



Dave Yost • Auditor of State

MANAGEMENT LETTER



City of Beachwood
Cuyahoga County
25325 Fairmount Boulevard
Beachwood, Ohio 44122

To the Members of City Council:

We have audited the financial statements of City of Beachwood, Cuyahoga County, (the City) in accordance with *Government Auditing Standards*, as of and for the year ended December 31, 2014, and have issued our report thereon dated June 29, 2015.

Government Auditing Standards require us to report significant internal control deficiencies, fraud (including noncompliance with laws and regulations), and also abuse and noncompliance with contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated June 29, 2015, for the year ended December 31, 2014.

We are also submitting the following comment for your consideration regarding the City's compliance with applicable laws, regulations, grant agreements, contract provisions, and internal control. This comment reflects a matter that does not require inclusion in the *Government Auditing Standards* report. Nevertheless, this comment represents a matter for which we believe improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing this recommendation. However, this comment reflects our continuing desire to assist your City. If you have questions or concerns regarding this comment please contact your regional Auditor of State office.

Noncompliance Finding

Use of City Hall Council Chambers

City Policy 927.01 states "The Council Chambers, Caucus Room, Conference Rooms, offices and all other administrative areas of City Hall are reserved for use exclusively by city officials, boards, employees, agents and representative for City business."

Various organizations hold their meetings routinely at Beachwood City Hall in these restricted areas, but not for City business. Failure to restrict the use of these rooms to City business in City Hall may interfere with municipal operations of the community and is not in compliance with City policy.

We recommend the City restrict the use of City Hall meeting areas in accordance with its above policy.

Other Matters

During the audit, additional issues came to our attention, which we felt required further examination. The following summarizes the issues, the work performed, and the results. Any noncompliance citations or internal control recommendations resulting from these reviews are presented in the audit report or management letter.

Issue Reviewed	Summary of Work Performed	Results
Mayor's Wedding Fee/Gratuity – practice of suggesting a wedding fee be paid continued into 2014.	This issue was addressed in prior audit. Confirmed suggesting of "fee" was stopped in May 2014. After that date, a "gratuity" was suggested to be paid. Also, in fiscal year 2015 City Council eliminated the verbiage from City code that allowed the Mayor to accept gratuities for performing wedding ceremonies.	Since the suggestion of "fee" is improper, the Mayor repaid all monies paid when the term "fee" was used, as he had done for fiscal year 2013. A total of \$625 was repaid for 2014 weddings.
Mayor was reimbursed for improper travel expenses.	Reviewed all travel reimbursements paid to the Mayor in 2014.	The Mayor was not reimbursed for any overnight travel or per diems during 2014.
Mayor has always been paid his full vacation leave accrual, since he took office even though he took vacations.	Reviewed vacation payout for fiscal years 1999, 2000, 2001 and 2004.	Mayor did use vacation during these years, and his vacation leave payout was net of the vacation leave used for those years.
City was paying for the Mayor's son's monthly cell phone bill.	Reviewed the City's policy for cell phone reimbursement.	Per City Ordinance the Mayor is given a \$100 monthly allowance for his cell phone use, like other City employees. The Mayor uses the allowance as needed. This is a taxable fringe benefit.
Outside Parties are utilizing the City Council Chambers and the room rental fee is being waived.	Reviewed Council Chamber use calendars and City Policy regarding Council Chamber use.	Per City Policy, no outside parties are permitted to use Council Chambers and thus there is no fee schedule. The outside parties were utilizing these facilities against City policy. When this non-compliance was brought to the attention of the City, they stopped the practice of allowing outside parties to utilize the facilities. A noncompliance citation was made in the City's audit management letter.
Outside company was given \$75,000 to renovate local property if they moved into the City. They were required to pay back the funds if they left the City facility within 10 years.	We reviewed Council minutes, newspaper articles, expenditure listing and had discussions with City personnel.	The company never moved into the City and thus never received the \$75,000 to renovate the facility.

<p>City is not following Public Records Request Laws.</p>	<p>Reviewed available public records request documentation.</p>	<p>The City had the necessary logs and support information to comply with public records request laws. The AOS did identify certain records that were destroyed outside of City's retention policy, and issued a letter dated, August 5, 2015.</p>
<p>Improper procedures followed for bidding to replace City motorcycles.</p>	<p>We reviewed bidding documents including proposals made, and we spoke with City personnel.</p>	<p>Two bids were received and both gave prices for just the purchase of the cycles. One also provided a trade-in value for 4 cycles, but this was not required. The lower bid, not considering the trade-in, was selected.</p>
<p>Mayor is illegally distributing pool passes to City employees and organizations.</p>	<p>We reviewed City ordinances and policies and spoke with City personnel.</p>	<p>Per the employees and appointed officials pay ordinance, the Mayor is allowed to provide other fringe benefits, which allows him to distribute pool passes. Also, the City has passed an ordinance which allows the mayor to adjust the aquatic center rate, which would allow him to distribute free pool passes to outside individuals, as it is deemed he is adjusting the pool pass rate to \$0. Also, the City passed Ordinance 2015-92, which provides for the Mayor to provide free day and seasonal pool passes to employees, companies and citizens within certain stipulations.</p>

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



Dave Yost
 Auditor of State
 Columbus, Ohio

June 29, 2015