

**Summit County Executive Office**  
*Department of Environmental Services*  
**Performance Audit General Report**

**Prepared for:**

**Russell M. Pry**  
**Audit Committee**

**Approved by Audit Committee**  
**March 25, 2015**



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**EXECUTIVE SUMMARY**

**Total Number of Issues – 19**

**Policies and Procedures**

*Weaknesses:*

Section	# Issues	Issue Description	Page Ref.
Policies and Procedures	3	<ul style="list-style-type: none"> <li>• Insufficient or no written policies and procedures for several areas/processes</li> <li>• Misc. records not included in the RC-2</li> <li>• Several policies with no management approval within the last two (2) years</li> </ul>	7

**Internal Controls**

*Strong Internal Controls:*

Testing Section	# Issues	Issue Description	Page Ref.
Purchasing	0	N/A	13
Expenditures			14
Payroll			17
Fringe Benefits			17
Insurance Claims			21

*Weaknesses in Internal Controls:*

Testing Section	# Issues	Issue Description	Page Ref.
Revenue	7	<ul style="list-style-type: none"> <li>• No supervisor review of the monthly penalty free account report</li> <li>• Petty cash reimbursement policy not disseminated to employees</li> <li>• Insufficient approval of petty cash reimbursements</li> <li>• Insufficient billing of extra strength surcharges</li> <li>• Incorrect billing for water meter reading chargebacks</li> <li>• Incorrect billing for bulk services</li> <li>• Incorrect charges for sewer maintenance fees</li> </ul>	10
Asset Inventory	3	<ul style="list-style-type: none"> <li>• Insufficient tracking of non-IT assets, valued under \$15,000</li> <li>• Outdated IT inventory listing</li> <li>• Insufficient approval for disposal of scrap metal</li> </ul>	12
Contracts	2	<ul style="list-style-type: none"> <li>• Insufficient documentation completed prior to contract award</li> <li>• Insufficient bid advertising</li> </ul>	16
Personnel Files	2	<ul style="list-style-type: none"> <li>• Insufficient employee licensure/certifications (per job description)</li> <li>• Incomplete annual employee performance evaluations</li> </ul>	18
Vehicle Log	1	<ul style="list-style-type: none"> <li>• Incorrect payroll deductions</li> </ul>	19
Lab Operations	1	<ul style="list-style-type: none"> <li>• Miscellaneous errors resulting from manual EPA reporting process</li> </ul>	20

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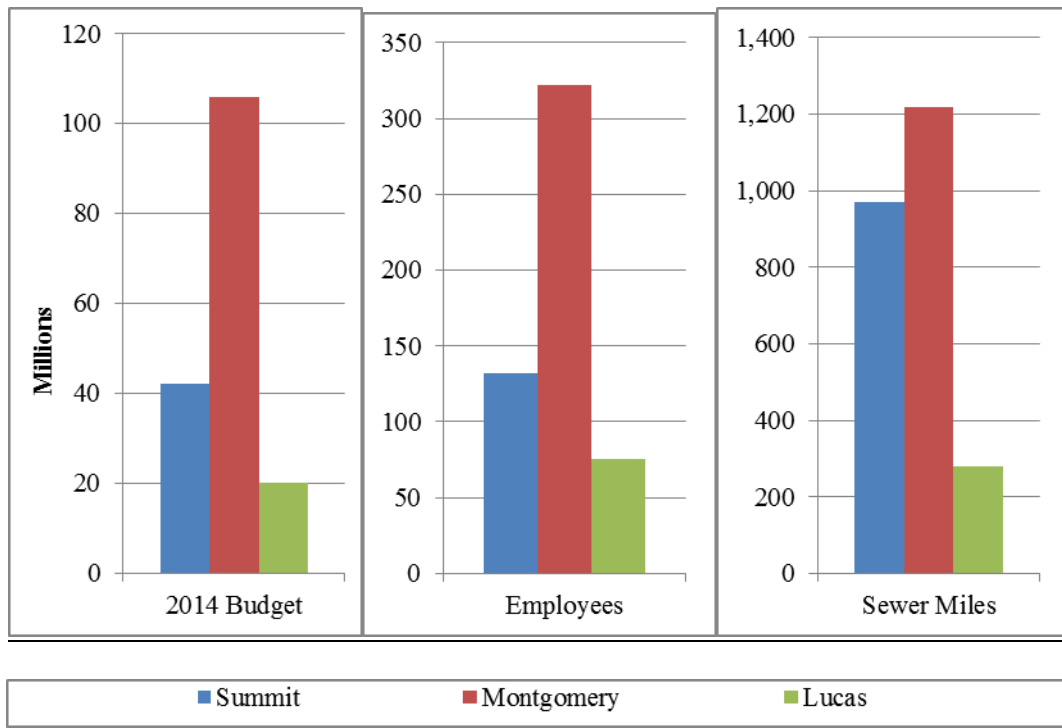
**GENERAL BACKGROUND**

