County of Summit
Engineer's Office
Performance Audit General Report

Prepared for:

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Audit Committee

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Summit County
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EXECUTIVE SUMMARY

Total Number of Issues – 28

I. Policies and Procedures

Section	# Issues	Issue Descriptions	Page Ref.
Policies and Procedures Manual	2	• Miscellaneous (No formal approval by management, outdated information, employee names noted, etc.) • Insufficient or no written P&P for several areas/processes	8
Records Retention	1	• Schedule did not include all relevant documents	10

II. Internal Controls

Strong Internal Controls:

Testing Section	# Issues	Issue Descriptions	Page Ref.
Fringe Benefits	0	N/A	17
ORC Compliance	0	N/A	19
Inspections	0	N/A	23
Public Requests	0	N/A	23

Weaknesses in Internal Controls:

Testing Section	# Issues	Issue Descriptions	Page Ref.
Revenue	5	• Timely deposit of cash receipts • Incorrect allocation of fees • Data entry errors on allocation worksheets • Improper segregation of duties • Accounts receivable notices not sent timely	11
Purchasing	1	• Improper segregation of duties	13
Expenditures	2	• Improper segregation of duties • PO process timing	13
Payroll	2	• Improper approval and sign-offs • Lack of appropriate supervisory sign-off	15
Contracts	4	• Improper public notification of bid advertisements • Insufficient documentation for prevailing wage • Lack of use of point system procedures • Incomplete records in the contract log	16
Personnel Files	2	• No Professional license in accordance with job description • No checklist of personnel file documents	18
Grants	2	• Lacking grant compliance with invoicing and timing • ODOT Grant funding requirements not followed	19

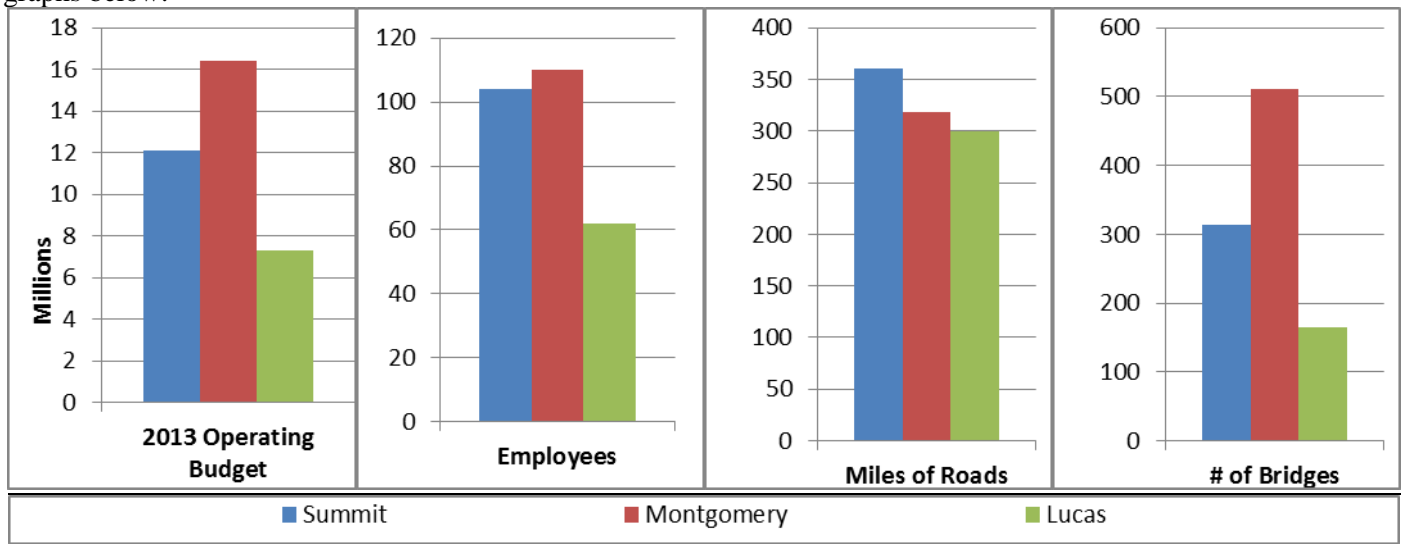|			
Asset Inventory	7	• No ongoing update of asset information • Non-assets included in Inventory system • Inaccurate listing of assets • Missing disposal dates on disposed assets • Receipts obtained after disposal of assets • Disposed assets not recorded in system • Incomplete and inaccurate listing of inventory	20

