business day old. Departmental fiscal officers are to check to see if the outstanding EFT or ACH belongs to their respective department.

Refer to Ohio Rev. Code Section 9.38 (Deposits of public money) and [Ohio Compliance Supplement](#)

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Section 7-5 (Exhibit B-11b).

Both the Ohio Revised Code and County internal control policies and procedures require all deposits to be made on **the business day following the day of receipt**.

Once the pay-in letter has been completed and all receipts are printed, the receiving department will take them to the Treasurer, along with the actual deposit. The Treasurer will make the deposit and stamp the receipt. Further coordination between the Auditor and Treasurer allows for the receipt to be entered into the computerized accounting system.

### Pay-in Process

Receipts must be **deposited on the business day following the day of receipt** with the Fairfield County Treasurer using the pay-in process. The department making the deposit prepares a “pay-in letter”, enters the receipt into the system, and then prints the receipt(s). These receipts are then taken to the Treasurer’s office where they will date stamp the receipt & verify the funds match the receipt. The documents are then scanned into the system by the department & attached to the pay-in entry.

The pay-in letter should follow the format in the example of **Exhibit D-1.1**. The form is also available on the County’s intranet site.

You should provide a description as complete as possible of the funds being deposited. An example would be “inspection fees collected for the period of January 1, 20xx, through January 31, 20xx” or “grant funds received from ODOT for the period of January - March 20xx.”

**Please include a copy of the cash, check, a check stub, and/or grant documentation or other supporting documentation with the pay-in letter unless the supporting documentation violates confidentiality laws. The amounts per supporting documentation are to agree to the total amount of the pay-in.**

You should fully describe the deposit and list the proper Charge Code in order to ensure that the proper account will be credited. In addition, the details provided at the time of the pay-in will provide information for state auditors and will alleviate the burden of gathering information after the fact. A complete, full description is important for both financial reporting and auditing concerns.

### Templates of Commonly Used Forms

Templates of commonly used resolution formats relating to budgetary issues are available on the County’s intranet site. The files have been saved in Microsoft Word format which the user can download and modify. Those files can also be viewed and printed in Adobe Acrobat format, but they cannot be modified in that format. **Exhibits R-6 through R-18** present examples of these resolutions and blank forms.

While the templates are suggested formats, care should be taken to examine each individual case and to ensure the resulting budgetary action is the desired course.

Resolution examples are also available on the Commissioners’ Resolution Management System (CRMS). **Note:** Certain Boards create similar resolutions for budgetary actions.

## Payroll and Employee Benefits

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### Introduction

The appointing authority will communicate policies to employees regarding compensation and benefits. This manual will outline **payroll procedures** in the following pages. The County Auditor, as the chief fiscal officer and chief disbursing agent, issues the payroll warrants, or *checks*, for all County employees. The payroll checks are written bi-weekly, or every two weeks.

### Who is an Employee?

An employee is an individual hired or appointed by an elected official or department head to further the mission of the office. *Anyone who performs services for the department or office is an **employee** if the department head or elected official can exert control over what will be done and how it will be done.* An employee may have a contract (in conjunction with the Ohio Revised Code) and/or may serve “at the pleasure of” an appointing authority. An employee answers directly to the appointing authority or a designee.

Please refer to the *County Personnel Policy Manual*, Section 2:2, which outlines the County Policy for Recruitment and Hiring.

Employment in Fairfield County is employment in a public agency and subject to the laws of Ohio, including, but not limited to Chapters 124 and 325 of the Ohio Revised Code. The types of employment available include the following:

1. Full-time (permanent). A full-time employee is an employee whose regular hours of service for the County is based on thirty-five (35) or more hours in a work week and whose appointment is not for a limited period. An employee must work at least thirty-five (35) hours in a work week to be considered full-time.
2. Part-time (permanent). A part-time employee is an employee whose regular hours of service for the County total less than thirty-five (35) in a work week, and whose hours-of-service total at least five hundred twenty (520) hours annually.
3. Intermittent. An intermittent employee is an employee who works an irregular schedule determined by the demands of the Appointing Authority and only as needed. An intermittent employee shall not work more than one thousand (1000) hours per year.
4. Temporary. A temporary employee is an employee who is hired to work a particular, limited period of time, and whose hours of work could be full or part-time during this period but not in excess of six months.
5. Seasonal. A seasonal employee is an employee who works a certain regular season or period of the year performing some work or activity limited to that season or period.

An employee may be paid from the general fund, from special revenue funds, agency funds, or a combination of funds on County payroll.

At times, an elected official or department head may choose to accomplish a task with an **independent contractor**, rather than an employee. Generally, people who are in business for themselves are independent contractors. When reviewing the relationship among the employer and the employee or the independent contractor, careful attention should be paid to financial control, behavioral control, and the intent of the parties. Common examples of independent contractors include doctors, lawyers, veterinarians, construction contractors, and others in independent trade offering services to the general

## Payroll and Employee Benefits

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public.

Addressing this question will have tax and benefit implications. Please give the determination of an independent contractor or employee relationship careful consideration. **See Exhibit E-01.**

### Benefits/Deductions for Eligible Employees

#### Taxable Fringe Benefits

Employers may purchase clothing and accessories for employees, such as boots or shirts, which are deemed necessary for the employees to perform their duties. If the employee is not required to return these items upon separation of employment, they are considered the owner of these items. The monetary value of these items is considered compensation other than cash wages. The employee is required to pay income tax on the value of the item(s). This amount is also included as gross income on the employees' W-2.

#### Commonly asked health insurance questions

1. How can an employee on an approved unpaid leave continue to have insurance coverage?

**Situation:** An employee is on approved unpaid leave, such as family leave, and continues regular health insurance coverage. To continue insurance coverage, the employee must write a check payable to the County Auditor in the amount of the insurance deduction that normally would have been deducted from regular payroll. The appointing authority is responsible to ensure that the employee complies. The employee must remit that check by the fifteenth of the month prior to the covered month. For example, on August 15<sup>th</sup>, the employee must remit September's premium. Insurance coverage is always prepaid.

2. When does insurance coverage with the County plan end for terminating employees?

Insurance coverage under the County plan ends on the last day of the month in which an employee leaves employment. Consolidated Omnibus Reconciliation Act (COBRA) is a temporary extension of health care coverage. COBRA is available to eligible employees and their dependents. COBRA information will be mailed to the employee's home address. Contact Human Resources if the employee has any questions.

3. What is the maximum age of dependents?

The maximum age for a dependent is 26 (does not apply to disabled dependents with qualifying paperwork).

**Insurance Benefits** - *For more information refer to the Employee Benefit Guide located on the Intranet-Humans Resources tab.*

**Life Insurance** - *For more information refer to the Employee Benefit Guide located on the Intranet-Humans Resources tab.*

#### Basic Life Insurance

The County provides a basic life insurance benefit equal to the employee's basic annual earnings, to a maximum of \$50,000. The basic life insurance premiums are paid entirely by the employer.

#### Supplemental Life Insurance

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Full time eligible employees may purchase additional life insurance for themselves and their eligible dependents.

**Employee Assistance Program** — *For more information refer to the Employee Benefit Guide located on the Intranet-Humans Resources tab.*

County employees can face many outside pressures: alcohol and drug use, anxiety and depression, career issues, eating disorders, family relationships, financial concerns, health-related issues, job performance, job stress, legal issues, and parenting. The Employee Assistance Program (EAP) is available to eligible full-time employees and their dependents.

**Flexible Spending Accounts (FSA)** - *For more information refer to the Employee Benefit Guide located on the Intranet-Humans Resources tab.*

During open enrollment, eligible employees may enroll in a Medical Flexible Spending Account and/or Dependent Care Flexible Spending Account. Eligible employees elect to have a specified amount of pre-taxed money deducted from each paycheck and placed in a spending account. Elections cannot be changed during the year unless the employee has a life status change such as marriage, divorce, etc. Employees submit itemized receipts to the FSA vendor and the money is reimbursed to the employee via direct deposit or by mail. The FSA are under IRS rules and the money must be used in the calendar year it is deducted.

### Dependent Care

An employee can elect to set aside and spend pre-tax dollars.

As pre-taxed dollars, the employee will not pay federal and state taxes on that income. As a rule, dependent children must be under the age of thirteen. In addition, older persons whom the employee claims as a dependent and who requires care in order for the employee and spouse to work may qualify for this benefit. These older persons could include a disabled person or an older parent who requires day care.

### Medical

An employee can elect to set aside and spend pre-tax dollars to cover out-of-pocket medical expenses not covered by an insurance policy. The employee must carefully estimate what those costs could be because unused funds in this account will not be returned.

## Public Employees Retirement System and State Teachers Retirement System

Each County employee is either a member of the Public Employees Retirement System (PERS) or the State Teachers Retirement System (STRS). No employee is exempt. The general contribution rates are as follows:

	Employee Contribution	Employer Contribution
<b>PERS</b>		
Non-law enforcement employees	10% of gross wages	14% of gross wages
Law enforcement employees	12.10% of gross wages	18.10% of gross wages
<b>STRS</b>		
All eligible employees	10% of gross wages	14.% of gross wages

Specific information about the retirement programs can be found in the County Personnel Policy

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Manual and in various pamphlets available from the retirement programs.