The Summit County Department of Environmental Services (DOES) operates and maintains wastewater collection, as well as transportation and treatment systems in the unincorporated areas and some incorporated areas (Summit County Metropolitan Sewer District) within Summit County. DOES consists of three primary divisions – Operations, Engineering, and Administration. Funding for DOES comes exclusively from various sewer user fees and charges. These revenues are deposited in the County Treasury and are maintained in an enterprise fund. This enterprise fund is separate and independent of the County's general operating fund.

Summit County Council has the authority and the duty to establish the rates and charges imposed on users of the sanitary sewer system. County administration, under the County Executive, typically makes recommendations to Council concerning those rates and charges based on independent consultants' studies and its policy that such systems be "self-supporting."

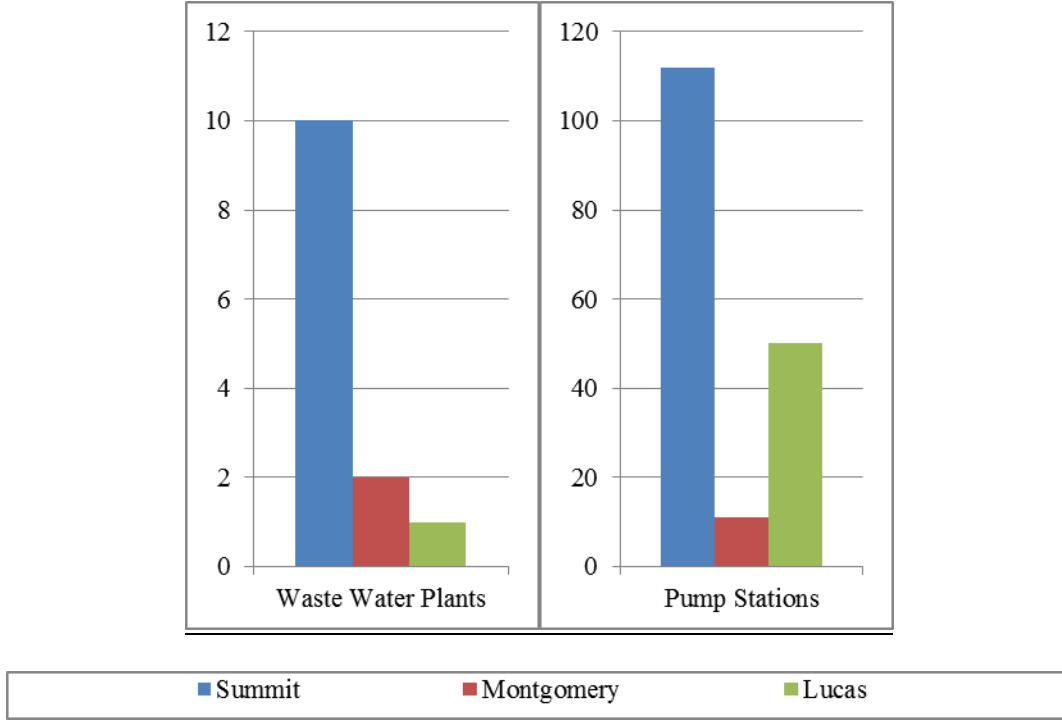
DOES consists of one hundred thirty-two (132) employees (4% of Summit County employment) comprising of a Director, Administrators, Administrative Assistant, Engineers, Waste Water Treatment Technicians and Maintenance Workers. DOES 2013 and 2014 budget totalled \$41,378,200 and 42,011,300, respectively (8% of the 2013 and 2014 County operating budgets).<sup>1</sup>

