

**Summit County Department of Communications
Preliminary Report**

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**PREPARED FOR:
Russell M. Pry
Audit Committee**

**APPROVED BY AUDIT COMMITTEE
June 15, 2009**

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**Summit County Department of Communications
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Background**

General Background:

This department creates, designs and disseminates informational and promotional materials for public consumption. From brochures, logo design, self-mailers, promotional items, cell phones, newsletters, administrative forms, press releases to PowerPoint presentations, the Communications Department is the information arm of the Executive's Office. The department also maintains the county government Website. The Website has grown in both content and form and has emerged as one of the best of its kind in the state.

The Department of Communications has designed and implemented several outreach programs that benefit the citizens of Summit County. One outreach effort is "Government at Your Service," a community service fair where all county offices and their representatives showcase their programs and register citizens for assistance, reductions in taxes and many other county programs.

As the public information coordinator of all county elected offices, this department coordinates annual activities that benefit such service organizations as Harvest for Hunger, United Way and the Red Cross.

The Department of Communications has been awarded several grants to fund Healthy Start, Youth Employment for Success and Recycle Education. Recently, Executive Russell M. Pry was awarded five national awards through the work of the department in graphic design and writing by the National Association of County Information Officers.

Summit County Youth Employment for Success (YES) serves Summit County youth, ages 16-18, who are in school and meet federal financial eligibility requirements. Youth may also have a barrier to success, including learning disabilities, truancy problems, or being behind a grade level. Foster children and pregnant or parenting youth may also qualify for our program. The program prepares youth for adulthood. They address the needs of individual youth by providing work experience, academic support, leadership development, personal guidance, and follow-up services. The goal is to assist our youth in overcoming barriers and achieving academic and career goals.

In 2004, Summit County YES was named an Achievement Award Winner by the National Association of Counties for being an innovative program that contributes to and enhances county government in the United States.

*Source: <http://www.co.summit.oh.us/executive/communications.htm>
<http://www.co.summit.oh.us/executive/commdeptInfoCont.htm>
<http://www.co.summit.oh.us/executive/yes.htm>
<http://www.co.summit.oh.us/executive/YESabout.htm>*

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AUDIT OBJECTIVES AND METHODOLOGY:

The primary focus of this review was to provide the Summit County Department of Communications with reasonable assurance, based on the testing performed, on the adequacy of the system of management control in effect for the audit areas tested for 2008 through February 2009, unless otherwise specified in the individual test area. Management controls include the processes for planning, organizing, directing, and controlling program operations, including systems for measuring, reporting, and monitoring performance. Management is responsible for establishing and maintaining effective controls that, in general, include the plan of organization, as well as methods, and procedures to ensure that goals are met. Specific audit objectives include evaluating the policies, procedures, and internal controls related to the Communications Departments and the Youth Employment for Success (YES) program.

Our review was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States and accordingly included such tests of records and other auditing procedures as we considered necessary under the circumstances. Our procedures include interviewing staff, reviewing procedures and other information and testing internal controls as needed to assess compliance with policies and procedures.

Based on the results of our review, we prepared specific issues and recommendations for improvement that were discussed with management. These recommendations, as well as management's unaltered written response, can be found in the following sections of this report.

Specific Objectives:

1. To obtain and review the current policies and procedures.
2. To review the internal control structure through employee interviews and observation.
3. To perform a general overview of the physical environment and security of the facilities, data, records and departmental personnel.

Scope:

An overview and evaluation of the existing policies, processes, procedures, contracts and internal control structure utilized by each department.

The following were the major audit steps performed:

OBJECTIVE 1 – POLICY AND PROCEDURES REVIEW

1. Obtain and review the current policies and procedures.
2. Meet with the appropriate personnel to obtain an understanding of the current department processes and procedures. Compare those existing processes to the policies and procedures manual for consistency, noting all exceptions.
3. Test procedures for mandatory compliance where applicable.
4. Identify audit issues and make recommendations where appropriate.

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OBJECTIVE 2 – REVIEW OF INTERNAL CONTROLS

5. Meet with the appropriate personnel to obtain an understanding of the control environment.
6. Document the existing control procedures in narratives and/or flowcharts.
7. Compare existing processes to the policies and procedures manual for consistency.
8. Test procedures for compliance where applicable, noting all exceptions.
9. Investigate discrepancies and summarize results.
10. Make recommendations where appropriate.

OBJECTIVE 3 – REVIEW OF FUNDRAISING PROCESSES

11. Meet with the appropriate personnel to obtain an understanding of the control environment.
12. Document the existing control procedures in narratives and/or flowcharts.
13. Document the cash collection and reconciliation processes.
14. Compare existing processes to the policies and procedures manual for consistency.
15. Test procedures for compliance where applicable, noting all exceptions.
16. Investigate discrepancies and summarize results.
17. Make recommendations where appropriate.