GENERAL BACKGROUND

The Summit County Engineer's Office is tasked with the design, construction, inspection, and maintenance of nearly 180 road miles (360 lane miles) of county roads and over 300 bridges throughout Summit County. Additionally responsibilities include:

- Installation, inspection, and maintenance of traffic safety equipment, signs, traffic control devices, and pavement markings on county highways and bridges.
- Snow and ice removal on county highways and in other communities by agreement.
- Engineering design and other services to Summit County's townships.
- Stream monitoring in cooperation with the U.S.G.S. Stormwater management throughout the county watershed.
- Provision of permits for construction, special hauling, and drive culverts within the county highway right-of-way.
- Intermodal and regional transportation planning.
- Coordination of local efforts to procure state and federal funding for infrastructure improvements.
- Surveys for county property and improvements and for townships by agreement.
- Information and support services for a county wide Geographic Information System (GIS).

The Engineer's Office supports its road and highway related operations exclusively through the Motor Vehicle Gas Tax (MVGT) fund. The MVGT is funded through the Ohio vehicle registration, gasoline and permissive taxes. The 2013 budgeted revenue for the MVGT was $15,600,000.

The Engineer's Office consists of 103 employees (3% of Summit County employment) comprising of the Engineers, Surveyors, Maintenance Workers and Administrative Support. The Engineer's Office 2012 and 2013 budget (operating and capital) totalled $17,489,800 and $16,572,700, respectively (3.7% of the 2012 and 2013 County operating budgets).[1]

IAD compared the Engineer Office's 2013 operating budget, staffing levels and number of maintained roads and bridges from comparably populated counties – Montgomery and Lucas. The comparisons are represented in the graphs below:

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[1] https://co.summitoh.net/images/stories/Finance/pdf/OperatingBudget/2013OperatingBudget.pdf
 https://co.summitoh.net/images/stories/Finance/pdf/CountyofSummit2012OperatingBudget.pdf

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

The primary focus of this review was to provide the Engineer's Office 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 Engineer's Office.

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 obtain and review the current policies and procedures.

- To review the internal control structure through employee interviews and observations.

- 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 the Engineer from October 1, 2012 through September 30, 2013.

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. Obtain and review the document retention policy and determine if policies and procedures are currently in place and being followed.
4. Test procedures for mandatory compliance where applicable.
5. Identify audit issues and make recommendations where appropriate.

OBJECTIVE 2 – REVIEW OF 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. Compare existing processes to the policies and procedures manual for consistency.
4. Test procedures for compliance where applicable, noting all exceptions.
5. Investigate discrepancies and summarize results.
6. Make recommendations where appropriate.

OBJECTIVE 3 – REVIEW OF SECURITY (covered in a separate report in compliance with ORC §149.433).

1. Perform a general overview of the physical environment and security of the department/agency being audited.
2. Interview various personnel to determine that confidential information is secure and processed only by appropriate parties.
3. Test security issues where appropriate.
4. Analyze current policies and make recommendations.

DETAILED COMMENTS

<u>Interviews:</u>

To gain an understanding of the Engineer's Office, IAD performed interviews with the following positions:

- Engineer
- Chief Deputy Engineer
- Director of Public Services
- Director of Administration
- Deputy Directory of Engineering Services
- Deputy Director of Public Services
- Deputy Director of Administration
- Government Affairs Liaison
- Construction Design Engineer 2
- Planning Design Engineer 2
- Storekeeper

Any issues noted are addressed in the respective sections of this report.

I. Policies and Procedures Review:

The Engineer's Office policies and procedures were reviewed for each of the applicable testing sections within the audit for accuracy and completeness and compared to current processes for consistency. The Engineer's Records Retention Schedule was also reviewed for completeness and compared to processes throughout the audit to ensure that the schedule contained all relevant documents.

The following issues were noted:

1. <u>Issue</u>:

   Upon review of the Engineer's policies and procedures for completeness and accuracy, IAD noted the following:

   - Engineering Department Manual
     - Manual has not been updated within the last two years,
     - Employee names are noted, instead of job titles,
     - Manual has not been formally approved by management.
   - Administration Department Manual
     - Portions of the manual have not been updated in the last two years (partially updated sections include vehicle usage, budget and finance, and personnel sections),
     - Employee names are noted, instead of job titles,
     - Manual has not been formally approved by management.
   - Maintenance Department Manual
     - Manual does not list effective dates for policies,
     - Manual has not been updated within the last two years,
     - Employee names are noted, instead of job titles,
     - Manual has not been formally approved by management.
   - Government Affairs Department Manual
     - Manual has not been updated within the last two years,

  o Employee names are noted, instead of job titles,
  o Manual has not been formally approved by management.