Eligible new employees have 180 days from their hire date to select one of the Ohio PERS Retirement Plans, either the Traditional Pension Plan, the Member-Directed Plan, or the Combined Plan. If a plan is not selected within 180 days, they will be enrolled in the Traditional Pension Plan. The three available plans are as follows:

- PERS Traditional Pension Plan – employee and employer contributions managed by PERS; the age and service retirement benefit will be determined by a formula; disability and survivor benefits; cost-of living adjustments; health care coverage will be provided
- PERS Member-Directed Plan – employee and employer contributions, minus certain deductions, will be invested in professionally managed PERS Investment Options chosen by the member; retirement income determined by gains/losses of PERS Investment Options chosen by member; member is responsible for additional retirement benefits; a portion of employer contributions are credited to a Retiree Medical Account (RMA) which may be used for payment of qualified health care expenses after retirement or termination.
- PERS Combined Plan – both a defined benefit and a defined contribution component; disability and survivor benefits; cost-of living adjustments; health care coverage will be provided

Law enforcement and public safety officers, re-employed retirees and PERS members hired before January 1, 2003 and who had more than five years of service credit as of this date are ineligible to select a plan. These employees will be enrolled in the Traditional Plan, except for re-employed retirees who are covered under a Money Purchase Plan.

STRS began offering three plan choices for new and short-service members on July 1, 2001. Those plans are:

- The existing Defined Benefit Plan
- A Defined Contribution Plan, with retirement income based on the performance of investment choices the member selects
- A Combined Plan incorporating features of both the Defined Benefit and Defined Contribution Plans

#### **PERS Purchase of Prior Service Credit through Payroll Deduction**

Employees may purchase **prior service credit** for which they are eligible on an after-tax basis. Contact PERS to initiate a payroll deduction.

#### **PERS Personal History Record from an Elected Official**

An elected official, or person appointed to a publicly elected position, which is not retired from an Ohio retirement system and does not have contributions on deposit with OPERS through previous elected service, has the option of contributing to OPERS or Social Security. Elected officials who choose OPERS membership are required to contribute to OPERS for all subsequent elected positions and must select one of the retirement plans within 180 days. The Personal History Record form must be completed online at [www.opers.org](http://www.opers.org).

#### **Purchase PERS Credit for Elected Officials (House Bill 416)**

- HB 416 incorporates into state law, federal tax limitations on purchase additional elected/appointed service credit. Under the legislation, no more than five years of additional

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elected/appointed service credit may be purchased, and only after a member has five years of contributing service. These limits do not apply to individuals who become members before January 1, 2001.

- HB 416 repealed a provision that allowed a PERS member who is an elected official to contribute an additional amount as an employee of an Ohio not-for-profit sports organization.

Note: You must file specific PERS forms to either withdraw a retirement contribution or to start your retirement process. See **Exhibits G-01 through G-06**. STRS forms can be found on the intranet.

### **PERS Additional Annuity**

A member may deposit additional money into the Employees' Savings Fund. Deposits must be made by personal check or money order and are not matched by the employer. This money, together with any interest, may be the basis for an additional annuity payment or it may be refunded. Employees must contact the PERS office for an Application for Additional Annuity Retirement Benefit, Form (AAA-1) (see **Exhibit G-8**) which must be completed each time they make a deposit.

### **PERS Member Designation of Beneficiary**

If you wish to change your beneficiaries with PERS, you must contact them and request a Member Designation of Beneficiary form (see **Exhibit G-09.1 through G-09.3**).

### **PERS Refund of Contributions**

Law requires that three months must elapse from the date you terminated public employment, as certified by your employer, before a refund is made. Payment will be sent by mail to the address shown on the refund application. If you are a member from another retirement system, i.e. STRS, SERS, you MAY have to apply for a refund from both retirement systems. For more information regarding maintaining your Traditional Pension Plan account at Ohio PERS, contact Member Services at 1-800-222-7377. Member-Directed and Combined Plan participants should call the Ohio PERS Help Line at 1-866-673-7748.

#### **Under the Traditional Pension Plan**

If the member has at least five years of qualifying service credit, but less than 10 years, the contributions, including interest, will be increased by a matching amount of 33 percent.

For members with qualifying service credit of 10 years or more, the refund amount will be increased by a matching amount of 67% over and above the amount of contributions and interest. There is no extra matching amount if you have less than five years of service credit.

#### **Under The Member-Directed Plan**

As a member you may receive employee contributions and any investment earnings (or losses) on those contributions.

With one year of participation the member will also receive 20% of the employer contributions; with two years 40%; with three years 60%; with four years 80%; with five or more years 100%.

#### **Under the Combined Plan**

As a member you they may receive employee contributions and any investment earnings (or losses) on those contributions.

If the member has five or more years of qualifying service credit, they may receive an additional amount that is determined based on your years of service credit. If you have at least five years,



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the amount is 33 percent of your eligible contributions. If you have at least ten years, the amount is 67 percent of eligible contributions.

### Things to consider before taking a refund

You are not required to take a refund of your contributions if you terminate your job. It is often better to leave your account intact, perhaps for one of these reasons:

- If you have one and one-half years of full-time service credit, you have earned survivor benefit protection for your spouse, your children, or your dependent parents if you should die within 27 months after your service termination.
- If you have five or more years of service credit and you become permanently disabled within two years of your termination of employment, you can file for disability benefits.
- You may be entitled to a monthly benefit at age 60 if you have five years of service credit.
- You can continue to earn interest and a matching amount, if applicable, on funds left on deposit.

### Medicare

The Medicare tax rate is 1.45%, paid by both the employee and the employer, on gross payroll. All employees hired after April 1986 are subject to the Medicare tax, unless they had a continuous service transfer from another county department.

### Direct Deposit Authorization

Direct Deposit is mandatory for all county employees. The employee must submit **Exhibit F-10, Fairfield County Direct Deposit Authorization**.

A voided check or deposit ticket must be attached to the form OR the Bank Authorization section must be completed. The direct deposit will become effective two pay periods after the County Auditor receives the form. In the first pay period, the Payroll Office will submit a “zero” deposit to the account, testing the banking information. The second pay period will be a live deposit into the authorized account.

If there are revisions to the banking and direct deposit information, the employee must again submit **Exhibit F-10, “Fairfield County Direct Deposit Authorization,”** and indicate the changes. **Bank verification or supporting documentation is required for revisions to account information.**

The revisions will be effective the following pay period after the receipt of the form, unless otherwise instructed by the employee.

### Membership in Deferred Compensation Programs

Full-time or regular employees who wish to contribute to deferred compensation programs can authorize payroll deductions for this purpose. For specific information about the deferred compensation programs, please call the County Commissioners’ Association of Ohio Deferred Compensation Plan, 1-800-423-3699, or the Public Employees Deferred Compensation Plan, 1-877-644-6457. County employees will have the opportunity to meet representatives of the deferred compensation plans on-site at various times of the year.

To sign up for a deferred compensation program, a program representative must initiate the employee’s paperwork, as well as subsequent changes to the contributions or beneficiaries. The program will send that paperwork to the County Auditor. The County Auditor **cannot** make a change to a deferred compensation program deduction based upon a letter from the employee alone.

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### Taxable Benefits

The IRS taxes certain employee benefits, such as non-monetary incentives and certain tuition payments. The County Auditor will add the value of non-monetary benefits to the employee's Form W-2.

As a rule, if an employer provides education to an employee that will qualify the employee for a new trade or business, the cost of that education will be taxable to the employee. On the other hand, if the additional education is required for the employee to maintain present salary, status, or job, and it serves a business purpose, the employee will not be taxed on the value of that education.

For reference, see IRS Publication, *Tax Benefits for Work-Related Education*. The County Auditor has a file copy of this publication, and it is also available for viewing on the County's intranet.

### United Way Contributions

County employees can contribute to the United Way of Fairfield County through a payroll deduction. United Way representatives will distribute contribution cards during the campaign drive.

### Other Payroll Deductions

Certain other payroll deduction programs are available, such as fraternal organization fees. A general rule of thumb is that for a new payroll deduction program to be initiated, at least 10% of the payroll population must participate. Each request for a new payroll deduction program, however, will be reviewed on a case-by-case basis.

### Certain Mandatory Garnishments or Levies

IRS levies and court orders are mandatory garnishments. If this is an issue, employees should receive information from the agency initiating the garnishment or levy action.

## Employer Tax Withholding

### Federal Income Tax

The Fairfield County Auditor is an "IRS Corporate Partner" and can provide copies of IRS tax forms to County employees. Please call ahead for a copy of a specific form at (740) 652-7049.

In addition, the IRS provides copies of many tax forms on its website. To download those forms, go to: [www.irs.gov/Form-&-Pubs](http://www.irs.gov/Form-&-Pubs).

While no one in the County Auditor's Office can serve as a personal tax advisor, County employees can acquire general information and forms in a convenient place.