IAD compared DOES 2014 operating budget, staffing levels, sewer miles and number of waste water and pump stations in operation to comparably populated counties – Montgomery and Lucas. The comparisons are represented in the graphs below:



<sup>1</sup> <https://co.summitoh.net/images/stories/Finance/pdf/OperatingBudget/2014OperatingBudget.pdf>  
<https://co.summitoh.net/images/stories/Finance/pdf/CountyofSummit2013OperatingBudget.pdf>

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**AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY**

The primary focus of this review was to provide DOES 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 DOES.

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.

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**Scope:**

An overview and evaluation of the existing policies, processes, procedures, contracts and internal control structure utilized by DOES from September 1, 2013 through August 31, 2014.

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.

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**DETAILED COMMENTS**

Interviews:

To gain an understanding of DOES, IAD performed interviews with the following positions:

- Director of Environmental Services
- Three (3) Senior Administrators
- Maintenance Supervisor 2
- Engineer/Design Administrator
- Maintenance Administrator
- Laboratory Supervisor
- Deputy Director of Operations
- Purchasing Agent
- Operations Administrator
- Environmental Engineer Supervisor
- IS Development Manager

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

**I. Policy and Procedures Review:**

DOES' policies and procedures were reviewed for each of the following applicable testing sections within the audit for accuracy and completeness and compared to current processes for consistency. DOES' Records Retention Schedule (RC-2) 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. Issue:

Upon review of DOES P&P for completeness and accuracy, IAD noted the following:

*DOES Policy and Procedure Manual*

- IAD noted insufficient evidence of review and approval within the last two (2) years for the following policies:
  - Electronic Data Removal
  - Internet Use Monitoring and Filtering
  - Job Posting
  - Employee Departure/Exit Policy
  - Hazard Communication
  - Powered Industrial Equipment/Fork Truck
  - Employee Hiring Procedure

*QA Lab Operations Manual*

- Manual has not been updated and there are no signs of review within the last two (2) years.

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- Outdated Organization Chart included in the manual.
- Staff sign-offs do not exist for the manual.

Recommendation:

IAD recommends that all policies and procedures be updated or reviewed with management approval and employee receipt and acknowledgement of policies and procedures be documented. In addition, IAD recommends that DOES update organizational charts in the Policy and Procedure Manuals. This will help to ensure that approved policies and procedures are accurate and consistently followed by employees.

Management Action Plan:

- (1) Review and revise, where appropriate, all Agency policies and procedures that have not been reviewed within the last twelve months from the document creation date for the audit period September 1, 2013 through August 31, 2014.
  - a. An acknowledgement and understanding form for any policy and procedure that is revised will be distributed to and collected from the affected employee(s) and placed in the individual's personnel file.
  - b. Completion date March 16, 2015
- (2) A policy and procedure will be created to ensure an up-to-date Lab Operations Manual which will, at minimum:
  - a. establish procedural steps to ensure completion of an annual review and revision of the Lab Operations Manual.
  - b. an acknowledgement and understanding form for this policy and procedure will be distributed to and collected from the affected / appropriate employee(s) and placed in the individual's personnel file.
  - c. Revise and publish an updated Lab Operations Manual.
  - d. Completion date March 16, 2015

2. Issue:

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

- Payroll (internal procedures)
- Cash Overage/Shortage
- Contract Administration
- Asset and Inventory Tracking

Recommendation:

IAD recommends that DOES create/update, approve, and disseminate written policies and procedures for all functional areas within the agency. This will help to ensure that proper procedures are being consistently followed within the department.