Recommendation:

IAD recommends that all policies and procedures be updated or reviewed, management approval of policies and procedures be documented, and updates be made to reference titles in place of employee names. This will help to ensure that approved policies and procedures are accurate and consistently followed by employees.

Management Action Plan:

Management intends to perform the corrective action recommended by IAD. The Policy and Procedure manual will be updated and converted to Wiki format to provide for future review and editing. **Target date for completion: 9/30/2014**

2. Issue:

Upon review of the Engineer's policies and procedures, no written or insufficient policies and procedures were noted for the following areas:

- Construction Contract Bidding
- Contract Administration
- Flex time for payroll
- Related Employees
- Cash Receipts-Shortage/Overage
- Grants Administration
- Scrap Metal Process
- Service Contracts Procedures (billing, Executive's Office portion, etc.)
- Outstanding Invoices/Aging of Accounts Receivable
- Prevailing Wage Contract Compliance Reviews
- Annual performance evaluation for Unclassified (CD) Employees
- Part Asset Inventory
- Disposal of Assets
- Public Service Requests (RFS system)
- Bridge Inspections
- Out of Class Payment Process (Supervisor's Daily Report)
- Payroll approval process
- Change order approval process
- Public Service Director Requisition Approval Process
- Fee determination process for plan charges

Recommendation:

IAD recommends that the Engineer's Office create/update, approve, and disseminate written policies and procedures for all functional areas within the agency. This will help to ensure that proper written procedures are in place and consistently followed within the department.

Management Action Plan:

Management intends to perform the corrective action recommended by IAD. **Target date for completion: 9/30/2014**

3. Issue:

Upon review of the Records Retention Schedule (RC-2) for the Engineer's Office, IAD noted that the following records were not included:

- Cash Receipt Excel Document
- Engineer's Office Deposit Slips
- Fiscal Office Pay-In Sheets

It is noted that the RC-2 document includes the term *financial records*; however, specific documents are not identified.

Recommendation:

IAD recommends that the Engineer's Office update the RC-2 to include all pertinent records and documents and submit to the appropriate parties for approval. This will help to ensure record retention is complete and accurate.

Management Action Plan:

Management intends to perform the corrective action recommended by IAD. The specific records listed above are included on our RC-2 under the generic category of financial records. A request to revise our RC-2 specifically naming the documents listed above as examples of financial records has been prepared and forwarded for approval by the Ohio Historical Society. **Target date for completion: 6/30/2014**

II. **Internal Control Testing:**

Risk-based internal control testing and/or observations were performed in the following areas:
- Revenue
- Purchasing
- Expenditures
- Payroll
- Contracts
- Fringe Benefits
- Personnel Files
- ORC Compliance
- Grants
- Asset Inventory
- Inspections
- Public Requests

REVENUE

Engineer's Office policies and procedures and applicable legislation were reviewed, an observation was performed, staff interviews were conducted, and flowcharts were created and approved to gain an understanding of the cash receipts cycle, the laws and regulations that govern it, and internal controls in place.

A sample of Banner pay-ins, scrap metal receipts and permit charges was judgmentally selected for detail testing to ensure proper segregation of duties, appropriate recording into the respective accounting system and timeliness and accuracy of the deposit. Receipt books were reviewed to ensure receipts were issued in sequential order. A sample of the Engineer's accounts receivable was selected to ensure proper segregation of duties, appropriate recording into the respective accounting system, timeliness and accuracy of the deposit, and follow-up is occurring on outstanding accounts receivable. Permissive tax payments were reconciled to Banner and the Engineer's internal accounting records.

The following general recommendation and issues were noted:

General Recommendation:

Upon review of service fees charged by the Engineer's Office and the Engineer's fee list on their website, IAD noted that fees for road opening permits, special haul permits, plans and digital road and survey records were not included on the fee listing. Updating the fee listing will help to ensure that the public is made aware of the fees charged by the Engineer's Office.

4. Issue:

Upon review of the Engineer's Office pay-ins, IAD noted sixteen (16) out of twenty (20) instances where cash receipts were not deposited timely in accordance with ORC §9.38.

Recommendation:

IAD recommends that the Engineer's Office deposit all funds received by the next business day. This will help to ensure compliance with ORC §9.38.

Management Action Plan:

Management has adjusted when we forward funds for deposit to ensure that deposits are made within 3 days (if under $1,000) or the next business day (deposits over $1,000) as required. The Policy and Procedure manual will be updated and converted to Wiki format to provide for future review and editing. **Target date for completion: 9/30/2014**

5. Issue:

Upon review of permissive license tax municipal and county allocations, IAD noted that the amounts allocated on the allocation spreadsheets did not agree to the amounts deposited in Banner. The variances were immaterial and were due to the calculation of the Fiscal and Engineer Office's administrative fee.