### Municipal "Workplace" Tax

Fairfield County is required to withhold municipal taxes for the location in which an employee works in accordance with Ohio Revised Code (ORC 718).

Employees who live in a municipality may personally owe additional residency tax, please visit [The Regional Council of Governments - Regional Income Tax Agency \(ritaohio.com\)](http://TheRegionalCouncilofGovernments-RegionalIncomeTaxAgency(ritaohio.com)) for additional information.

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### Employment Forms

All new County employees must prepare and complete specific payroll forms when hired. The “core packet” of payroll forms is presented in **Exhibits F-01 through F-10** along with **Exhibit F-15**. These forms are called the “core packet” because new employees must complete all forms that apply. The Auditor’s Payroll Office will not enter a new employee into the payroll accounting system until **all** forms have been completed and sent to the County Auditor’s Office. They must be submitted within three business days of County employment. The County Auditor will not accept incomplete packets, which could delay the new employee’s compensation. No check will be issued without these forms.

The core packet consists of the following:

- New Employee Payroll Forms Checklist (and detailed form instructions). See **Exhibit F-01**.  
The department must complete and forward this checklist to demonstrate that it has prepared and submitted all required documents to the County Auditor.
- STRS Reemployed Retiree Notification See **Exhibit F-02**.  
The employee must complete if working in the applicable status and return to the County Auditor.
- STRS New Hire Notification See **Exhibit F-03**.  
The employee must complete if working in the applicable status and return to the County Auditor.
- Notice of Re-Employment of a PERS Retiree. See **Exhibit F-04.1** through **F-04.2**  
The employee and department must jointly prepare this form if the employee is receiving retirement or disability benefits from PERS. The County is required to submit this form to PERS by the end of the first month of employment. The County will be liable for overpaid benefits if the form is not submitted on time.
- Form I-9, Employment Eligibility Verification from U.S. Department of Justice. See **Exhibit F-05**.  
The U.S. Department of Justice requires all employers to verify the eligibility of individuals to work in the United States. Read the instructions and complete the form. Employees are to complete the form electronically and the hiring department should submit.
- Form W-4, Employee’s Withholding Allowance Certificate. See **Exhibit F-06**.  
This information determines the employee’s Federal withholding deduction. The employee may prepare a new form at any time as circumstances change.
- Form IT 4, Employee Withholding Exemption Certificate from the State of Ohio. See **Exhibit F-07**.  
This information determines the employee’s state withholding deduction and identifies the school district in which the employee resides. The employee may prepare a new form at any time as circumstances change.
- Fairfield County Employment Information. See **Exhibit F-08**.  
The employee must fill out the General Information. The department must complete the “For Department Use Only” information.
- Authorization Agreement for Direct Deposit. See **Exhibit F-10**.  
Direct deposit is mandatory for all county employees. The employee must prepare this form for direct deposit of payroll checks into a bank account. The direct deposit will not be effective

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### Payroll and Employee Benefits

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until the second pay period after the employee submits this form to the County Auditor.

The department must submit all required forms, properly completed and signed by the employee, along with the checklist, to the County Auditor. If any forms are missing or incomplete, the Payroll Office will return the entire package to the department for completion.

These forms are also available on the County's intranet website. To retrieve and print a form, go to Internet Explorer and enter **http://fairfield/** on the Address line. Click on the **Auditor** button.

#### Other Payroll Forms

- Employee Status Change Form. See **Exhibit F-12**.

The employee must complete and return this form to the County Auditor when the employee has a change in name or address. **Employees may use Employee Self Service to submit changes.**

- Employee Hourly Rate and Work Status Change Form. See **Exhibit F-13**.

The department must complete and return this form when there has been a change in the employee's hourly rate of pay, the number of hours per week that the employee works, or when the employee's work status changes from part-time to full-time or vice versa. **This form must be certified by the department head or designee representative.**

This form is intended to be used to notify the Auditor's Office of individual pay raises. Departmental across-the-board pay raises, especially at the beginning of a new budget year, should be submitted to the Auditor's Office on a consolidated departmental listing.

- Reimbursement Request Form for Section 125 Cafeteria Plan. See **Exhibit F-14**.

#### Forms for Employee Benefits

Fairfield County employees must submit forms providing information for these kinds of benefits:

- Health insurance coverage – single and family
- Life insurance – employee, spouse, and child
- Cafeteria plan election (medical care reimbursement and dependent care reimbursement)

The Fairfield County Human Resources Department may counsel employees about their benefits with information so that employees can make sound decisions in these important matters. The Human Resources Department will provide all forms and inform the employee of all deadlines so that the employee can make benefits elections on a timely basis.

The County Auditor does not provide information about health insurance, life insurance, and other employee benefits matters. Please call Human Resources.

#### Payroll-Related Budgetary Issues

Your department must have sufficient cash and appropriations to cover all transactions. If you anticipate an insufficient cash balance but expect a forthcoming pay-in to alleviate the cash shortage, you must inform the County Auditor of that pending transaction at the time you present your department's payroll worksheets for processing. You should review your appropriations to ensure they are sufficient to cover your department's payroll.

## Payroll and Employee Benefits

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### Voiding Payroll Checks

If you follow the departmental controls and approvals described in this manual, you will seldom need to void payroll checks. However, if you do need to void a payroll check for a reason described below, follow the appropriate procedure:

- If the payroll checks or direct deposit is still in-house (the County has physical possession of the funds), notify the County Auditor of the problem. The County Auditor will void the original check or direct deposit and re-issue a payroll check.

If the funds have been released, the payroll check must be returned to the County Auditor and a correct payroll check will be issued. For a direct deposit, the funds must be returned to the County Treasurer (typically 3-5 business days) before a payroll check can be processed.

- If an employee's payroll check has been lost or stolen, that employee must prepare a "Request for Reissue of Outstanding Warrant." See **Exhibit D-8**. The County Auditor will void the original check and re-issue the check on the next available check run.
- Payroll checks must be voided on a timely basis so as to avoid significant reporting problems with the IRS and PERS. In addition, each department's payroll officer should balance payroll records bi-weekly.

### Payroll Check Distribution

The appointing authority or a formal designee must pick up each department's payroll checks on the Friday pay dates at 8:00 a.m. in the County Auditor's Finance Department, providing a signature at that time. If there is a variation of the Friday 8:00 a.m. pick-up time, the County Auditor will notify all departmental officials.

### Early Distribution of Payroll Checks

Fairfield County pays its employees on a bi-weekly schedule, normally every other Friday. Whenever it is feasible, the County Auditor may distribute payroll checks "early" to departments with the understanding that no checks will be cashed until the check date and with written approval of the department head and a signature of the employee authorized to pick up the check. If the individual is not a regularly authorized person to pick up payroll checks, the written authorization must specifically state the employee is permitted to pick up the check(s). The County Auditor can ask the employee to show identification.

### W-2 Distribution

The County Auditor will prepare Form W-2 for each employee for the year just ended on or before the IRS deadline of January 31, 20xx. The W-2 forms will be distributed to all departments in the same manner as payroll check distribution.

### Terminating Employees

When a county employee retires, resigns, or is terminated, the County Auditor will prepare the final pay in accordance with departmental policy and an approved payroll worksheet.

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County Payroll, County IT, and County HR work together to ensure proper controls are in place when an employee separates. Please review the list below of steps that must be taken to ensure the terminated employee cannot access sensitive data.

- Submit a User Termination Request Form via the TDX IT Support Portal.
- Complete the Employee Termination or Separation of Employment form and create an Action Entry in Enterprise ERP.
  - The department should prepare and send to the County Auditor a **Termination Form** (see **Exhibit E-08**) as soon as the employee's termination is known. The form is valid with the department head's signature alone. The County Auditor must receive this form in order to inform the County's third-party insurance administrator for COBRA options.
  - **It is imperative that you enter the termination into Enterprise ERP as soon as you know the termination date. Do not wait until you submit the payroll worksheets to notify this office.**
- Perform qualified separation payout calculations on spreadsheet and submit via ticketing system to County Payroll.
  - Submissions are due upon approval of final timecard for payroll processing purposes.
- Return the employee's badge to IT or shred it for proper disposal.
- Ensure all county provided devices or equipment are returned.
- If the employee is benefit eligible and terminating the last week of the month, contact HR to coordinate final benefit coverage.

The department must inform the County Auditor (on an approved payroll worksheet) whether to pay the terminated employee for unused sick leave, vacation leave, and comp time. The terminating employee must sign a copy of the election form **Payment of Unused Sick Leave upon Separation of Service** (see **Exhibit E-09**) to receive the sick leave payoff. The department will keep one copy and send the original copy to the County Auditor. A public employee may elect not to be paid for sick leave, and that person can transfer that balance to another Ohio political subdivision in the event of future employment. That is the employee's decision, not the department's, to make. Eligible employees have 30 days within separation of county employment to request payout of sick leave, otherwise, the request for payout is forfeited. If the employee elects not to be paid for unused sick leave, that balance will remain on record for ten years. If the employee elects to receive a current sick leave payoff, based on departmental policy, this action will eliminate a future payout of sick time from any Fairfield County department. The balance will be removed from the books.

