



SUMMIT COUNTY, OHIO  
INTERNAL AUDIT DEPARTMENT

March 9, 2009

Mr. Russel M Pry, County Executive  
175 South Main Street  
Akron, OH 44308

Dear Mr. Pry:

Attached are the draft results of the first Follow-up Audit regarding the issues that were identified in the Summit County Department of Job and Family Services (DJFS) Preliminary Audit report approved March 25, 2008.

**First Follow-up Audit Summary**

The primary focus of this follow up was to provide the DJFS with reasonable assurance, based on the testing performed, on the adequacy of the system of management control in effect for the audit areas tested. 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.

Our Follow Up 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 the stated management action plans.

The follow-up process should monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. Follow-up by internal auditors is defined as a process by which they determine the adequacy, effectiveness, and timeliness of actions taken by management on reported engagement observations.

Factors that should be considered in determining appropriate follow-up procedures are:

- The significance of the reported observation.
- The degree of effort and cost needed to correct the reported condition.
- The impact that may result should the corrective action fail.
- The complexity of the corrective action.
- The time period involved.

We appreciate the cooperation and assistance received during the course of this first Follow-up Audit. If you have any questions about the audit or this report, please feel free to contact me at extension (330) 643-2655.

Sincerely,

Bernard F. Zaucha  
Director, Internal Audit

cc: Ms. Sarah Kisner, Director  
Department of Job and Family Services

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**Executive Office:  
Department of Job and Family Services (DJFS)  
First Follow up Audit**

**Auditor:**

Lisa Skapura, Assistant Director; Anthony Boston, Internal Auditor; Meredith Merry, Internal Auditor; and Ben Franjesevic, Internal Auditor

**Objective:**

To determine if management has implemented their management action plans as stated in the previously issued Preliminary and Follow up Audit reports.

**Scope:**

An overview and evaluation of policies, processes, and procedures implemented by the department/agency because of management actions stated in the management action plans during the Preliminary and Follow up Audit process.

**Testing Procedures:**

The following were the major audit steps performed:

1. Review the final Preliminary and Follow up Audit reports to gain an understanding of IAD issues, recommendations, and subsequent management action plans completed by the audited department/agency.
2. Review the work papers from the Preliminary and Follow up Audits.
3. Review any departmental/agency response documentation provided to IAD with management action plan responses following the Preliminary Audit and Follow up Audits.
4. Identify management actions through discussions/interviews with appropriate departmental personnel to gain an understanding of the updates/actions taken.
5. Review applicable support to evaluate management actions.
6. Determine implementation status of management action plans.
7. Complete the first Follow-up Audit report noting the status of previously noted management actions.

**Summary**

Of the thirteen issues and the corresponding management action plans noted in the Preliminary Audit Report, DJFS fully implemented six, partially implemented six, and did not implement one.

IAD notes that significant improvement has occurred with the operational areas of the majority of the departments within DJFS. In addition, considerable progress has been made in reducing and updating a substantial number of policies and procedures for this agency.

Based on the above noted information, IAD believes that DJFS has made a positive effort towards implementing the management action plans as stated in response to the issues identified in the preliminary audit, and will not require further follow-up to the Preliminary Audit, approved 3/25/08.

**Executive Office: Department of Job and Family Services (DJFS)  
First Follow up Audit  
Comments**

Listed below is a summary of the issues noted in the Follow up Audit Report, their status and updated Management Action Plan. Each issue number is in reference to the Preliminary Audit report:

**Management Action Plans Fully Implemented:**

- **Issue 4** - Upon review of the “Accounts Payable”, “Child Care Roster,” and “Contracts Invoice review” policies, and procedures, IAD noted the following:
  - a. There was no effective or approval dates from management located on the Accounts Payable policies and procedures. Therefore, IAD is unable to determine when the procedures were created and became effective.
  - b. During the walkthrough of the Accounts Payable process for various programs with the seven Account Specialists, three indicated the Accounts Payable procedures were somewhat current but there have been minor changes, one wasn't sure because she was new, two had never seen them before and/or didn't have a copy of them, and one had a copy of the procedures. Per the Chief Fiscal Officer, all Accounts Specialists were issued a copy, however, when the procedures are updated, all Account Specialists will sign for a copy.
  - c. References to employees' names, as opposed to titles, were located in the “Accounts Payable-Contracts Payment Procedures”. This makes it difficult to determine who is responsible for the function when employees change jobs or terminate.
  - d. There were unapproved miscellaneous procedures for the processing of administrative invoices that were not included in the Accounts Payable policies and procedures. Per the Accounts Specialist, the prior Accounts Specialist created these procedures, which include who is authorized to approve administrative invoices for payment as well as other procedures followed by the Accounts Specialist. These should be included in the Accounts Payable policies and procedures or included in a separate manual for administrative billing.
  - e. During IAD's walkthrough of the Accounts Payable process, the Accounts Specialists send their voucher recap sheets and voucher packets to the Internal Auditor for his review. Additionally, during the expenditure interview, the Chief Fiscal Officer indicated the Internal Auditor reconciles the Accounts Payable balances between the Program Expenditure Tracking (PET) system and Banner. IAD did not locate these procedures in the Accounts Payable policies and procedures. Per discussion with the Chief Fiscal Officer, these procedures will be changed effective 11/7/07. The Accounts Manager will review the voucher recap sheets and the Internal Auditor will pull a sample of invoices for verification and reconcile the balances in Banner to PET.

*Through observation, IAD confirmed that polices and procedures are in place.*

- **Issue 5** - There were two employees in the Executive Office Human Resource Department with update access to seven DJFS Orgs in Banner that did not appear reasonable. Per discussion with the Chief Fiscal Officer on 8/24/07 and 9/6/07, these employees should not have update access to the DJFS orgs.

*Through observation, IAD confirmed that access to DJFS Orgs in Banner is reasonable.*

- **Issue 6** - Upon review of the Accounts Receivable (Cashier's Office) policies and procedures, and discussion with the Accounts Manager on 9/11/07 and 9/20/07, IAD noted that the following procedures need updated:
  - a. EBT/Ohio Direction Card Procedures.
  - b. Entry of Information from State/Federal Intercept Report procedures.

Additionally, policies and procedures need to be created for the following:

- a. Cash Overage/Underage. Per the Accounts Manager, if there was a cash overage/underage it would be reported to Chief Fiscal Officer and the \$69 start-up money would be adjusted to compensate for the overage/underage. Additionally, the Accounts Manager stated that if there was a large overage/underage (i.e., \$100) each Accounting Specialist would be investigated and the employee responsible would be held liable.
- b. The reconciliation process performed by the SCDJFS Internal Auditor on a daily basis.
- c. The receipting, reimbursement, and reconciliation of agency-wide fundraiser funds.
- d. Allocation of restitution payments.

*Through observation and testing, IAD confirmed that policies and procedures were updated and disseminated to employees.*

- **Issue 8** – Upon observation of client restitution payments inputted into the Abacus system, IAD noted that the correct allocations of client restitution payments were not being followed. Per the Accounting Specialist, she performs a “rough estimate in her head” of the amount to apply based on the outstanding balances of each restitution amount owed. Per the payment formula, a weighted formula is to be utilized in determining the applicable percentages, unless other guidelines supersede (i.e., court orders for Intentional Program Violations).

*Through observation, IAD confirmed that the policy and procedures were updated and disseminated to employees.*