Recommendation:

IAD recommends that the Engineer's Office contact the Fiscal Office Tax Settlement Office to review the process for calculating the Fiscal Office and Engineer Office administrative fees and adjust the allocation spreadsheet accordingly. This will help to ensure that the municipal and county allocations are accurate.

Management Action Plan:

The necessary corrections in how we calculate administrative fees is completed. In addition, the records will be reconciled quarterly to ensure that corrections, if necessary, are made on a timely basis. **Target date for completion: 2/28/2014**

6. Issue:

Upon reconciliation of the permissive license tax allocation spreadsheets to the municipal allocation tracking spreadsheets for the period 10/1/12 through 9/30/13, IAD noted four (4) out of two hundred sixty-four (264) instances where the municipalities account was overstated due to data entry errors.

Recommendation:

IAD recommends that an employee separate from the one entering the allocation information, reconcile the allocation spreadsheets to the municipal tracking allocation spreadsheets at least annually. This will help to ensure the accuracy of municipal and county allocations.

Corrective Action Taken Prior to the End of Fieldwork:

IAD noted that the Deputy Director of Administration corrected the four (4) errors on the municipal allocation tracking spreadsheets.

Management Action Plan:

Management performed corrective action as noted above.

7. Issue:

Upon discussion with the Fiscal Officer 2, IAD noted that the Fiscal Officer 2 will occasionally act as the back-up for the Receptionist II which would allow the employee to prepare invoices, collect cash, and prepare deposits, creating an improper segregation of duties.

Recommendation:

IAD recommends that the Engineer's Office assign the invoicing, cash collection, and deposit preparation functions to separate individuals and designate backup employees so that no one person is responsible for these functions. This will provide an appropriate segregation of duties and help to ensure proper control over and safeguarding of assets.

Management Action Plan:

The office has updated its procedures to comply with the IAD recommendation. **Target date for completion: 2/28/2014**

8. Issue:

Upon review of the accounts receivable collection process, and through detail testing, IAD noted the following:

- Four (4) out of six (6) instances where a first notice letter was not sent out for an outstanding invoice.

- Six (6) out of six (6) instances where a second notice letter was not sent out for an outstanding invoice.
- Two (2) out of two (2) instances where an outstanding invoice was not sent to the Prosecutor's Office for invoice collection.

Recommendation:

IAD recommends that the Engineer's Office send out the applicable notice letters when they are due. This will help to ensure proper follow-up of outstanding balances and the collection of accounts receivable.

Management Action Plan:

Management is investigating how best to perform the corrective action recommended by IAD. **Target date for completion: 12/31/2014**

PURCHASING

The Engineer's Office policies and procedures were reviewed, interviews were conducted and flowcharts were created and approved to gain an understanding of the purchasing process. Samples of purchase order requisitions, purchase orders and purchase order change orders were judgmentally selected and detail testing was performed to test for proper documentation and approvals. Additionally, Banner purchasing and procurement permissions were reviewed for reasonableness.

The following issue was noted:

9. Issue:

Upon testing of banner approval queues, IAD noted three (3) Engineer's Office employees with the ability to enter and approve requisitions. Additionally, upon detail testing of purchase order requisition approvals in Banner, IAD noted sixteen (16) out of fifty-nine (59) instances where the same individual entered and approved the purchase order requisition.

Recommendation:

IAD recommends that the purchase order requisition entry and approval duties be assigned to separate employees, with supervisory approval by the Engineer's Office. Additionally, IAD recommends that the Engineer's Office designate backup employees so that no one person is responsible for both functions. This will help to ensure a proper segregation of duties and approval over the requisition process.

Management Action Plan:

Management has updated its process to perform the corrective action recommended by IAD. **Target date for completion: 2/28/2014**

EXPENDITURES

The Engineer's Office policies and procedures and applicable ORC sections were reviewed, staff interviews were conducted and flowcharts were created and approved to gain an understanding of the expenditure cycle, the laws and regulations that govern it, and internal controls in place. A sample of expenditures was judgmentally selected and detail expenditure testing was performed to verify that funds do not remain encumbered on prior year purchase

orders, confirm proper approval and authorizations, verify that funds were encumbered prior to incurring the expense, and that the appropriate vendor and amount were paid. Expenditures over $1,000 were reviewed to ensure that a purchase order was created. A sample of municipal permissive tax payments were reviewed to ensure supporting documentation was received, eligibility, proper approval was obtained and the transactions were properly documented in Banner and the Engineer's accounting system.