#### Benefits upon Termination

- The County Auditor will pay the employee severance pay in accordance with existing departmental policy and the Ohio Revised Code.

*Refer to County Commissioner Personnel Policy Manual section 4:17 regarding eligible vacation payout.*

- The employee should directly contact the Public Employees Retirement System (PERS) or the State Teachers Retirement System (STRS) to clarify or estimate retirement benefits.
  - If the terminated employee was on the County's insurance plan, the County's third-party administrator will directly contact the employee concerning options to continue health insurance under COBRA (Consolidated Omnibus Reconciliation Act).

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### Payroll and Employee Benefits

#### Ohio Public Employees Deferred Compensation Plan — 60-Day Option

If the terminating employee has contributions in the Ohio Public Employees Deferred Compensation Plan, that employee must contact the company at 1-877-644-6457 within sixty days to set up a benefit payment option.

#### Payroll Detail Proofs

Each department must key in their own payroll into time and attendance. This allows the department to document all hours worked, any compensated absences and the gross amount due to each employee for each bi-weekly pay period. (To show the gross amount, the payroll accounting system creates a master file for each employee, specifying the presumed regular hours to be worked and the employee's hourly rate.) The elected official, department head, or authorized designee must sign the detail proof, in addition to the departmental employee that keys in the payroll for that department; otherwise, those sheets will not be valid. The County Auditor will not prepare and write payroll checks without two authorized signatures.

Examples of detail proofs are included in **Exhibit E-02**.

The department may submit changes to existing employee files, such as credit union deductions, direct deposit information, address change, and name change, up to 12:00 p.m. on the Friday before the warrant is opened. The employee's paycheck may not reflect those changes submitted after the worksheet deadline until the next pay period.

**The County Auditor's Payroll Department strongly urges departments to submit employee file changes as soon as they are known.** Departments should strive to submit those changes during the first week of the two-week pay period.

#### Due Date for the Payroll Detail Proofs

Departments must submit signed and approved detail proofs to the County Auditor's Office on or before 12:00 p.m. on the Friday before payday.

Week1	Monday	Tuesday	Wednesday	Thursday	Friday
					All changes due by NOON 12:00 PM for upcoming payroll.  Also a payday.
Week2	Monday	Tuesday	Wednesday	Thursday	Friday
	Time and Attendance employee and supervisor approvals	Time and Attendance payroll clerk approvals – Lockdown at 1:01 PM  Warrant opens for time entry	Time and Attendance users to be done keying by NOON 12:00 PM.	EDFM opens	All detail proofs due by NOON 12:00 PM
Week3	Monday	Tuesday	Wednesday	Thursday	Friday
					Payday

Holidays can significantly affect the timing of the payroll process. The County Auditor will inform all departments of changes to payroll due dates because of holidays.

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### Compensated Absences Documentation

Departments have policies that require documentation of hours worked and use of compensated absences. These documents typically show the accrual and usage of compensated absences, along with appointing authority approval. The department is required to maintain permanent storage of these documents under Ohio law.

### Vacation

Please refer to the *County Personnel Policy Manual*, Section 4:3, which outlines the County Policy for Vacation.

The employee accrues vacation in accordance with the vacation accrual schedule adopted by the appointing authority. The County Auditor has created vacation account codes for each department in order to calculate the accrual of vacation on the computerized accounting system.

The Ohio Revised Code limits vacation accruals to three years plus the current year's accrual. Each department head must ensure that no employee exceeds this limit. The County Auditor cannot permit the accrued vacation portion of severance pay to exceed this maximum limit.

### Sick Leave

Please refer to the *County Personnel Policy Manual*, Section 4:1, which outlines the County Policy for Sick Leave.

All employees earn sick leave prorated to an amount equal to 4.6 hours of pay for every 80 hours worked in a two-week period. An employee in a department with a 70-hour two-week work period would accrue 4.03 hours each period. The County Auditor has created sick leave account codes for each department in order to calculate the accrual of sick leave on the computerized accounting system.

### Donation of Sick Leave

At the discretion of the appropriate legislative authority, a county may implement a leave donation program for all county agencies or for one or more designated agencies within the county.

At present, the legislative authority of the Board of County Commissioners has no donation of leave policy, so there is no leave donation program for the county department that are under that legislative authority.

If there is a different legislative authority for which the County Auditor maintains records, the County Auditor would need to have documentation of that policy for leave donation from the separate legislative authority.

All compensated absences must be documented on the detail proof. The accounting codes that identify the compensated absence types are listed in **Exhibit E-06**.

### Comp Time

Compensatory (comp) time, or hours worked in one period, can be taken as a compensated absence in a subsequent period. Comp time earned and comp time used are both reflected on the detail proof.



## Fairfield County Auditor — Finance Internal Control Manual

### Payroll and Employee Benefits

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#### Longevity/Retroactive Pay Documentation

Departments must record longevity/retroactive pay on the detail proof in the following manner:

Hours x Rate = Total Amount

Do not submit the gross amount only. If so, the County Auditor will request the department resubmit the transaction in the next pay period.

#### Holiday Pay

Please refer to the *County Personnel Policy Manual*, Section 4:4, which outlines the County Policy for Holidays.

A full-time county employee is entitled to eight (8) hours of holiday pay for New Year's Day, Martin Luther King day, Washington-Lincoln day, Memorial day, Juneteenth day, Independence day, Labor day, Columbus day, Veterans' day, Thanksgiving day, and Christmas day, of each year. In accordance with ORC 325.19.

A part-time or seasonal employee (not including intermittent classifications) shall be entitled to holiday pay if the holiday falls on a day that the employee is scheduled to work. Holiday pay is based on regular number of hours scheduled to work, up to eight (8) hours.

#### Departmental Verification of Compensated Absence Balances

At the end of each pay period, the County Auditor will email the departments to print accrual reports showing sick, vacation, and comp time balances, accruals, and usages by employee (see **Exhibit E-07**). The elected official, department head, or designee must notify the County Auditor Payroll Department when discrepancies need to be corrected on the accrual report.

Sick leave, vacation, and comp time balances as of the pay period ending date will be printed on the employee's next paycheck stub.

#### Prior Service Credit for Purposes of Vacation Accrual

Each County employee may count prior service with *any political subdivision of the State, military service credit, and service credit with the federal government, its subdivisions or agencies for the purposes of vacation accrual*. The department will use the derived anniversary date to determine the range where an employee falls within the department's schedule of vacation accrual and is independent of other tenure issues.

The department head or elected official should work with the employee to obtain documentation of the prior service credit from the previous political subdivision employer. The department should send a copy of the letter from the previous employer that provides the dates of prior service to the County Auditor.

The County Auditor will perform the prior service calculation. Upon completion of the calculation an acceptance form will be sent to the appropriate Appointing Authority for approval. The calculation includes all prior service dates, number of sick hours available for transfer, and the calculated vacation accrual rate.

## Payroll and Employee Benefits

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### Unemployment

When a former employee files for unemployment, the Employment Services division of the Ohio Department of Jobs and Family Services will send an information packet to the County Auditor. This packet will be forwarded immediately to the Human Resources Department to properly answer the questions.

The Human Resources Department will forward correspondence about the case, including a Determination of Benefits, to the department whenever received. Contesting unemployment claims is the responsibility of the appointing authority.

Bills received by the County Auditor must be paid per OBES regulations. Credits are issued by OBES in certain cases.

### Workers' Compensation

The *Fairfield County Personnel Policy Manual* – section 4:13, outlines the Workers' Compensation Program. Please review this section.

Generally, County departments pay for workers' compensation once a year as part of the County Commissioners' Association of Ohio (CCAO) pool for workers' compensation. However, adjustments for refunds or additional payments are possible.

## Financial Reporting

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### The Annual Comprehensive Financial Report

The County Auditor prepares the Annual Comprehensive Financial Report (ACFR) of Fairfield County each year. The ACFR provides County taxpayers and other user's financial data in a format that enables them to gain a true understanding of the County's financial affairs, both for the most recent fiscal year and for a longer period of time. The Ohio Revised Code requires the County to prepare a ACFR, and it must be audited by the State Auditor. The ACFR also serves as an important management tool for acquiring and maintaining a strong bond rating with Moody's and Standard and Poor's, the bond rating services.

In addition, the State Auditor performs the Single Audit annually, which is an audit of all federal monies received and disbursed. The results of that audit are reported to the Federal government. The State Auditor also performs a compliance audit, which is a review of the County's compliance with Ohio laws and the County's internal control policies and procedures.

The County Auditor distributes copies of the ACFR and the associated audit reports to the County's grantors, other interested parties, and each elected official and department head.

In order to prepare the ACFR, the County Auditor must request information from County departments.

### Supplies Inventory and Capital Asset Inventory

The County and all departments are required to conduct an annual inventory by Ohio Rev. Code Section 305.18. Under that code section, each county officer and department head must take a physical count of all materials, machinery, tools, and other county supplies, and then file copies of the inventory with the County Commissioners and County Auditor. All County departments will conduct an inventory of their supplies on the last business day of the year, generally December 31.