OBJECTIVE 4 – REVIEW OF SECURITY

18. Perform a general overview of the physical environment and security of the department/ agency being audited.
19. Interview various personnel to determine that confidential information is secure and processed only by appropriate parties.
20. Obtain and review the document retention policy and determine if policies and procedures are currently in place and being followed.
21. Test security issues where appropriate.
22. Analyze current policies and make recommendations.

Interviews:

To gain an understanding of the Department of Communications, IAD interviewed the following positions throughout the organization:

- a. Director
- b. Deputy Director
- c. Executive Assistant 2
- d. Assistant Administrator
- e. Graphic Designer
- f. Public Information officer
- g. Community Relations Specialists
- h. Secretary 3
- i. YES Coordinator

The following issues were noted:

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1. Issue:

IAD noted during employee interviews, that there is no formalized training or cross-training of Communication Department employees, however, IAD recognizes that the department employees do informally cross-train one another, and based on interviews, the department has made efforts to begin a cross-training program as discussed in their staff meetings.

Recommendation:

IAD recommends that the Department of Communications continue their efforts of cross-training employees. Additionally, it is recommended that a formalized and documented process for employee training (training and cross-training) be developed and included in the policies and procedures.

Management Action Plan:

Policy and procedures will be developed that formalized the Department of Communications cross-training process. It will include a list of all job functions and the procedure for each job function. Completion date will be no later than 8-28-09.

With the exception of cell phones and purchasing, the department is cross-trained. The Assistant Administrator will cross-train one of the Community Relation Specialist on cell phones and the Executive Assistant will cross-train the Deputy Director on purchasing. Cross-training on cell phones will be completed no later than 6-1-09. Cross-training on purchasing will be completed no later than 6-1-09

2. Issue:

IAD noted that during the preliminary interviews all employees, with the exception of one, indicated that they were unaware of a conflicts of interest policy. Upon review of the Summit County Employees Policies and Procedures manual, which the employees stated are followed, IAD noted that there was a Conflict of Interest policy present. Upon review of the employees' personnel files, it was confirmed that the policy and procedure manual sign-offs were present for all employees (including YES).

Recommendation:

IAD recommends that all Communications Department employees review the Executive's Personnel Manual. This will help to ensure they are familiar with all Executive's Office policies, which includes the Conflicts of Interest policy.

Management Action Plan:

The Department of Communications met on March 25, 2009 to discuss the audit findings. The Director asked each staff member to re-review the Personnel Manual so they would be familiar with all Executive Office policies.

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I. Policies & Procedures Review:

IAD obtained and reviewed the following policies and procedures:

1. 8th Floor Executive Office Daily Responsibilities for the Receptionist
2. Personnel Policy and Procedure Manual Summit County Executive Office
3. YES New Employee Checklist
4. Summit County Youth Employment for Success (YES) Worksite Supervisor Manual
5. Summit County Youth Employment for Success (YES) Participant Manual
6. Follow-up Reporting Procedures
7. YES Individual Service Strategy

The following issues were noted:

3. Issue:

The Department of Communications does not have formal written policies and procedures that cover the majority of the administrative processes and day-to-day functions of the department including, but not limited to the following areas:

- Expenditures/Procurement
- Cash Handling
- New hire/terminations

The only department specific procedure provided to IAD during the course of the audit was an “8th Floor Executive Office Daily Responsibilities” sheet, for the Secretary 3, dated May 18, 1999.

Therefore, the department is unable to ensure that the administrative processes and work flows are being followed consistently and appropriately and are in accordance with policies.

Recommendation:

IAD recommends that the Department of Communications create and communicate formal written administrative/functional policies and procedures for all of the processes of the department. These policies and procedures should include effective/revisions dates as well as approvals. This will help to ensure that procedures are in place to achieve departmental goals and help to ensure that they are performed consistently.

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Management Action Plan:

As mentioned earlier, policy and procedures will be developed, containing effective/revision dates. Each staff member will create a formal written procedure on how to perform their job duties. The Executive Assistant will train the Deputy Director on expenditures/procurement; the staff will follow the cash handling recommendations that Internal Audit provided. The department currently follows the policies of Human Resources for new hire/terminations.

Target Dates: Training on expenditures/procurement will commence once MIS has given the Deputy Director access to Banner –a request was put into MIS 4-16-09. Training completion will occur no later than 6-1-09.

Cash Handling Recommendations will be followed once depository safe is received. Safe was order on 3/26/09 and expected delivery is 4-20-09. Currently receipts are being issued and cash is being locked in Executive Assistant's file cabinet.

Policies and procedures should be completed by 8-28-09.