Banner User and Banner Class Form reports were obtained and reviewed to gain an understanding of employee permissions and detail testing was performed to assess reasonableness and proper segregation of duties.

The following general recommendation and issues were noted:

<u>General Recommendation:</u>

Upon testing of Banner permissions for the Engineer's Office, IAD noted two (2) employees with the ability to create and approve invoices in Banner. This provides an opportunity for a user to approve an invoice that he/she entered in Banner, creating an improper segregation of duties; however; during detail testing, IAD noted this did not occur and a proper segregation of duties is being exercised.

10. <u>Issue:</u>

Upon discussion with Engineer's Office personnel and review of the process flow chart, IAD noted several employees responsible for ordering and receiving supplies within the department, creating an improper segregation of duties.

<u>Recommendation:</u>

IAD recommends that the Engineer's Office assign the ordering and receiving functions to separate individuals and designate back up employees so that no one person is responsible for both functions. This will provide an appropriate segregation of duties and help to ensure proper control over and safeguarding of assets.

<u>Management Action Plan:</u>

Management has updated its process to perform the corrective action recommended by IAD. **Target date for completion: 2/28/2014**

11. <u>Issue:</u>

Upon review of Engineer's Office expenditures, IAD noted the following:

- Thirty-five (35) out of one-hundred and nineteen (119) instances where the invoice date was prior to the PO date.
- Fifteen (15) out of one-hundred and nineteen (119) instances where a prior year purchase order was used for payment.

<u>Recommendation</u>

IAD recommends that all funds be encumbered prior to incurring the expense/liability, and that invoices be paid off of current year purchase orders, with the exception of those associated with a current contract. This will help to ensure proper approval and expenditure of funds and compliance with ORC §5705.41.

Management Action Plan:

Management has taken steps to ensure that this recommendation is implemented. We also recognize that the emergency nature of our operations (ie. snow and ice removal from roadways) may require us to take action for the health, safety and welfare of the citizens of Summit County. Management will continue to balance the need for prior approval of funds with the need to continue operations during the financial conversion at year-end and to minimize the use of carryover POs. **Target date for completion: 2/28/2014**

PAYROLL

An interview was conducted to gain an understanding of the payroll process. A payroll approval report was generated and detail testing was performed to confirm appropriate authorizations and proper segregation of duties. A sample of leave forms were reconciled to Kronos to ensure accuracy. A sample of the supervisor's daily reports was reviewed to ensure proper approval and salary changes agreed to Kronos.

The following issues were noted:

12. Issue:

Upon review of payroll approval and sign-off in Kronos, IAD noted sixty (60) out of ninety (90) instances with improper approval (e.g., employee approving their own time and the same employee approving and signing off with no additional review by a supervisor).

Recommendation:

IAD recommends that payroll be approved and signed off by the appropriate parties (e.g., approval by an Engineer's Office employee with a sign-off by a supervisor). This will help ensure the accuracy and accountability of payroll records.

Management Action Plan:

Management has implemented a three-tier process. A payroll processor enters the data into the County system. The Personnel Administrator reviews and approves the data entered by the payroll processor. The Director of Administration performs a second review prior to final sign-off on payroll. **Target date for completion: 2/28/2014**

13. Issue:

Upon review of the supervisor's daily reports, IAD noted eight (8) out of twenty-four (24) instances where the report was not signed off by a supervisor in accordance with an interview conducted with Personnel Admin 1.

Recommendation:

IAD recommends that Supervisor's Daily reports be consistently signed off by the appropriate supervisor. This will help to ensure proper review and approval of employee out of class timesheets.

Management Action Plan:

Management has taken corrective action on this issue. **Target date for completion: 2/28/2014**

CONTRACTS

The Engineer's Office policies and procedures and applicable ORC sections were reviewed, staff interviews were conducted and flowcharts were created and approved to gain an understanding of the contract process, the laws and regulations that govern it, and internal controls in place. The Engineer's listing of contracts was reconciled to the Executive Office's list to ensure a complete population. A sample of contracts was judgmentally selected and detail contract testing was performed to verify timely execution and contract compliance. A sample of contract change orders was judgmentally selected to verify that they were properly authorized and approved. Cumulative change orders were reviewed to ensure additional approval was obtained, if necessary. A sample of contracts was judgmentally selected and prevailing wage supporting documentation was reviewed to ensure compliance with ORC §4115.071. A sample of contracts was judgmentally selected and the expenditures were reviewed to ensure payments were not made prior to execution and the payments did not exceed the contracted amount.