In December, the County Auditor will provide instructions to each department for conducting the annual supplies inventory. If the department's inventory is below the minimum threshold for reporting, the department still must sign and return the requested documentation.

In addition, the County Auditor will prepare and distribute separate **Capital Asset Schedules**. The elected official or department head must certify that these schedules are correct or to make the appropriate changes to those schedules.

You can find additional information concerning the County inventory in this Finance Internal Control Manual in the section, **Capital Asset System**.

### Federal Financial Assistance — Single Audit Requirements

Under the requirements of the Single Audit Act, the County must provide timely and accurate reporting of federal financial assistance. In December, the County Auditor will send each department documentation to request all federal grant activity. The documentation will clearly specify departmental reporting deadlines that have to be met. All departments must comply with the documentation instructions, even if they received no federal financial assistance during the year. The State Auditor will use this information to prepare and issue the County's Single Audit Report the following June.

## Financial Reporting

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### Compensated Absences

The payroll records of the County Auditor provide data needed to compile the schedule of compensated absence liability for the ACFR. However, the County Auditor may have additional questions about departmental policy and details about balances. If so, the County Auditor will request that information in a timely manner and will provide adequate deadlines for responses.

### Grant Documents

From time to time, the State Auditor may require additional documentation while auditing grant records; this may require documentation beyond that which was presented at the point of pay-in or check distribution. If so, the County Auditor will request that information from County departments and will provide adequate deadlines for responses.

### Financial Policy and Procedural Questionnaire

In November or December, the County Auditor will distribute a questionnaire about certain financial policies and procedures and issues to all departments. The County Auditor will complete various financial reporting requirements based upon the answers to these questions. The County Auditor will request that information in a timely manner and will provide adequate deadlines for responses.

### Segregated Bank Accounts

Segregated accounts are held in a bank outside of the Fairfield County Treasury. The Fairfield County Auditor is required to obtain bank statements and reconciliations for all approved segregated accounts, which are typically codified, such as the Furtherance of Justice Fund. **If you have any questions about segregated accounts, please contact the County Auditor.**

### Internal Control

**The procedures outlined in this manual are designed to implement the County's internal controls, establish program integrity, perform fraud risk analysis and reporting of suspected fraud.**

Management of the County government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the county are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

1. The cost of a control should not exceed the benefits likely to be derived, and
2. The valuation of costs and benefits requires estimates and judgments by management.

The County's controls are further designed to ensure that financial transactions are processed in accordance with management's authorizations and those transactions comply with County policies and Ohio law.

## Financial Reporting

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The Auditor of State fully encourages an organization to establish solid internal controls to ensure financial and legal compliance. The Auditing Standard Board defines internal control as:

A process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance of achieving.... Reliable financial reporting!

- Effective and efficient operations
- Compliance with laws and regulations
- Internal control over the safeguarding of assets against unauthorized acquisition, use, or disposition

The five key components of achieving internal controls are:

- ✓ Control environment
- ✓ Information and communication
- ✓ Risk assessment
- ✓ Monitoring
- ✓ Control activities/procedures

How would you answer these simple questions?

- What could go wrong?
- Could fraud, waste, or abuse happen to us?
- How can we avoid it?
- Do we have proper controls in place?
  - Program Integrity
  - Segregation (Separation) of Duties
  - Fraud Risk Analysis

### Program Integrity

Program integrity is a foundational concept that seeks to ensure that the County develops and maintains governance structures, controls, and processes to safeguard taxpayer resources. To accomplish this objective, Management of the County government should consider the following aspects within their processes related to operations, reporting and compliance.



Source: GAO. | GAO-14-704G

## Financial Reporting

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### Segregation (Separation) of Duties

*What is segregation of duties?*

Segregation or separation of duties is largely the practice of having different individuals responsible for the authorization, recording, and reconciling/reviewing transactions recorded within the general ledger.

As one thinks about separation of duties, it is good to examine the transaction cycle and the component parts. It is best to have separation of duties (and at least a separate review) for each component of a cycle. Some duties are separated by the requirements of the ORC, while other duties need to be examined at the department level to determine the best way to separate the duties and assignments to reduce the risk of error, misuse, or fraud.

#### Transaction Cycle

- *Authorization of transactions*
  - Approves billing invoices or voucher/invoice for payment
- *Receives or disburses cash*
  - Receives cash or distributes vendor/payroll checks
- *Records transaction*
  - Enters cash receipts or disbursements into general ledger
- *Reconciliation of transaction accounts*
  - Periodically reconcile cash receipts and disbursement accounts to the cash deposits maintained

#### Separation of Duties

**The ABCs** of the separation of duties is where no one individual has a job function in more than one of the following areas:

- ✓ **A** Asset handling or disposition, which is having physical access to assets (cash, equipment or checks) or ability to direct use of asset (wire transfer, account adjustment, ordering services, or supplies)
- ✓ **B** Bookkeeping or recording of transaction function which is recording cash receipts, disbursements, and/or journal entries into the accounting system
- ✓ **C** Comparison or reconciliation transactions within the general ledger for validity and reasonableness

### Fraud Risk Analysis

How exposed to fraud are you? Below are some areas to consider when performing a control analysis.

- Grant, Loan, Reimbursement and Benefit Programs
  - Size of payments as a percentage of all payments.
  - Type of payment.
  - Recipient (institution, individual, etc.).
  - Amount of information to be verified.
  - Program history.
  - Turnover of key staff.
  - Amount of Protected Individual Information (PII)
- Contracting
  - Vendor history.
  - Contracting officer training.
  - Compliance with existing regulations.

## Financial Reporting

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- Size of contracting department as a percentage to the county.
- Oversight.
- Decentralization of contracting processes and management.
- Non-financial programs
  - Amount of external information to be verified.
  - Impact on national security or other non-financial area.
  - History of applicant or party of concern.
  - Turnover of key staff.
  - Clearly documented processes and procedures.
  - Source of information.

After the risks have been identified, address control activities. These include policies and procedures, techniques and mechanisms that help ensure that management's directives to mitigate risks identified during the assessment process are carried out. They are essential for proper stewardship and accountability for government resources and for achieving effective and efficient program results.

### Reporting Fraud

The *Fairfield County Personnel Policy Manual* – section 3:25, outlines Fraud Reporting due to violation or misuse of public resources and whistleblower protection.

On June 27, 2024 Ohio Auditor of State issued bulletin [2024-005](#) addressing [Required Fraud Reporting and Training](#).

Current employees and elected officials are required to complete the training, and each new employee shall confirm completion of training within 30 days of employment. Training shall be required every four (4) years for each employee or elected official.

Appointing Authority's may direct their employees to self-register for this training by following the steps below recommended by Human Resources.

1. Log into [inside.Fairfield - Welcome](#) and select Employee Self-Service(ESS).
2. Under Required Reading, select Fraud Reporting and Training.
  - a. Complete the training registration.
  - b. Launch the under 8-minute training video by selecting Get Started.
  - c. Print the certificate provided at the end of the training and forward to the Appointing Authority or designee for tracking.
3. To acknowledge the training in ESS select Required Reading then Training Acknowledgement.
  - a. Print the acknowledgement and complete.
  - b. Select Acknowledge.
4. Once both the training is assessed and the acknowledgement is complete, the employee will provide BOTH the certificate and acknowledgement form to the Appointing Authority's appropriate person who maintains the personnel records.

Appointing Authority's must maintain the prescribed [Recipient Tracking](#) log as compliance and display the recommended posters throughout their premises.

## Capital Assets System

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### Overview of Capital Assets System

The County has a significant investment in capital assets, such as land, buildings, land improvements, machinery and equipment, including furniture and fixtures, vehicles, infrastructure, and construction-in-progress. In a major effort to improve financial reporting, accountability, and operational efficiencies in managing these assets, the County Auditor has established policies on the accounting and reporting of capital assets. Please refer to the [Capital Assets Accounting Policies for Financial Reporting](#).

Complete and accurate capital asset records can help managers identify under-utilized surplus assets that can be reassigned for more productive use. Accurate records of capital assets and their associated accumulated depreciation can also help identify potentially needed replacement and renovation of existing assets. This type of management information is useful in making budgetary decisions for specific requests and long-term capital planning. Furthermore, detailed capital asset records for equipment and vehicles can assist in the development of a preventive maintenance program.

The County's Capital Asset System controls and maintains records regarding individual items using the following criteria:

- All items with a cost of \$ \$10,000 with the exception of "controlled items," or more for control purposes
- The County has elected to use a threshold of \$ \$10,000 for financial reporting purposes.
- All items considered to be "controlled items," regardless of cost.
- Departments should have policies in place to control their inventory that does not meet the threshold criteria. .

The County groups its capital assets within these categories:

- Land
- Buildings
- Land improvements
- Equipment
- Furniture and fixtures
- Vehicles
- Construction in progress

The Capital Asset System is devised to provide the County Auditor, County Commissioners, the State Auditor, and other interested parties an accurate and perpetual record of County property.

