

Summit County Clerk of Courts
Segregated Accounts
Performance Audit General Report

Prepared for:

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Audit Committee

Approved by Audit Committee
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EXECUTIVE SUMMARY

Total Number of Issues – 0

Internal Controls

Strong Internal Controls:

Type	# Issues	Issue Description	Page Ref.
Title Division Account	0	N/A	5
Appeals and Passport Division Acct			
Civil Division Account			
Criminal Division Account			
Domestic Relations Account			
IRS Form 1099 Process			6

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GENERAL BACKGROUND

The Summit County Clerk of Courts administers five (5) segregated bank accounts. A description of the segregated accounts deposits and expenditures are represented in the table below:

Account Name (Account Number)	Regulating Authority	Deposits	Expenditures
Title Division Account (...0212)	ORC	Title, registration, and passport fees and automobile sales tax	State and County disbursements and refunds
Appeals and Passport Division Account (...8738)	ORC	Court and filing fees	County disbursement, attorney and legal news fees
Civil Division Account (...1785)	ORC	Court costs, seized funds via court order, copy fees and bond payments	Bail refunds, answers of garnishment and County disbursements
Criminal Division Account (...9055)	ORC	Court costs and bond payments	Restitution, bond refunds and County disbursements
Domestic Relations Account (...4727)	ORC	Court costs and child support payments	Attorney fees, State and County disbursements

AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY

The primary focus of this review was to provide the Clerk of Courts 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 Clerk of Courts.

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.

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Scope:

An overview and evaluation of the existing policies, processes, procedures, contracts and internal control structure utilized by the Clerk of Courts from January 1, 2015 through December 31, 2015¹.

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.

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.

DETAILED COMMENTS

I. Segregated Account Internal Control Testing:

Policies and procedures and applicable legislation were reviewed, staff interviews were conducted, and flowcharts were created and approved to gain an understanding of laws and regulations, deposit and expenditure processes, and internal controls in place for the following segregated accounts:

- Title Division Account
- Appeals and Passport Division Account
- Civil Division Account
- Criminal Division Account
- Domestic Relations Account

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 was obtained/documentated.

No issues were noted.

¹ The Title Division account was audited for the period of 3/1/15 through 12/31/15 because a recent audit covered the activity from 1/1/15 through 2/28/15.

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II. IRS Form 1099 Process:

Staff interviews were conducted to gain an understanding of the IRS Form 1099 (1099) process for the above-noted accounts. The 1099 process was reviewed to ensure procedures are performed in accordance with IRS regulations. All 1099s issued for calendar year 2015 were reviewed to ensure they were sent by the applicable IRS deadline.

No issues were noted.