The following issues were noted:

14. Issue:

    Upon discussion with the Design Engineer II and review of the construction bid advertisement, IAD was unable to verify that construction bids were read publicly in accordance with Summit County Council Resolution No. 2013-038.

    Recommendation:

    IAD recommends that the Engineer's Office document the attendance of the public reading of bids. This will help to ensure the documentation and verification of the public readings.

    Management Action Plan:

    Management intends to perform the corrective action recommended by IAD. Since the completion of the audit, Executive Order 13-340 Contract Procurement Policy and Procedure has been implemented the attendance records will be maintained by the Executive's Office. **Target date for completion: 2/28/2014**

15. Issue:

    Upon review of the prevailing wage files, IAD noted the following:

    - One (1) out of four (4) instances where Contract Labor Compliance Reviews were not completed in accordance with procedures documented in the narrative.
    - Four (4) out of four (4) instances where the contractor payroll dates were not obtained, in accordance with ORC §4115.071.

    Recommendation:

    IAD recommends that the Engineer's Office complete Contract Labor Compliance Reviews for all construction projects and ascertain from each contractor or subcontractor, at the beginning of performance under the contract, the dates during its life when payments of wages to employees are to be made. This will help to ensure compliance with Ohio Revised Code and procedures documented in the narrative.

Management Action Plan:

Management intends to perform the corrective action recommended by IAD beginning with the current construction season. **Target date for completion: 6/30/2014**

16. Issue:

Upon discussion with the Design Engineer II, it was noted that the Engineer's Office utilizes a point system for awarding professional services contracts. However, upon review of the professional service agreement proposals, IAD was unable to verify use of the point system for contractor selection in one (1) of four (4) instances.

Recommendation:

IAD recommends that the Engineer's Office document and maintain use of the point system via the Quality Based Consultant Selection Evaluation Form for each proposal. This will help to ensure the documentation and verification of the selection of qualified consultants.

Management Action Plan:

Management intends to perform the corrective action recommended by IAD. Since the completion of the audit, Executive Order 13-340 Contract Procurement Policy and Procedure has been implemented. **Target date for completion: 2/28/2014**

17. Issue:

Upon review of the Contract Log, Open Contracts and the DocRecords contract list, IAD noted three (3) contracts and four (4) change orders not maintained on the Engineer's contract logs.

Recommendation:

IAD recommends that the Engineer's Office maintain a complete record of contracts. This will help to ensure accountability and accuracy of contract records.

Management Action Plan:

Management intends to perform the corrective action recommended by IAD. We are not certain how this process will be affected by Executive Order 13-340. **Target date for completion: 2/28/2014**

FRINGE BENEFITS

Detail testing of the following areas was performed, if applicable, to confirm that the Engineer's Office is properly processing fringe benefits in accordance with the IRS tax code:

- Travel and meals reimbursement,
- Cash incentives, awards, gift awards and/or bonuses,
- County paid life insurance policies over $50,000,
- Uniforms and clothing allowances,
- Employment contracts,
- Agency vehicle usage,

- Allowances for firearms or tasers and/or any other non-lethal weapon,
- Tuition assistance and reimbursement,
- Subcontracted employees.

No issues were noted.

PERSONNEL FILES

The Engineer's Office Personnel policy and procedure manual was reviewed and staff interviews were conducted to gain an understanding of the personnel file structure. An employee report was generated in Banner and compared to the Engineer's organizational chart to ensure all employees had a personnel file. A sample of employees was judgmentally selected and detail testing was performed to verify that the personnel files contained the required documentation. IAD reviewed employee relationships to ensure that an employee is not directly supervised by a relative. Additionally, IAD ensured that the Chief Deputy Engineer and Surveyors obtained the required professional certifications, per the job descriptions.

The following issues were noted:

18. Issue:

Upon review of professional licensures, IAD noted that the Chief Deputy Engineer does not have a professional surveyor's license, as required by the job description.

Recommendation:

IAD recommends that the Chief Deputy Engineer obtain applicable licensure or update the job description so that a surveyor's license is not required. This will help to ensure employees possess the appropriate licenses per their respective job description.

Management Action Plan:

Management intends to perform the corrective action recommended by IAD by updating the job description. **Target date for completion: 9/30/2014**

19. Issue:

Upon discussion with the Personnel Administrator, IAD noted that the Engineer's Office does not maintain a checklist of required personnel file documents.

Recommendation:

IAD recommends that the Personnel Administrator create and maintain a checklist of required personnel file documents in the employee's personnel file. This will help ensure completeness and accuracy of the personnel files.