- **Issue 13** – Upon review of a sample of fifty judgmentally selected inventory items indicated as present in the SCDJFS inventory database, the following was noted:
  - a. IAD was unable to locate twenty-five items with the corresponding “ANUM” (SCDJFS tag number). In the majority of these instances, IAD was unable to locate and/or identify items because there was no further identifying information documented in the database (e.g., serial numbers, specific descriptions, purchase prices, purchase dates, etc.).
  - b. IAD was unable to locate six items with the corresponding SCDJFS tag number; however, the items’ tag numbers were documented on a "County of Summit Declaration of Surplus Inventory" form or an Executive Order declaring the item surplus.
  - c. IAD was unable to locate one SCDJFS item (Dell Laptop Latitude 400) with the corresponding SCDJFS tag number. Upon follow up with the MIS Manager, he indicated that the SCDJFS tag number could not be correct and that the laptop was declared surplus. IAD noted there were only four laptops in the SCDJFS inventory database all with purchase order (PO) # 7195 and no other identifying information. PO # 7195 was not detailed enough to indentify if laptops were purchased and what laptops they were. Additionally, there were nine Dell laptops that were declared surplus in 2007 per Executive Order #07-290, none of which were located in the SCDJFS inventory database and could not be agreed to the Dell Laptop Latitude 400 because of a lack of additional information. The MIS Manager also provided IAD with a listing of all laptops currently



in the SCDJFS inventory, none of which was located in the SCDJFS inventory database. Per the Purchasing Manager, she tracks all SCDJFS inventory with the exception of state-owned personal computers, which laptops are not. Because there was no other identifying information contained in the SCDJFS inventory database for the Dell Laptop Latitude 400 and the SCDJFS inventory database has not been updated since the end of 2005/beginning of 2006, IAD deemed this an exception.

IAD provided the Purchasing Manager with the exceptions on 10/1/07, to allow any exceptions to be cleared. As of 11/7/07, IAD did not receive any updates or corrections from the Purchasing Manager.

*Through observation and testing, IAD confirmed that assets located in the database are accurately located within DJFS buildings and policies and procedures are in place.*

- **Issue 15** – Upon review of fifty judgmentally selected inventory items indicated as disposed in the SCDJFS inventory database, the following was noted:
  - a. There were twenty-five instances where IAD was unable to locate an Executive Order declaring the item surplus from Executive Orders created in 1994 and 1996 through 2007.
  - b. There were two instances where the SCDJFS tag number was not located on the Executive Order specified in the Authorization column of the SCDJFS inventory database. Nor were they located on any other Executive Order.
  - c. Two items selected were still present at the SCDJFS. IAD had randomly selected the items to trace back to the SCDJFS inventory database in an earlier test.

IAD provided the Purchasing Manager with these exceptions on 10/4/07, to allow any exceptions to be cleared. As of 11/7/07, IAD did not receive any updates or corrections from the Purchasing Manager.

*Through observation and testing, IAD confirmed that surplus assets are included on Executive Order(s) for proper disposal.*

#### **Management Action Plans Partially Implemented:**

- **Issue 1** – Upon review of the SCDJFS policies and procedures that were provided in response to the documents request at the beginning of the audit, IAD noted the following:
  - a. The miscellaneous policies and procedures were provided inconsistently and without explanation as to what department they applied. Additionally, these procedures were not appropriately formatted or structured and did not contain approvals by management or indicate effective dates. There were numerous documents that IAD was unable to determine if they were procedures. Therefore, IAD is unable to determine if there were a complete set of procedures for all the functional areas.
  - b. The majority of the SCDJFS Policies and Procedures were outdated and appeared to have been revised six to eight years ago.
  - c. Procedures for the document imaging process, bus pass issuance, and photo I.D. issuance were in draft form and had dates of 5/22/07 and 5/24/07.
  - d. There were procedures contained in the SCDJFS Security Information manual, Policy and Procedures followed under the job title of Hospital Referral (JFS 02453) Coordinator, and Policy and Procedures followed under the job title of Hospital Referral

(JFS 02453) Coordinator that were repeated in the SCDJFS Policies and Procedures manual.