4. Issue:

Youth Employment for Success (YES) does not have formal written policies and procedures that cover the majority of the administrative processes and day-to-day functions of the department including, but not limited to the following areas:

- Expenditure process
- DJFS monthly reporting
- Program Administration
- Participant Services (registering, intervention, etc.)

Therefore, the department is unable to ensure that the administrative processes/work flows are being followed consistently, appropriately, or in accordance with policies.

Additionally, IAD noted that the department has two manuals: a participant manual and a worksite supervisor manual, which lacked effective dates and approvals.

Recommendation:

IAD recommends that YES create and communicate formal written administrative/functional policies and procedures for all of the processes of the department. These policies and procedures should include effective/revisions dates as well as approvals. Additionally, IAD recommends that the two manuals be formally approved with effective dates noted. This will help to ensure that procedures are in place to achieve departmental goals and help to ensure that they are performed consistently.

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Management Action Plan:

YES staff has completed written procedures for participant services and participant payroll processing. YES is creating formal written administrative/functional policies and procedures for processes of the department noted in the preliminary report, as well as policies and procedures for security/fire alarms, budgeting and appropriation of funds, new employee procedures and worksite procedures. These policies and procedures will be completed no later than 8-28-09. All policies and procedures, including participant manual and worksite supervisor manual will be dated and approved as necessary.

II. Internal Control Testing:

Internal control testing and/or observations were performed in the following areas:

- Expenditures
- Parking ticket validation

EXPENDITURES

IAD conducted an interview with the Executive Assistant 2, utilizing an internal control questionnaire, to gain an understanding of the expenditure process for the Department of Communications. Additionally, IAD obtained and reviewed ORC § 5705.41(D)(2), to gain an understanding of the requirements for the appropriation of money. A listing was generated of expenditures for the Department of Communications from 1/1/2008 to 2/20/2009 utilizing Banner query FGITRND and judgmentally selected a sample of twenty-eight expenditures for detailed testing.

IAD obtained a Banner access report showing users who have access to the financial side of Banner from the Computer Systems Software Analyst 3 and verified that the employee has active status and that the access levels appear reasonable based on their position.

The Following issues were noted:

5. Issue:

Upon review of the expenditure process questionnaire, IAD noted that the Executive Assistant 2 is responsible for completing purchase requisitions and is the emergency back up for approving purchase requisitions.

Recommendation:

IAD recommends that the Department of Communications designate duties so that the individual responsible for completing the purchase requisition is not the same as the individual responsible for approving the requisition. This will help to ensure proper segregation of duties for the expenditure process.

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Management Action Plan:

Executive Assistant will train Deputy Director how to use Banner for approving requisitions in the absence of the Director. Executive Assistant will also complete paperwork authorizing Deputy Director to have access to Banner.

Target Dates: Paperwork authorizing Banner access for Deputy Director was completed on 4-16-09. Training will be completed no later than 6-1-09 (cannot not start training until access has been provided by MIS).

6. Issue:

Upon review of the Department of Communications expenditures selected for testing, IAD noted 2 out of 28 expenditures that did not have proper approval present.

Recommendation:

IAD recommends that the Department of Communications require documented approval for all purchases. This will help to ensure that purchases have been reviewed and have been properly authorized.

Management Action Plan:

The Director approves all requisitions for purchase orders, check requests, and all invoices. The Executive Assistant will not submit invoices for payment until Director signs off. Finance & Budget will not process an invoice for payment if it is not signed off on by the Director.

PARKING TICKET VALIDTION

IAD obtained and reviewed a sample of complete "Parking Ticket Validation" logs to test for reasonableness of requests for free parking. The Deputy Director of Community Services was contacted to gain an understanding of the review and maintenance process for the logs.

The following issue was noted:

7. Issue:

Upon review of the "Parking Ticket Validation" logs, IAD was unable to access the reasonableness of free parking requests, largely because individual names were hard to decipher. Additionally, IAD could not determine if the individual receiving the validation was listing their respective department/company or was listing the department that was being visited. Furthermore, when IAD inquired about several names that appeared frequently on the logs, no assurance was given that the request for free parking was for county business.

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Recommendation:

IAD recommends that the Department of Communications begins to monitor the validation of free parking more closely (e.g., inform the Department of Administrative Services of irregularities for investigation). This will help to ensure that free parking is only provided to appropriate individuals and for county business. IAD further recommends that the Department of Communications develop a new "Parking Ticket Validation" log that would include additional fields such as visitor's name (printed), visitor's home agency/department/company, and purpose of business. The additional fields will help aid the Department of Administrative Services in their secondary review of the logs for reasonableness.

Management Action Plan:

The new form recommended by Internal Auditing has been implemented.