Management Action Plan:

Management maintains a checklist of all required personnel file contents for new hires. These checklists are available in the personnel file for all active employees. **Target date for completion: 2/28/2014**

ORC COMPLIANCE

ORC §315 was reviewed and attributes were developed to ensure that the County Engineer obtained the required professional certifications and is bonded, at least two-thirds (2/3) of the Engineer's operating costs is funded through the motor vehicle license and fuel tax and complete and accurate records, and a complete and accurate record is maintained for all bids and surveys performed.

No issues were noted.

GRANTS

The Engineer's Office policies and procedures and applicable ORC sections were reviewed, staff interviews were conducted and flowcharts were created and approved to gain an understanding of the grants process, the laws and regulations that govern it, and internal controls in place.

IAD judgmentally selected a sample of Ohio Public Works Commission (OPWC) and Ohio Department of Transportation (ODOT) grants, obtained the grant agreements and attributes were developed to ensure compliance with respective rules and regulations.

Expenditures were reviewed to ensure compliance with the terms of the grant agreement.

The following issue was noted:

20. Issue:

   Upon detail testing of OPWC grants, IAD noted the following, in accordance with the grant agreements:

   - Three (3) out of three (3) instances where construction did not begin within 30 days of the scheduled date and a written extension was not obtained,
   - Nine (9) out of nine (9) instances where IAD was unable to determine if the Project Manager invoice certification occurred within three (3) business days of receipt,
   - Five (5) out of nine (9) instances where IAD was unable to determine if the Chief Fiscal Officer approved invoices within five (5) business days of receipt,
   - One (1) out of three (3) instances where the grant agreement was not fully executed.

   Recommendation:

   IAD recommends that grant terms be signed, considered and followed when obtaining and utilizing grant funding. Additionally, IAD recommends that invoices submitted to OPWC be signed and dated by both parties once costs are negotiated and agreed upon. This will help to ensure review and certification of invoices and grant compliance for the Engineer's Office.

   Management Action Plan:

   Management believes it is in compliance with the current practices governing OPWC grants. The office works closely with the OPWC grant administrators and any irregularities in how we comply with their practices would have been brought to our attention for immediate correction. In the future, our engineers will maintain a phone log of conversations with follow-up e-mail as needed to document these activities. **Target date for completion: 3/31/2014**

21. Issue:

Upon detail testing of ODOT grants, IAD noted the following, in accordance with the grant agreements:

- One (1) out of three (3) instances where the grant project was not advertised for three (3) consecutive weeks,
- One (1) out of three (3) instances where the Engineer's Office did not submit award approval documentation to ODOT within 45 days of award.

Recommendation:

IAD recommends that grant terms be considered and followed when obtaining and utilizing grant funding. This will help to ensure compliance with the grant conditions.

Management Action Plan:

Our internal review indicates that the office meets all of ODOT's requirements pertaining to contract advertising. ODOT closely monitors compliance with its rules and regulations. ODOT has not indicated any concerns with our contract administration. In the future, our engineers will maintain a phone log of conversations with follow-up e-mail as needed to document these activities. **Target date for completion: 3/31/2014**

ASSET INVENTORY

The Engineer's Office policies and procedures were reviewed, staff interviews were conducted and flowcharts were created and approved to gain an understanding of the asset inventory process and internal controls in place. A sample of stock room and asset inventory was judgmentally selected and detail testing was performed to verify the existence of the assets and the accuracy of the asset tracking system.
A sample of disposed assets was judgmentally selected and detail testing was performed to ensure proper approval was obtained and record of the disposal was maintained. Additionally, IAD reconciled the Executive Order Asset Disposal Listing to the Engineer's asset tracking system to ensure accuracy.

The following issues were noted:

22. Issue:

Upon discussion with Engineer's Office personnel, it was noted that no one is responsible for updating asset information in HighPoint when discrepancies are found during the year. Updates are only made at year end.

Recommendation:

IAD recommends the Engineer's Office assign an employee to be responsible for updating inventory discrepancies, other than the person receiving the inventory, to ensure that all records are accurate. This will help to ensure accuracy and accountability over asset inventory.

Management Action Plan:

Management intends to perform the corrective action recommended by IAD beginning with the end of the current inventory audit. **Target date for completion: 2/28/2014**

23. Issue:

Upon discussion with Engineer's Office personnel and while performing detail testing, IAD noted non-assets (e.g., roads and bridges) included in the HighPoint Inventory system.

Recommendation:

IAD recommends that the Engineer's Office review all assets contained within HighPoint to ensure that the listing contains accurate and up-to-date asset data. This will help to provide better oversight of the assets maintained by the Engineer's Office.