**Review Comment from 1<sup>st</sup> follow-up:**

*On 1/12/09, IAD attended a working meeting with all Department of Job and Family Services (DJFS) Directors and obtained and reviewed the DJFS general policies and procedures from the Assistant Director of DJFS. Upon review of the general policies and procedures, IAD noted the following:*

- a. *The policies and procedures were in draft form and lacked management approval as well as effective dates; however, many policies were updated and contained 2008 and 2009 revision dates. Additionally, IAD was provided with a policy assignment sheet which indicated the functional areas that policies and procedures applied to. Per the management action plan status sheet, policies and procedures are being developed and have expected completion dates of 6/30/09, 9/30/09, and 12/31/09 depending on the priority of the policy/procedure.*
  - b. *DJFS senior staff has met, reviewed the policies and procedures, and determined which need to be updated, merged, or are obsolete. The Assistant Director informed IAD that the number of policies and procedures have been reduced from approximately 60 to approximately 30 as a result of their review. Additionally, a committee has been assigned to update and complete each policy and procedure.*
  - c. *The policies and procedures for bus pass issuance were in draft form and lacked management approval. Additionally, policies and procedures regarding bus pass and photo ID receipts were located in the A/R procedure manual. IAD was unable to locate procedures regarding the document imaging process. Per the management action plan status sheet, these policies and procedures have a revised completion date of 12/31/09.*
  - d. *Per additional discussion with the DJFS Assistant Director, no change has been made; however, a revised completion date of 6/30/2009 has been set.*
- Therefore, IAD deems this management action plan partially implemented.*

- **Issue 7** – Twenty of the twenty-one voided receipts selected for detailed testing did not contain a supervisor’s signature of approval. Per the Accounts Receivable (Cashier’s Office) policies and procedures, “all voided receipts will be approved by a supervisor”.

**Review Comment from 1<sup>st</sup> follow-up:**

*During a working meeting with DJFS directors, IAD obtained a copy of the Accounts Receivable Procedure Manual from the Assistant Director for DJFS. Upon review of the manual, IAD noted a Procedure of Receipt Void, which outlines the process for voiding receipts. Additionally, IAD selected a sample of 10 voided receipts from 2008 and noted 1 error (10% error rate). IAD expanded the sample, selecting an additional 10 voided receipts, and noted an additional error, resulting in a total of 2 errors out of the 20 receipts tested (10%). IAD recognizes that the error rate has significantly improved since the preliminary audit (with an error rate of 95%); however since a 10% error was detected during the follow-up testing, IAD deems this management action plan partially implemented.*

- **Issue 9** – It was noted upon review of the Summit County DJFS Policies and Procedures, Subject Personnel Files, Section: Administrative Services and Research & Policy Development, effective 2/12/01, and after speaking with the HR Deputy Director, that the Personnel Files Policies and Procedures are not up-to-date. The HR Deputy Director provided IAD with an updated list of the standard content to be included in each employee’s personnel file on 9/6/07.

**Review Comment from 1<sup>st</sup> follow-up:**

*On 1/12/09, IAD attended a working meeting with all Department of Job and Family Services (DJFS) Directors and obtained and reviewed a copy of the DJFS Personnel Records Process from the Assistant Director of DJFS. IAD noted that the processes had been updated; however, the processes were in draft form and lacked management approval as well as an effective date. Per the management action plan status sheet, the final version has a revised completion date of 6/30/09. Therefore, IAD deems this issue partially implemented.*

- **Issue 10** – It was noted during interviews with the HR Deputy Director, that the Summit County DJFS Policies and Procedures, Subject: Performance Appraisal, Section: Administrative Services and Research & Policy Development, effective 2/12/01, is not current due to the fact that it does not reflect the changes that occurred as a result of the implementation of electronic evaluations for bargaining employees. After a follow-up discussion with the HR Deputy Director, IAD obtained the Employee Evaluation Procedures to be used for bargaining employees, effective June of 2004.

**Review Comment from 1<sup>st</sup> follow-up:**

*On 1/12/09, IAD attended a working meeting with all Department of Job and Family Services (DJFS) Directors and obtained and reviewed a copy of the DJFS Performance Appraisal Policies and Procedures from the Assistant Director of DJFS. IAD noted that the policies and procedures were revised in 2008 and referenced the electronic evaluation process for bargaining employees; however, the policies and procedures were in draft form and lacked management approval as well as an effective date. Per the management action plan status sheet, the policies/procedures have an expected completion date of 6/30/09. Therefore, IAD deems this issue partially implemented.*