Each capital asset item has been assigned a unique asset number. For select items classified as equipment or furniture and fixtures, a printed tag, with a bar code and unique number, should be affixed to each item meeting the criteria listed above.

In order for the County to achieve excellent management over its capital assets, it is essential that departments must communicate, information must be accurate, and information must be as current as possible.



## Capital Assets System

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### Controlled Items

Certain capital assets will be recorded and maintained on the Capital Asset System even if their costs are below the County's threshold of \$ \$10,000, as used for financial reporting purposes. These items should be controlled since they could be highly portable and subject to theft or for other sensitive reasons.

- Computers, laptops, ipads, tablets (any item that holds memory)
- Cameras (if they have memory)
- Voting equipment
- Weapons

In addition, other sensitive items requested by the elected official or department head should be controlled on the system.

### Non-Controlled Capital Asset Items

Low cost items should not be maintained on the Capital Asset System unless needed for control purposes, as described above. The cost and effort of tracking minor items, both to departmental personnel and to the Auditor's Office, completely outweighs any minimal advantage that may be attributed to listing these items.

### Capital Assets Forms

#### Request For An Asset Number Input Form

Use the **Request For An Asset Number Input Form, Exhibit K-1**, to report a new capital asset and to request a tag or asset number for that item. Photocopy the completed form and send the original to the County Auditor's Office, Attention: Capital Assets. Keep a copy for your departmental records, which may be reviewed by the State Auditor's examiners.

Complete the request form if your department acquires a capital asset that meets the capitalization threshold of \$ 10,000 (has a purchase cost or value of \$ 10,000 or more) **OR** if the asset acquired is a controlled asset. If you are unsure about whether a request should be completed or not, submit the request, and the decision whether to list the asset will be made by the Auditor's office. For existing asset items, submit a request if you believe an untagged asset should be assigned a number.

**Exhibits K-4 through K-6**, contain the detailed codes needed to complete the input form. The **signature** of the department head or elected official validates the form. Instructions for completing the form have been included.

## Capital Assets System

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After a request has been submitted to the Auditor's Office, your department will receive a bar code tag and instructions to affix that tag to the asset item. Please do not remove or deface the asset tag, unless your department subsequently disposes of the asset.

### Capital Asset Disposal Form

The **Capital Asset Disposal Form, Exhibit K-2**, should be completed whenever a capital asset in your department is removed from the County's possession or disposed of in any way. After preparing the Capital Asset Disposal Form, email the form to the County Auditor's Office, keep a copy for your departmental records. The State Auditor may review your departmental records.

In both cases, when the asset is removed from your department, prepare the Capital Asset Disposal Form and send it to the County Auditor.

### Interdepartmental Capital Asset Transfer Form

A department may consider an asset disposed (and prepare a Capital Asset Disposal Form) if that item was physically removed from the department's immediate area when in fact the item was *transferred* to another department.

The Fairfield County **Interdepartmental Transfer Form, Exhibit K-3**, will be used whenever a tagged capital asset item is transferred or sent to another department or office within the County's jurisdiction. One copy is kept in the sending officer's files. The other copy is transported with the property to the new destination. Upon receipt of the asset(s) and accompanying paperwork, the receiving officer verifies that the property transferred was the property received. After signing the transfer form, the receiving officer forwards the copy with their original signature to the Auditor's office.

Please check the appropriate reason for the asset transfer.

- **Better utilization of asset(s)** refers to a transfer of property in order for the County to achieve its highest efficiency. Both parties involved in this case may have use for the asset, but one need prevails over the other.
- **Trade in or exchange** refers to a trade among county offices and departments only.
- **Excess assets** refer to one office relinquishing its surplus of assets within one department.
- **Other.** Please give a short explanation for any other reason for the transfer.

## Fairfield County Auditor — Finance Internal Control Manual

### Capital Assets System

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Describe the method of delivery or shipping to the other department. If a carrier company is used, be sure to list the reference number.

The sending official validates the transfer form by signature. When the transferred property and accompanying transfer documents reach their destination, the receiving official verifies receipt of the property by signature.

#### Location Code Listing

The **Location Code Listing, Exhibit K-4**, is a three-digit number assigned to various locations throughout the county. The proper location code number is to be inserted on line 7 of the Request for Capital Asset Number Input Form (**Exhibit K-1**).

#### Department Code Listing

The **Department Code Listing, Exhibit K-5**, is a four-digit number assigned to each department of the county. The department code should be inserted on line number 8 of the **Request for Capital Asset Number Input Form** (see **Exhibit K-1**).

#### Sub Class Code Listing

The **Sub Class Code Listing, Exhibit K-6**, is a three-digit number assigned to various types of assets. This number gives the computer the capability to sort by type and produce more detailed reports. The sub class code is listed on line number 9 of the Request for Capital Asset Number Input Form (**Exhibit K-1**).

## Capital Assets System

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### Additional Information about the Disposal of Capital Assets

When the Board of County Commissioners determines that the County has personal property that is not needed, the Board may do any of the following:

1. Sell the property at public auction or by sealed bid to the highest bidder if the fair market value is over \$2,500;
2. Donate any motor vehicle worth \$4,000 or less to a nonprofit organization to be used for fulfilling the transportation needs of participants in the Ohio Works First program;
3. Sell such property by private sale if the fair market value is \$2,500 or less;
4. The board, regardless of the property's value, may sell or donate County personal property, including motor vehicles, to the Federal government, the State, or any political subdivision of the State without advertisement or public notification.

A Capital Asset Disposal Form must document each disposed asset. Assets sold at public auction must be documented by supporting documentation, usually available at the point of the pay-in of proceeds. A transfer of an asset to another political subdivision must be documented with a Capital Asset Disposal Form noting the transfer.

If an item is sold by private sale, documentation showing the date of the sale, the purchase price, the buyer, the fair market value, and the actual Capital Asset Disposal Form indicating the item's obsolescence must accompany the pay-in.

Prior to the private sale or auction of an asset, every effort should be made to ensure another department or office of the County cannot use the asset. Proceeds from the sale of capital assets are paid into the fund that originally paid for the asset. If this case cannot be determined, the pay-in question will be reviewed on a case-by-case basis to determine the appropriate fund to credit.

**Grant terms and conditions may require specific or even additional steps for the disposal or transfer of capital assets. Please ensure that grant terms and conditions are followed.**

## Terms and Definitions

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### Terms and Definitions Used in Accounting Applications

This section lists terms and definitions that are used throughout this manual. In the “Exhibits and Forms Examples” section, we have provided forms and documents referred to throughout the manual. We also have included a copy of pertinent sections of the State Auditor-produced “[Ohio Compliance Supplement](#).” To get a complete copy of the “[Ohio Compliance Supplement](#),” please contact the State Auditor’s Office at 1-800-443-9275 or visit their web page at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

#### **Account**

An account refers to a unique Org and Object code for revenues or expenditures/expenses. An account is often referred to as a line item also.

#### **Account-to-Account Transfer**

An account-to-account transfer of appropriations reclassifies, at the major expenditure object level or line-item level, the total appropriations authorized by the governing body. This action requires a resolution of the budgeting authority unless otherwise approved by an agency board. Account to account transfers within a major expenditure object category do not require authorization by the governing body but do require Finance memo.

#### **Advances**

Advances are temporary cash loans from one fund to another that are to be repaid within the budget period or calendar year. (The State Auditor has not taken exception to an advance scheduled for repayment for a time past the end of the fiscal year. This generally happens when a grant fiscal year differs from the County’s fiscal year.) Advances do not result in a change in budgeted expenditures or receipts; *they are temporary cash loans*. These loans if unpaid will affect your beginning certificate of sources in January due to the fact they are a liability due back to another fund.

#### **Amended Certificate**

An “*Official Certificate* of the total amount from all sources available for expenditures, and balances” at January 1, 20xx will list the total amount from all sources available for expenditures from each fund set up in the tax budget, with the balances that exist at the end of the fiscal year December 31, 20xx. The County Auditor will issue an amended certificate, on behalf of the Budget Commission, given a change in the amount of *estimated revenues*.

#### **Appropriations**

An appropriation is an authorization granted by a legislative body to incur liabilities for purposes specified in an appropriation act. Appropriations are documented in an appropriation resolution (or act) and in resolutions amending or adjusting the original act. Basically, an appropriation is a legal authority to spend. Appropriations are also known as budgeted expenditures or expenses.

An appropriation measure may be amended or altered by action of the same board that approves the original resolution. Any fund under the taxing authority of the County Commissioners must have a County Commissioners’ resolution to reflect an adjustment. Please see the “Resolutions” section for additional information.

#### **Assets**

Assets are probable economic benefits obtained or controlled by the government as a result of past transactions or events. Examples include: cash, accounts receivable, due from other governments, notes receivable, Interfund receivable, materials and supplies inventory, and capital assets.

# Fairfield County Auditor — Finance Internal Control Manual

## Terms and Definitions

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### Bidding

Generally speaking, the County is required to conduct competitive bidding for expenditures in excess of \$50,000, **except where otherwise provided by law**. In addition, an affidavit of personal property tax liability must be filed prior to the letting of a competitively bid contract.