Management Action Plan:

Management recognizes that some inventory from the old HTE software program carried over to the new system during data conversion. Corrections will be made to the data as they are identified. **Target date for completion: 12/31/2014**

24. Issue:

Upon review of Engineer's Office asset inventory, IAD noted eight (8) out of fourteen (14) instances where the asset listed in HighPoint was unable to be located at the Engineer's Office.

Recommendation:

IAD recommends that the Engineer's Office perform a physical inventory of all assets and update the HighPoint system to reflect accurate and current data. This will help to provide better oversight and accountability of the Engineer's Office assets.

Management Action Plan:

Management intends to perform the corrective action recommended by IAD. **Target date for completion: 12/31/2014**

25. Issue:

Upon review of assets marked disposed in HighPoint, IAD noted twelve (12) instances with no disposal date listed in HighPoint.

Recommendation:

IAD recommends that the disposal date field in HighPoint be completed for all disposed assets and set as a required data entry field. This will help to ensure that a disposal date is consistently entered and help to ensure accuracy of asset data in HighPoint.

Management Action Plan:

Management intends to record disposal dates going forward. **Target date for completion: 2/28/2014**

26. Issue:

During detail testing of the disposed inventory, IAD noted seven (7) out of seven (7) instances where a receipt was not obtained prior to disposal of the asset. Additionally, IAD noted one (1) out of seven (7) instances where an Executive Order was not obtained for the disposal of an asset, in accordance with Codified Ordinance 177.18.

Recommendation:

IAD recommends that Engineer's Office employees obtain a receipt prior to disposal of each asset. Additionally, IAD recommends that an Executive Order be obtained for all asset disposals. This will help to ensure accountability over the Engineer's assets and compliance with applicable legislation.

Management Action Plan:

Management intends to obtain an Executive Order for the disposal of future assets to the extent required by County policies and procedures. **Target date for completion: 2/28/2014**

27. Issue:

Upon reconciliation of Executive Orders for disposed assets to HighPoint, IAD noted forty-three (43) out of forty-nine (49) assets not marked as disposed in HighPoint.

Recommendation:

IAD recommends that the Engineer's Office perform an annual reconciliation between the disposed asset listing contained in the Executive Order and HighPoint. This will help to ensure accountability and accuracy over the assets in HighPoint.

Management Action Plan:

Management intends to identify disposed assets in the HighPoint program going forward. **Target date for completion: 6/30/2014**

28. Issue:

During detail asset testing of the Stock Room, IAD noted the following discrepancies:

- Two (2) out of twelve (12) instances where the inventory maintained in the HighPoint system did not agree to the amount of inventory located in the Stock Room.
- Seven (7) out of fifteen (15) instances where the inventory maintained in the stock room did not agree to the amount of inventory entered into the HighPoint system.

Recommendation:

IAD recommends that the Engineer's Office maintain a complete and accurate listing of all inventory located in the HighPoint system by having employees complete a paper form when requesting to take an item out of inventory. This will help to provide accuracy and accountability over asset inventory.

Management Action Plan:

Management intends to review the policies and procedures for updating inventory in HighPoint. Currently, the inventory system is reconciled on an annual basis. **Target date for completion: 12/31/2014**

INSPECTIONS – ROADS & BRIDGES

The Engineer's Office policies and procedures were reviewed, staff interviews were conducted and flowcharts were created and approved to gain an understanding of the road and bridge inspection process and internal controls in place. Inspection reports were reviewed to ensure inspections were performed within allotted timeframes. A sample of bridge inspection reports was judgmentally selected and detail testing was performed to ensure proper departmental review and approval was obtained, in accordance with the Engineer's policies and procedures.

The following general recommendation was noted:

General Recommendation:

Upon observation of the inspection reports, IAD noted they are signed off by the Engineer Project Manager but there is no evidence of the inspector or Construction Team Manager sign-off. IAD also noted there are no sign-off fields for the inspectors or Construction Team Manager in the InspecTech software. IAD recommends that the Engineer's Office implement a procedure to document the inspector and Construction Team Manager sign-offs or create sign-off fields in the InspecTech software. This will help to ensure the accurate documentation of the inspection report creation and review.

PUBLIC REQUESTS

The Engineer's Office policies and procedures were reviewed, staff interviews were conducted and flowcharts were created and approved to gain an understanding of the public request process and internal controls in place. A sample of service requests was judgmentally selected and detail testing was performed to ensure completeness of the service request log and form. Additionally, IAD reviewed open service requests to verify that there are no excessive outstanding requests.

No issues were noted.

III. Security:

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