- **Issue 12** - The SCDJFS inventory database has not been updated since the end of 2005/beginning of 2006. The information in the database was incomplete and insufficient (e.g., not all columns were completed where applicable, several columns were not utilized, and definitions of column headers were unclear, etc.). Furthermore, there is no central database for tracking all SCDJFS inventory. The MIS department keeps a detailed inventory of SCDJFS MIS-related equipment (e.g., laptops) which was not included in the SCDJFS inventory database obtained from the Purchasing Manager. IAD also noted similar issues regarding the agency's inventory list and performance of an annual inventory in the ODJFS Office of Research, Assessment and Accountability Bureau of Audit, County Audit Report, dated August 2006. Specific comments in the report stated that the agency's inventory list did not include useful life, applicable program code(s), vendor names and that the database is only updated at the end of each year. Additionally, of the eight items selected for verification using the inventory list, three were unable to be located on the inventory list and one did not have a tag to reference back to the inventory list. Two items purchased in 2005 and selected for audit were not found on the inventory list. As a result, a noncompliance finding under O.R.C. § 305.18 was noted, including a comment that this was a follow up to the recommendations from the prior audit in 2003. According to O.R.C. § 305.18 "Annual Inventory": Each county officer or department head shall make an inventory, on the second Monday in January of each year, of all the materials, machinery, tools, and other county supplies under the jurisdiction of such county officer or department head. Per discussion with the Purchasing Manager on 9/11/07, an inventory was performed at the end of 2006; however, she has not updated the database since 2005 because the SCDJFS purchased and installed a new inventory database and barcode scanner called Intellitrack in August of 2007. Per the Purchasing Manager, Intellitrack should be up and running by the end of this year and the MIS department will have access as well. Additionally, the "Annual Physical Inventory" procedures that are currently followed will probably change once the new inventory tracking system is in place, per

the Purchasing Manager. Because the current Access Database has not been updated, this increases the risk that inventory and equipment could be lost, stolen, or utilized improperly.

**Review Comment from 1<sup>st</sup> follow-up:**

*On 1/13/09, IAD met with the Data Control Technician, to review the updated DJFS Inventory database. Per the Assistant Director for DJFS and the Data Control Technician, 100% of inventory has been updated with the exception to MIS inventory, which is approximately 75% completed. Based upon the progress that has been made, IAD provided DJFS until 2/23/09 to complete the inventory/database update*

*On 2/26/09, IAD met with the Assistant Director for DJFS and was provided with an Inventory Control Policy. Upon review of the policy, IAD noted the following:*

- a. It was signed and approved by the DJFS Director on 2/25/09.*
- b. It states that, "No furniture or equipment is to be moved without the approval of Building Operations and/or M.I.S. management, as appropriate."*
- c. It states that, "Building Operations management and M.I.S. management shall update the computerized inventory system whenever new furniture and equipment arrives at the agency or whenever existing furniture and equipment is moved to a new location."*

*IAD notes that the updated policy has not been disseminated to all employees due to the fact that the union has not reviewed and approved it. Since the policy contains an approval by the DJFS Director, IAD deems this reasonable.*

*Additionally, on 2/27/09, IAD obtained a complete asset report and an MIS Asset Report from the Data Control Technician and noted that several fields were not populated (e.g., locations and descriptions). Upon discussion with the Data Control Technician on 3/2/09, the database is not 100% updated. The Data Control Technician is working on updating the fields that did not convert during the transfer of data from the old database to the new one; however unpopulated fields are able to be verified in the previous database.*

- **Issue 14** – Upon physical observation of fifty judgmentally selected inventory items located throughout the SCDJFS facility, the following was noted:
  - a. The item's tag number was not located in the SCDJFS inventory database for twenty of the fifty items selected.
  - b. There were sixteen instances where the item's tag number was located in the SCDJFS inventory database, but listed as "False", indicating the item was already disposed.
  - c. There was one instance where the item's tag number was traced to the SCDJFS inventory database, but the description (DESC) column did not correspond with the item observed.
  - d. There were two instances where the item's tag number was located in two different entries in the SCDJFS inventory database. One entry indicated the item was present and the other entry indicated the item was traded in.