III. Review of Fundraising Processes:

CASH DONATIONS AND FUNDRAISERS

On 2/25/09, IAD performed interviews, utilizing internal control questionnaires, with the Executive Assistant, Public Information Officer and Community Relations Specialist to gain a further understanding of the cash collection process for fundraisers. In addition, IAD obtained and reviewed Ohio Auditor of State Mary Taylor's Best Practices in Cash Handling to gain an understanding of the best practice.

The following issues were noted:

8. Issue:

Upon discussion with the Public Information Officer, donation monies are currently received via interoffice mail, which is unsecured, or personally delivered by a donating employee. Cash donations, as well as checks, sent via interoffice mail are not guaranteed to be received in full by the department, as they could be lost, stolen, or bank account information improperly acquired. Additionally, this does not allow for the issuance of a receipt to the donating party.

Recommendation:

IAD recommends that the Department of Communications no longer accept cash donations via interoffice mail as this is an unsecured transmission of cash. Cash donations should be personally delivered to the Department of Communications, who will issue a receipt, in duplicate; one copy for the donor and one for the Department of Communications. This will help to ensure the accuracy of monies received.

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Management Action Plan:

A depository safe has been ordered and a receipt book is being used. The Public Information Officer will explain (verbally) the new procedure to the PIO's at their next meeting on April 16. The Public Information Officer will also contact departments within the Executive's office via email to ensure cash donations are not sent interoffice. This will be done on 4-16-09. A written policy will be created by the Public Information Officer using the recommendations from Internal Auditing and be approved by the Director. Completion date will be no later than 8-28-09.

9. Issue:

There is no formal reconciliation process in place for cash donations. A complete reconciliation is not feasible until donor receipts are issued for all cash donations received, as this is an integral part of reconciliation.

Recommendation:

IAD recommends that the Department of Communications begin issuing receipts, in duplicate, for all monies received with a copy maintained by each party for their records. IAD then recommends that the department create and implement a formal process for reconciling donations against receipts issued and incorporate this into their policies and procedures. This will help to ensure that all donations received are accounted for.

Management Action Plan:

As mentioned earlier, a receipt book is being used to reconcile the cash donations. The cash handling recommendation created by Internal Audit is being used.

10. Issue:

IAD noted that cash donations collected by the Public Information Officer are maintained in an unsecured cash box. At times monies in excess of \$1,000 dollars is maintained for weeks at a time. During the day, the cash box is kept, with the key in the keyhole, in a desk drawer. At the end of the day the key is removed from the cash box and placed in a separate desk drawer and the office is secured. IAD notes that there are multiple Summit County employees that have access to that office.

Additionally, cash donations collected by the Community Relations Specialist are maintained in an unlocked office, both during the day and at night. Money on hand is typically a low dollar amount that is used for postage for military care packages.

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Recommendation:

IAD recommends that the Department of Communications purchase and begin utilizing a drop depository safe for all cash donations. Additionally, IAD recommends that access to the safe be limited to individuals who are independent of the cash handling process, possibly the Director and Deputy Director. This will help to ensure the safeguarding of cash donations, and will help to reduce employee liability.

Management Action Plan:

Again, a depository safe/receipt book has been ordered and the recommendation developed by Internal Audit will be used.

11. Issue:

Upon discussion with the Public Information Officer and the Community Relations Specialist, IAD noted the following:

- a. The Public Information Officer collects donations (via interoffice mail or hand delivered) for miscellaneous County fundraisers, counts the money with the Community Relations Specialist, and delivers the money to the charity.
- b. The Community Relations Specialist collects donations (through bake sales, raffles, etc.) for the Serving Our Soldiers (SOS) fundraiser, counts the money, and delivers the money to the charity.

Upon review of the Auditor of State Best Practices in Cash Handling, governments should segregate duties between collection, reconciliation, and deposit processes.

Recommendation:

IAD recommends that the Department of Communications segregate the following duties with regard to cash handling: collection, reconciliation, and delivery. This will help to ensure the safeguarding of donations and effectively reducing employee liability.

Management Action Plan:

Effective immediately, cash will be collected by a designated person, reconciled by another, and delivered by a third person. Receipts will be used and the money will be reconciled. A written policy and procedure will be completed no later than 8-28-09.

12. Issue:

Upon discussion with the Community Relations Specialist and Executive Assistant II, cash donations received from select fundraising activities are counted by one person. This leaves open the opportunity for misappropriation of funds and does not help to protect the Department of Communications from false accusations of missing donations.

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Recommendation:

IAD recommends that the Department of Communication implement a procedure that requires all cash donations be counted in the presence of two or more employees simultaneously. This will help to ensure that monies are accurately accounted for.

Management Action Plan:

Effective immediately, money will be counted by one employee with at least two additional employees present. A written policy and procedure will be completed no later than 8-28-09.

IV. Security:

Security issues noted during fieldwork are addressed under separate cover in the accompanying report in compliance with Ohio Revised Code §149.433.