

Summit County Juvenile Court
Segregated Accounts
Performance Audit General Report

Prepared for:

The Honorable Judge Linda Tucci Teodosio
Audit Committee

Approved by Audit Committee
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Summit County
Internal Audit Department
175 South Main Street
Akron, Ohio 44308

Lisa L. Skapura, Director
Meredith Merry, Deputy Director
Jon Keenan, Senior Auditor
Brittney Manfull, Internal Auditor
Brandon Schmidt, Internal Auditor
Jordan Duncan, Internal Auditor

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EXECUTIVE SUMMARY

Total Number of Issues – 0

Internal Controls

Strong Internal Controls:

Area	# Issues	Issue Description	Page Ref.
Guardian Ad Litem Acct	0	N/A	6
IRS Form 1099 Processing	0	N/A	6

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GENERAL BACKGROUND

The Summit County Juvenile Court (Court) administers one (1) segregated bank account. The account was established for the deposit of court fines, fees, restitution payments, etc. Disbursements include refunds, restitution, State and County payments, attorney fees, etc.

AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY

The primary focus of this review was to provide the Court with reasonable assurance, based on the testing performed, on the adequacy of the system of management control currently in effect for the audit areas.

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 Court.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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.

Objectives:

- To review the segregated account internal control structure through employee interviews and observations.
- To ensure IRS Form 1099's are processed according to IRS regulations.

Scope:

An overview and evaluation of the existing policies, processes, procedures, contracts and internal control structure utilized by the Court from January 1, 2014 through June 30, 2014.

The following were the major audit steps performed:

OBJECTIVE 1 – REVIEW OF SEGREGATED ACCOUNT INTERNAL CONTROLS

1. Meet with the appropriate personnel to obtain an understanding of the control environment.
2. Document the existing control procedures in narratives and/or flowcharts.
3. Test procedures for compliance where applicable, noting all exceptions.
4. Investigate discrepancies and summarize results.
5. Make recommendations where appropriate.

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OBJECTIVE 2 – IRS FORM 1099 PROCESSING

1. Meet with the appropriate personnel to obtain an understanding of the department's process.
2. Document the existing control procedures in narratives and/or flowcharts.
3. Ensure the 1099 process is performed in accordance with IRS regulations.
4. Investigate discrepancies and summarize results.
5. Make recommendations where appropriate.

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DETAILED COMMENTS

I. Segregated Account Internal Control Testing:

GUARDIAN AD LITEM ACCOUNT – PNC Checking Account (...2217)

The Court's policies and procedures and applicable legislation were reviewed, staff interviews were conducted, and a flowchart was created and approved to gain an understanding of the segregated accounts deposit and expenditure processes, the laws and regulations that govern it, and internal controls in place.

Samples of deposits and expenditures were judgmentally selected for detail testing to ensure adequate support was maintained, activity was in compliance with rules and regulations, and proper approval.

No issues noted.

II. IRS FORM 1099 Process:

GUARDIAN AD LITEM ACCOUNT – PNC Checking Account (...2217)

Staff interviews were conducted to gain an understanding of the IRS Form 1099 (1099) process. IAD noted that the Court maintains a Banner account that is used to issue payment to vendors that would require issuance of a 1099. The vendor disbursements from this account are captured during the annual 1099 distribution performed by the Summit County Fiscal Office.

No issues noted.