IAD provided the Purchasing Manager with these exceptions on 10/1/07, to allow any exceptions to be cleared. As of 11/7/07, IAD did not receive any updates or corrections from the Purchasing Manager.



**Review Comment from 1<sup>st</sup> follow-up:**

*On 1/13/09, IAD met with the Data Control Technician, to review the updated DJFS Inventory database. Per the DJFS Assistant Director and the Data Control Technician, 100% of inventory has been completed with the exception to MIS inventory, which is approximately 75% completed. Based upon the progress that has been made, IAD provided DJFS until 2/6/09 to complete the inventory/database update.*

*During the testing for Issue #13, IAD randomly selected a sample of ten items within DJFS Buildings 1, 2, and 4 (Truth Building). IAD traced and agreed the assets, by tag number, to the database and additionally confirmed the description and location. IAD noted no errors.*

*On 2/26/09, IAD met with the DJFS Assistant Director and was provided with an Inventory Control Policy. Upon review of the policy, IAD noted the following:*

- a. It was signed and approved by the DJFS Director on 2/25/09.*
- b. It states that, "No furniture or equipment is to be moved without the approval of Building Operations and/or M.I.S. management, as appropriate."*
- c. It states that, "Building Operations management and M.I.S. management shall update the computerized inventory system whenever new furniture and equipment arrives at the agency or whenever existing furniture and equipment is moved to a new location."*

*IAD notes that the updated policy has not been disseminated to all employees due to the fact that the union has not reviewed and approved it. Since the policy contains an approval by the DJFS Director, IAD deems this reasonable.*

*Additionally, on 2/27/09, IAD obtained a complete asset report and an MIS Asset Report from the Data Control Technician and noted that several fields were not populated (e.g., locations and descriptions). Upon discussion with the Data Control Technician on 3/2/09, the database is not 100% updated. The Data Control Technician is working on updating the fields that did not convert during the transfer of data from the old database to the new one; however any unpopulated fields are able to be verified in the previous database.*

*Furthermore, IAD selected an additional eleven assets (ten MIS and one non-MIS asset) to trace and agree to the Asset Report. In total, IAD noted four errors out of the twenty-one assets tested equaling a 19% error rate.*

*IAD recognizes that the DJFS has made significant progress toward improving the asset inventory and database; however, based on a review of the updated policy and procedure and testing, IAD deems this management action plan partially implemented.*

**Management Action Plans Not Implemented:**

- **Issue 11** – Upon review of the personnel files selected for detailed testing of the HR file requirements, the following issues were noted:
  - a. Two out of the twenty-five personnel files selected did not contain an acknowledgement receipt for the AFSCME Union Agreement, effective 1/1/06 through 12/31/08. Per the HR Deputy Director, all employees, regardless of whether they are bargaining or non-bargaining, receive and sign an acknowledgement receipt for the AFSCME Union Agreement, with the exception of part-time and temporary employees.
  - b. Twenty-one out of the twenty-five personnel files selected did not contain a current performance evaluation form.

**Review Comment from 1<sup>st</sup> follow-up:**

*On 1/14/09, IAD met with the Assistant Director of Administration, and reviewed employee personnel files for the presence of current employee evaluations. IAD passed on testing AFSCME Union Agreement sign-offs due to the minimal number of errors identified in the preliminary audit. IAD selected ten employees' personnel files for testing and noted that eight of the ten did not contain current evaluations (80% error rate). IAD expanded the sample and chose an additional ten personnel files for testing and noted that seven out of ten did not contain did not contain current evaluations, resulting in a total of fifteen out of twenty personnel files that did not contain a current evaluation (75% error rate). Additionally, IAD noted that a policy existed regarding delinquent evaluations; however, it was in draft form and did not contain an effective date or management approval. Therefore, IAD deems this issue not implemented.*

**Security First Follow-Up:**

Security follow-up issues noted during fieldwork are addressed under separate cover in the accompanying report in compliance with Ohio Revised Code §149.433<sup>248</sup>.