Management Action Plan:

- (1) Policies and procedures will be created for the functional areas of Payroll, Reconciliation of Cash Receipts, Contract Administration and Asset and Inventory Tracking.
  - a. Policies and procedures related to Payroll will only describe / document the Agency's internal processes and will not address the general administration and management of KRONOS or similar



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county-wide system. The administration and management of KRONOS or similar county wide system remains the responsibility of the Human Resources Department and / or Fiscal Office MIS>

- b. Policies and procedures related to Reconciliation of Cash receipts will focus on the process for handling any overage or shortage of cash receipts.
- c. Policies and procedures related to Contract Administration will focus on both construction contracts and service contracts. The primary objective is to allow the query and retrieval of Agency contracts by category, e.g. construction contracts, purchase contracts, and service contracts.
- d. Policies and procedures related to Asset Inventory and Tracking will focus on identifying criteria, e.g. cost, category such as computer hardware, off road equipment, etc. that will be tracked.
- e. An acknowledgement and understanding form for any policy and procedure that is created will be distributed to and collected from the affected employee(s) and placed in the individual's personnel file.
- f. Completion date April 30, 2015

3. Issue:

Upon review of the Records Retention Schedule (RC-2) for DOES, IAD noted the following records were not included:

- Paper leave forms
- Time Clock Adjustment forms

Recommendation:

IAD recommends that DOES 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:

- (1) In general, a policy and procedure will be created to provide for a periodic review and revision, if necessary, of the RC-2 which will at minimum:
  - a. establish procedural steps and identify responsible employee(s) to ensure completion of an annual review and revision of the RC-2.
  - b. establish an acknowledgement and understanding form for this policy,
  - c. define the procedure for distribution and collection of this form from the affected employee(s) and to ensure placement of this form in the individual's personnel file.
  - d. Completion date March 31, 2015
- (2) Submit updates / revisions of the Agency's RC-2 to the Records Commission for review and approval.
  - a. Completion date May 31, 2015

Specific to paper leave forms and paper time clock adjustment forms, the original document(s) are maintained by the Payroll Supervisor, a member of the Human Resources Department. Document management and retention schedules for these original documents will need to be included in the Human Resources Department RC-2. IAD should verify that the referenced documents are part of the RC-2 for the Human Resources Department.

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**II. Internal Control Testing:**

Risk-based internal control testing and/or observations were performed in the following areas:

- Revenue
- Purchasing
- Expenditures
- Asset Inventory
- Contracts
- Payroll
- Fringe Benefits
- Personnel Files
- Vehicle Log
- Lab Operations
- Insurance Claims

**REVENUE**

DOES' 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 JP Morgan bank deposits and petty cash receipts 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. Scrap metal weight tickets were reviewed to ensure revenue pay-ins were accurately recorded in Banner. A sample of cash receipt adjustments was haphazardly selected and detail testing was performed to ensure completeness and accuracy.

Summit County Codified Ordinance 923 was reviewed and detail testing was performed to ensure fees charged by DOES are accurate and complete. The manual receipt process was reviewed and detail testing was performed to ensure completeness and accuracy of the accounting system. A sample of bulk service agreements was reviewed and detail testing was performed to ensure DOES is billing accurately. Additionally, IAD verified that the most current listing of delinquent sewer accounts was sent to the Fiscal Office Real Estate Department to be included on the respective tax bill.

IAD gained an understanding of the penalty free accounting process and reviewed the penalty free report for reasonableness. In addition, Billing Department employees were reviewed in the Central Cash Accounting System to verify that they are not also customers of DOES, and processing their own sewer bills.

The following issues were noted:

4. Issue:

Upon review of the Billing Department policies and procedures and discussion with the Utility Billing Clerk, IAD noted no supervisory review of the monthly penalty free account report.

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Recommendation:

IAD recommends that a supervisor document review of the monthly penalty free account report for reasonableness and accuracy. This will help to ensure the accuracy and accountability of Billing Department records.

Management Action Plan:

- (1) A policy and procedure will be created to provide a monthly review and an acknowledgement form of the review.
- (2) Completion date March 31, 2015

5. Issue:

Upon comparison of the petty cash policies and the current petty cash reimbursement process, per DOES employees, IAD noted a discrepancy in the process for petty cash reimbursements exceeding \$10.00 (e.g., reimbursements over \$10 require Senior Administrator approval vs. reimbursement from petty cash will not exceed \$10). Upon discussion with the Director, IAD noted the current petty cash reimbursement policy has not been disseminated to employees.