The legal compliance control procedures associated with competitive bidding is outlined in [the Ohio Compliance Supplement](#) pages copied in **Exhibits B-7 through B-9**.

**These pages are for reference only and are not a substitute for legal advice. Bidding compliance is the responsibility of the appointing authority. If there is a question, contact the Prosecuting Attorney prior to making the expenditure or letting the contract.**

### Bill List

A bill list details each payment to be made by a County Auditor general warrant, *or check*, authorized by the budgeting or contracting authority. The County Auditor cannot make a payment without an approved bill list. The one exception is a payment made by Court Order. (Bill list payments refer to non-agency fund transactions. Pure agency fund transactions do not require appropriations or a bill list.)

### Budgetary Application

The budgetary application includes all processes associated with the issuance of County Auditor general warrants (checks) and the budget process, including the estimation of receipts and expenditures. The budgetary application is sometimes referred to as the “budget process” or the “finance area.”

### Buildings and Building Improvements

The acquisition cost of permanent structures owned or held by a government and the improvements thereon.

### Cafeteria Plan

In 1978, Congress created a benefit titled the “Section 125 Cafeteria Plan.” These insurance premium amounts are exempt from federal, state and Medicare taxes.

### Capitalization Threshold

The lower dollar limit, per individual item, at which a given asset must cost in order to be included in the County’s balance sheet. The County’s capitalization threshold is currently \$10,000. This is a financial reporting issue only; it does not change the requirement that departments must maintain control over all of their capital assets.

### Carry - Over Cash

Carry-over cash is the cash balance at December 31. The balance available to appropriate in an ensuing year is net of encumbrances, or unencumbered cash.

### Pooled Cash Balance

This is the amount of cash on-hand to the credit of a particular fund at a given point in time.

### Annual Comprehensive Financial Report (ACFR)

The ACFR is the government’s official annual report prepared in accordance with generally accepted accounting principles. The Auditor of State audits and renders an opinion on the ACFR.

# Fairfield County Auditor — Finance Internal Control Manual

## Terms and Definitions

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### **Computerized Passwords**

All computer passwords should be changed every three months, unless stated otherwise in a written policy signed by the appointing authority. Supervisors should monitor employees to ensure this control procedure is followed.

### **Computer Usage Policy**

County-owned computer equipment should be used for business use alone. Departments generally have a detailed policy explaining the proper use of computer equipment and software.

### **Construction-in-Progress**

Construction-in-progress reflects the cost to-date of construction work for projects not yet completed.

### **Contributed Capital**

For enterprise funds (sewer and water) this represents the amount of permanent fund capital contributed to a fund by its customers or developers.

### **Controlled Items**

Capital assets costing less than the threshold limit (\$10,000) which management still wants to individually control. Laptop computers, guns, and radios are examples of controlled items.

### **County Auditor Certification**

See Purchase Order.

### **Encumbrances**

Encumbrance refers to an account used to record the estimated amount of purchase orders, contracts, or salary commitments chargeable to an appropriation. The account is credited when goods and services are received and the actual expenditure of the appropriation is known. Generally, an encumbrance means a County Auditor certified “purchase order” or a commitment of appropriations.

### **Enterprise Fund**

A fund established to account for operations financed and operated in a manner similar to private business. The County’s enterprise funds are the Sewer Fund and the Water Fund.

### **Estimated Revenues**

The amount of revenues estimated for collection throughout the budget period.

### **Capital Assets**

Tangible assets, with an estimated useful life of at least two years following the date of acquisition.

### **Fund**

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Fairfield County’s accounting system is organized on a “fund basis.”

## Terms and Definitions

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### Fund-to- Fund Transfers

Fund-to-Fund Transfers are ways of internally making a transfer of funds. This kind of transfer is, in theory, just like a check without the paper. Appropriations are expended, and the cash balances of the funds are credited or debited in accordance with the transfer resolution. This action generally requires a resolution of the budgeting authority.

### Furniture and Fixtures

Furniture and fixtures are tangible assets that are not attached permanently to land or buildings, possibly have unique serial numbers, are capable of being moved, and can be acquired under a capital lease. The nature of the asset will determine if it will be classified as “furniture and fixtures” or as “machinery and equipment.”

### Generally Accepted Accounting Principles (GAAP)

The Governmental Accounting Standards Board (GASB) issues uniform financial reporting standards for all governments in the United States. These standards are referred to as generally accepted accounting principles (GAAP). Under the Ohio Revised Code, the County must follow GAAP in preparing its annual ACFR.

### Grant Terms and Conditions

The terms that apply to the environment of a grant. Compliance with budgetary provisions *and* compliance with grant terms and conditions are related goals. It is important that all grant administrators ensure the grant terms and conditions are met.

**Note: Any financial records forwarded to a grantor must agree with the records maintained by the County Auditor.** Any reconciling item should be clearly documented.

### Improvements Other Than Buildings

Improvements other than those made to permanent structures, such as land improvements (parking lots, sidewalks).

### Inventories

Inventories are items (materials and supplies) purchased by the government and consumed during a relatively short period after the purchase. Departments must list and value inventories on hand at year-end for inclusion into the ACFR.

### Land

Land is real property.

### Machinery and Equipment

Machinery and equipment are tangible assets that are not attached permanently to land or buildings, possibly have unique serial numbers, are capable of being moved, and can be acquired under a capital lease. The nature of the asset will determine if it will be classified as “furniture and fixtures” or as “machinery and equipment.”

### Mileage Rate Reimbursement

The Internal Revenue Service publishes a standard mileage rate that is presumed to reflect the current cost of operating an automobile in the United States. Employers can use the IRS mileage rate to reimburse their employees for the cost of operating their personal vehicles for business use and there will be no tax consequence to the employees. The County Commissioners have elected to use the IRS rate for employee reimbursement.



# Fairfield County Auditor — Finance Internal Control Manual

## Terms and Definitions

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### Pay-in

Depositing funds into the County Treasury using an automated system.

### Proper Public Purpose

Expenditures paid from public funds must have a proper public purpose. They may not be used for private purposes or unreasonably benefit individuals. Some items not considered to be for proper public purpose include flowers for employees or employee family members, retirement gifts, and certain employee travel expenditures, such as movies and alcoholic beverages. This issue will be decided on a case-by-case basis, but the County Auditor will make the final decision regarding these items.

### Project Number

A number assigned to specified accounts and transactions to provide individualized reports pertaining to a particular project or grant. Many grant administrators use these project number for assistance in tracking a particular grant within a general fund structure.

### Purchase Order

A document authorizing the delivery of specified merchandise or the rendering of certain services and the making of a charge for them. The County Auditor must certify the purchase order before it becomes valid.

### Requisition

A written request, usually from one department to the County Auditor for specified articles or services. The requisition serves as the document needed for departmental approval prior to the issuance of a purchase order.

### Resolution

A special or temporary order of a legislative body (County Commissioners).

### Retired Asset

An asset should be retired or disposed of when it no longer serves its intended purpose. This can result from technological advances, normal wear-and-tear, destruction through natural causes, or theft.

### Supplies

See definition for Inventories.

### Tax-Exempt Status

Fairfield County, as a political subdivision of the State of Ohio, is exempt from state sales and other taxes. As a result, **the County and all departments should not pay sales taxes to any vendor**. The department should send a copy of the Blanket Certificate of Exemption (see **Exhibit D-4**) to all vendors. When preparing this form, note that **the County's Federal ID number is 31-6400066**.

Local hotel lodging taxes are not sales taxes and must be paid.

### Vehicles

Vehicles that are capable of being licensed through the Ohio Department of Public Safety's Bureau of Motor Vehicles and are intended for over-the-road transportation should be capitalized.

# Fairfield County Auditor — Finance Internal Control Manual

## Terms and Definitions

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### **Vendor**

A corporation, company, organization, sole proprietor, or any other entity that provides goods and/or services to the County and to whom a payment of funds is made is a vendor. Each vendor is assigned a vendor number.

### **Voucher**

A prepared document that evidences the propriety of transactions and usually indicates the accounts in which they are to be recorded.

### **Warrant**

An order drawn by the County Auditor upon the County Treasurer, directing the Treasurer to pay a specified amount to the person named or to the bearer. Warrants are also called checks.

## Fairfield County Auditor — Finance Internal Control Manual

### Contacts, Exhibits and Forms

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### County Auditor Financial Systems

FOR ADDITIONAL INFORMATION OR CRITICAL ASSISTANCE – PLEASE CONTACT

Financial Systems Director: Beverly Hoskinson - 740-652-7042

Finance Manager: Angel Horn - 740-652-7041

Payroll Manager: Jennifer Dickerson - 740-652-7051

Financial Systems Trainer: Michelle Wright – 740-652-7047

When changes or issues need to be reported using Request Tracker, Auditor's Office Central Payroll and Finance have four queues for you to utilize depending on your needs.

Please see the queues and subject examples below.

