

Summit County Probate Court
Segregated Accounts
Performance Audit General Report

Prepared for:

The Honorable Judge Elinore Stormer
Audit Committee

Approved by Audit Committee
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Summit County Probate Court
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Performance Audit – General Report

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EXECUTIVE SUMMARY

Total Number of Issues – 1

Internal Controls

Strong Internal Controls:

Type	# Issues	Issue Description	Page Ref.
IRS Form 1099 Process	0	N/A	5

Weak Internal Controls:

Area	# Issues	Issue Description	Page Ref.
Probate Court General Acct.	1	Supervisory review not obtained/documentated on the bank reconciliation.	5

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GENERAL BACKGROUND

The Summit County Probate Court administers one (1) segregated bank account. A description of the segregated account deposits and expenditures are represented in the table below:

Account Name (Account Number)	Regulating Authority	Deposits	Expenditures
Probate Court General Account (...6095)	ORC	Marriage licenses, adoptions, mediations, civil filings, estates, guardianships, trusts, conservatorships, and name changes	State, County, and Probate Court Fees and reimbursement of probate fees to clients.

AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY

The primary focus of this review was to provide the Probate 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 Probate 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 Probate Court from January 1, 2016 through December 31, 2016.

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.

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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 Probate Court General Checking Account.

Samples of deposits and expenditures were judgmentally selected for detail testing to ensure adequate support was maintained. A PEDACKN (Independent Contractor Acknowledgement) form was completed if the vendor was an independent contractor, activity was in compliance with rules and regulations and proper approval was obtained/documented. In addition, bank reconciliations were selected for detail testing to ensure a bank reconciliation was performed each month and a supervisor review was performed and documented.

The following issue was noted:

1. Issue:

Upon detail testing of bank reconciliations, IAD noted twelve (12) of twelve (12) instances where a supervisor review was not performed/documented on the bank reconciliation.

Recommendation:

IAD recommends monthly bank reconciliations be reviewed and a supervisor signature be documented on the bank reconciliation. This will help to ensure the bank reconciliations are properly monitored.

Management Action Plan:

Head bookkeeper and Chief Deputy have been instructed to add the initials after reconciliation has been completed.

Procedures have been updated.

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.

No issues were noted.