Recommendation:

IAD recommends that DOES disseminate the petty cash reimbursement policy to employees. This will help to ensure that approved policies are accurately and consistently being followed.

Management Action Plan:

- (1) Disseminate the Petty Cash Reimbursement Policy to employees
- (2) Completion Date February 28, 2015

6. Issue:

Upon detail testing of the petty cash reimbursement forms, IAD noted one (1) of three (3) instances where the Senior Administrator did not sign the petty cash reimbursement form for a reimbursement exceeding \$10.00, per the current petty cash process.

Recommendation:

IAD recommends that all petty cash reimbursement requests exceeding \$10.00 be approved and signed by the appropriate parties. This will help to ensure accountability of transactions, proper approvals, and compliance with department procedures.

Management Action Plan:

- (1) Review and reinforce the proper procedure for approval of petty cash reimbursements greater than \$10.00 with Senior Administrator and the Cashier / Collections Specialist.
- (2) Completion Date February 28, 2015

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7. Issue:

Upon discussion with the Environmental Engineer Supervisor, IAD noted DOES is not billing the extra strength surcharge to an industrial user releasing extra strength wastewater to the Fishcreek Plant, in accordance with Codified Ordinance 923.02, due to minimal sampling of the user's wastewater by DOES.

Recommendation:

IAD recommends that DOES obtain additional water samples in order to justify billing industrial users for discharging extra strength wastewater to Summit County wastewater treatment plants, and update billing to reflect the same. This will help to ensure proper billing and compliance with Codified Ordinances.

Management Action Plan:

- (1) This issue involves a single industrial user. This single industrial user does not discharge to the sanitary sewer on a regular basis. Instead, this user contacts DOES a couple of times a year to get approval for a single, one-time discharge. When the request is received for a one-time discharge, DOES takes samples and performs an analysis of the liquid to be discharged prior to accepting the liquid into the sanitary sewer. Based on a review of the historical results of the analysis, the characteristics of the discharge barely exceed the thresholds established by Ordinance. The associated charges are very minimal and the impact on the costs to treat this discharge is negligible. A policy will be developed to establish a monetary threshold for billing these industrial users that do not regularly discharge to the sanitary sewer. The basis of the policy will be the cost associated with the analysis of the data, the creation of the bill and collection of the amount due and an associated threshold which will be reflect when it costs more to perform the administrative functions than what surcharge is collected.
- (2) Completion date March 16, 2015

8. Issue:

Upon review of fees charged in the Central Cash system and invoices paid by DOES for water meter readings, IAD noted the amount billed to DOES (by the City of Cleveland) per meter reading/account is not consistent with the amount billed back to DOES' customers (difference of \$0.86 per meter reading). It is noted that DOES utilizes these water meter readings to generate sewer bills.

Recommendation:

IAD recommends that DOES review water meter reading charges in Central Cash and update fees accordingly. This will help to ensure accuracy of transactions.

Management Action Plan:

- (1) A policy and procedure will be created to provide for monitoring, recognition and communication of changes in rates from all water providers from which DOES purchases water consumption information.
  - a. The policy and procedure will provide for an annual transaction log which will record the current year rates and will provide a transactional log of changes in rates for the Billing Department.
- (2) Completion date March 16, 2015

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9. Issue:

Upon review and detail testing of bulk service agreements and billings, IAD noted two (2) of three (3) instances where billing was incorrect due to insufficient and/or inconsistent supporting documentation (e.g., maintenance fees, operating costs).

Recommendation:

IAD recommends that DOES review bulk service agreements and update the service billing, accordingly, ensuring that amounts billed are supported with sufficient documentation. This will help to ensure accurate billing/revenue and contract compliance.

Management Action Plan:

- (1) A policy and procedure will be created to provide for quarterly audit of billing for each master meter / bulk service agreement in which DOES accepts and charges for the transportation and treatment of waste water flow by a DOES treatment plant. The primary area of concern is the allocation of telephone service fees. The invoices from AT&T are difficult to interpret detailed charges for numerous locations.
- (2) Completion date March 31, 2015.