#### FC-Payroll

- Accrual corrections, detail proofs, direct deposit changes, prior service documentation, vacation lump sum awards

#### FC-Enterprise ERP

- ERP permissions, Position Control changes, Content manager issues, Utility Billing, Employee Self Service

#### FC-Time and Attendance

- Badge numbers, time approvals, workflow for approvals, role changes

#### FC-Finance

- Purchase order maintenance, account to account transfers, revenue and expense adjustments, vendor requests, pay-in information, budgetary questions, etc.

NOTE: If a ticket is critical and assistance is needed immediately, please follow up the ticket with a phone call to the appropriate department's main line:

- Payroll Office: 740-652-7050
- Finance Office: 740-652-7040

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**County HR & Benefit Contact Information**

**FOR INFORMATION ON COUNTY BENEFITS PLEASE CONTACT HUMAN RESOURCES**

Jeff Porter	Deputy County Administrator	<a href="mailto:jeffrey.porter@fairfieldcountyohio.gov">jeffrey.porter@fairfieldcountyohio.gov</a>	740-652-7895
Abby Watson	Deputy HR Director	<a href="mailto:abby.watson@fairfieldcountyohio.gov">abby.watson@fairfieldcountyohio.gov</a>	740-652-7685
Amberly Hannum	HR Officer 2	<a href="mailto:amberly.hannum@fairfieldcountyohio.gov">amberly.hannum@fairfieldcountyohio.gov</a>	740-652-7898
Lori Hawk	Human Resources Assistant	<a href="mailto:lori.hawk@fairfieldcountyohio.gov">lori.hawk@fairfieldcountyohio.gov</a>	740-652-7884

**INFORMATION ON THE FOLLOWING TOPICS IS ALSO AVAILABLE ON THE COUNTY INTRANET-  
HUMAN RESOURCES TAB.**

[www.co.fairfield.oh.us/Intranet](http://www.co.fairfield.oh.us/Intranet)

- Health Insurance
- Flexible Spending
  - Medical
  - Dependent
- Life Insurance
- Supplemental Life
- OPERS
- STRS
- Deferred Compensation Programs

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### EXCERPTS FROM OHIO COMPLIANCE SUPPLEMENT

A complete copy of the [Ohio Compliance Supplement](#) is available by visiting the Auditor of State web page at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

- B-1 [OCS 1-9 Restriction on the appropriation and expenditure of money](#)
- B-2 [OCS 1-10 "Blanket" fiscal officer certificates](#)
- B-3 [Then and Now Certificate](#)
- B-4 [OCS 1-20 Establishment of funds](#)
- B-5 [OCS 1-22 Permission to establish funds](#)
- B-6 [OCS 1-23 Transfer of funds](#)
- B-7 [OCS 2-4 County payments to be by auditor's warrant; competitive bidding; county notice and other bid procedures](#)
- B-8 [OCS 2-19 Joint contracting and purchasing programs for counties and townships](#)
- B-9 [OCS 2-20 Separate bids and contracts required for each class of work on buildings and other structures](#)
- B-10 [OCS 2-21 Prevailing wage rates](#)
- B-11 [OCS 7-1 Establishment and accounting treatment for commissaries](#)  
[OCS 7-2 Employment of labor and materials by force account](#)  
[OCS 7-7 Deposits of public money](#)

### COMPUTERIZED ACCOUNTING REPORTS, INTERNAL FINANCIAL REPORTS

- C-1 [How To Enter A Requisition, EXAMPLE](#)
- C-2 [How To Enter An Invoice Against A Purchase Order, EXAMPLE](#)
- C-2A [How To Enter An Invoice Using Group Entry, EXAMPLE](#)
- C-2B [How To Enter An Invoice Using Group Entry, EXAMPLE](#)
- C-3 [How To Use General Ledger Account Inquiry, EXAMPLE](#)
- C-4 [How To Use Vendor Inquiry, EXAMPLE](#)
- C-5 [How To Utilize Purchase Order Inquiry, EXAMPLE](#)
- C-6 [How To Use The Year-To-Date Budget Report, EXAMPLE](#)

### BUDGETARY FORMS

- D-1 [Departmental Pay-In Form](#)
- D-2 [Vendor Request and Change Form](#)
- D-3 [IRS Form W-9, Request for Taxpayer Identification Number and Certification](#)
- D-4 [Blanket Certification of Exemption](#)
- D-5 [Employee Travel/Expense Report -- spreadsheet in Microsoft Excel](#)
- D-6 [Checks Held Request Form](#)
- D-7 [Return Form \(Used by County Auditor\)](#)
- D-8 [Request for Reissue of Outstanding Warrant](#)
- D-9 [Request for Project Number](#)
- D-10 [Finance Account to Account Transfer Appropriations](#)
- D-11 [Resolution Account to Account Transfer Appropriations Exhibit](#)
- D-11.1 [Account to Account Transfer Major Object Category Appropriations Detail Exhibit](#)
- D-12 [Finance Amended Certificate of Estimated Resources Exhibit](#)

**Fairfield County Auditor — Finance Internal Control Manual**  
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- D-12.1 [Resolution Reduction of Appropriations and Estimated Receipts Exhibit](#)
- D-12.2 [Reduction of Major Object Category Appropriations and Estimated Receipts Detail Exhibit](#)

**PAYROLL WORKSHEETS**

- E-2 [Detail Proofs](#)
- E-8 & E-9 [Notice of Termination of Employment with Fairfield County & Payment of Unused Sick Leave Upon Separation of Service](#)
- E-10 [Service Credit Verification Form](#)  
[Independent Contractor or Employee](#) -- Discussion and Checklist  
[PERS Breakdown Worksheet](#) -- Detail Exhibit

**EMPLOYEE PAYROLL FORMS**

- F-1.1 [New Employee Payroll Forms Checklist](#) (with detailed form instructions)
  - F-1.2 [Seasonal Returning/Leaving Employment Checklist](#)
  - F-3 [STRS New Hire Notification](#)
  - F-4.1 [Notice of Re-Employment of a PERS Benefit Recipient](#)
  - F-4.2 [Notice of re-Employment of a PERS Retired Elected Official](#)
  - F-5 [Employment Eligibility Verification, U.S. Department of Justice](#) (with detailed instructions)
  - F-6 [Form W-4, Employee's Withholding Allowance Certificate, Department of Treasury, IRS](#) (with worksheet)
  - F-7 [Form IT4, Employee's Withholding Exemption Certificate, State of Ohio, Dept. of Taxation](#)
  - F-8 [Fairfield County Employment Information](#)
  - F-10 [Authorization Agreement for Direct Deposit](#)
  - F-12 [Employee Status Change Form](#)
  - F-13 [Employee Hourly Rate and Work Status Change Form](#)
  - F-15 [SSA-1945, Statement Concerning Your Employment in a Job Not Covered By Social Security](#)
- [Reimbursement Request Form for Section 125 Cafeteria Plan](#)  
[Form W-5, Earned Income Credit Advance Payment Certificate](#), U.S. Dept. of the Treasury, Internal Revenue Service (with instructions)

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**PERS FORMS EXAMPLES (originals available in the Auditor's Office)**

- G-4 [PERS, Report of Attending Physician](#)
- G-5 [PERS, Application for a Disability Benefit - Report by Employer](#)
- G-6 [PERS, Application for a Disability Benefit](#)
- G-8 [PERS, Application for Additional Annuity Retirement Benefit](#)
- G-9.1, 9.2, & 9.3  
[PERS, Combined Plan Designation of Beneficiary, Directed Plan Designation of Beneficiary, and Traditional Pension Plan Designation of Beneficiary](#)

**CAPITAL ASSETS FORMS**

- K-1 [Request for Capital Asset Number Input Form](#)
- K-2 [Capital Asset Disposal Form](#)
- K-3 [Interdepartmental Capital Asset Transfer Form](#)
- K-4 [Capital Assets — Location Code Listing](#)
- K-5 [Capital Assets — Department Code Listing](#)
- K-6 [Capital Assets — Sub Class Code Listing](#)

**Commissioners' Resolutions — [Examples and Blank Formats](#)**

- R-1 [Fund to Fund Transfer \[ DOC \]](#)
- R-2 [Appropriations from Unappropriated Funds \[ DOC \]](#)
- R-3 [Account to Account Transfer of Appropriations \[ DOC \]](#)
- R-4 [Amended Certificate and Appropriations from Unappropriated Funds \[ DOC \]](#)
- R-5 [New Federal Grant \[ DOC \]](#)
- R-6 [New Fund \[ DOC \]](#)
- R-7 [Reduction of Budgeted Amounts \[ DOC \]](#)
- R-8 [Fund to Fund Transfer \[ DOC \]](#)
- R-9 [Payment of a Voucher Without a P.O. \(over \\$1000.00\) \[ DOC \]](#)

**ENTERPRISE ERP PROCEDURES**

- [ERP Accounts Payable Procedures](#)
- [ERP Accounts Receivable Procedures](#)
- [ERP Capital Assets Procedures](#)
- [ERP Cash Management Procedures](#)
- [ERP General Billing Procedures](#)
- [ERP General Ledger Procedures](#)