10. Issue:

Upon review and detail testing of sewer maintenance fees, IAD noted two (2) of two (2) instances where a property with more than one hundred (100) feet of (abutting) frontage was charged incorrectly, in accordance with Codified Ordinance §923.08 (difference totaling \$219.91). Upon discussion with the Director, IAD noted these exceptions are due to outdated data from a Legacy data conversion.

Recommendation:

IAD recommends that property records and corresponding billing be reviewed to ensure the amount of (abutting) frontage is accurate. This will help to ensure accuracy of billing and compliance with Codified Ordinances.

Management Action Plan:

- (1) These problems are related to legacy data that has been migrated from an aging database into a newly developed database. Re-calculating the costs for all legacy parcels is extremely labor intensive and therefore will not be performed. Detailed annual worksheets will be kept and used as a source of audit and reconciliation of changes in parcels with frontage on sanitary sewers, e.g. parcel splits, combinations, etc. for all changes moving forward. These changes are certified annually in September to the Fiscal Office. Accordingly, even though parcels changes will be made throughout the year the first available detailed worksheet will not be available until certification.
- (2) Completion date September 30, 2015.

PURCHASING

DOES' 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

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proper documentation and approvals. Additionally, Banner purchasing and procurement permissions were reviewed for reasonableness.

No issues were noted.

### EXPENDITURES

DOES' 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, proper approval and authorizations are in place, funds were encumbered prior to incurring the expense, and the appropriate vendor and amount were paid.

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 was noted:

#### General Recommendation

Upon discussion with the Senior Administrator, when a department receives purchases, no one is specifically assigned to receive the goods, possibly leading to the same person performing the ordering and receiving functions, creating an improper segregation of duties. IAD recommends each department assign an employee, who is not responsible for ordering, to receive all items that arrive for their department. This will help to ensure proper segregation of duties.

#### General Comment

Segregating the duties of ordering and receiving is difficult to achieve in a mobile workforce who often uses blanket purchase orders and / or procurement cards to purchase materials while performing field work which can span the entire county. Even though there is a reconciliation process in place which ensures all proper paper work is collected and expenses are accurate, it is difficult given our operations to separate the ordering of the material from the receiving of the material. Often the employee performing the job will identify the need for a part or material, order the part or material and then go and pick up the part or material to bring it back to the job site and complete the work. DOES will continue to identify opportunities to segregate these duties while supporting efficiency in our operations.

### ASSET INVENTORY

DOES' policies and procedures were reviewed, staff interviews were conducted and flowcharts were created and approved to gain an understanding of the asset and IT inventory processes and internal controls in place. A sample of IT 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 IT assets was judgmentally selected and detail testing was performed to verify an Executive Order was obtained for each disposed asset.

The following issues were noted:

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11. Issue:

Upon review of the Fixed Asset Management and Control Policy and discussion with the DOES Director, IAD noted that a tracking mechanism is not in place for non-IT assets, valued under \$15,000.

Recommendation:

IAD recommends that the DOES establish a monetary threshold to track and maintain a listing of non-IT assets. This will help to ensure the accountability of assets.

Management Action Plan:

- (1) A policy and procedure will be created to establish a monetary threshold to identify, track and maintain a listing of inventory for items exceeding the monetary threshold.
- (2) Completion date March 31, 2015.

12. Issue:

Upon discussion with the DOES Director, IAD noted that DOES disposes assets (e.g. scrap metal to the scrap yard) without obtaining an Executive Order. Per County Codified §177.18, a department of the County may, with the approval of the Executive, dispose of property not needed for public use without conducting a public auction or sealed bids provided the department shows good cause as to why a public auction or sealed bid is not warranted to dispose of surplus equipment.

Recommendation:

IAD recommends that an itemized list of assets be sent to the Executive Purchasing Department, where an Executive Order can be created declaring the assets as scrap, in accordance with County Codified §177.18. This will help to ensure compliance with County policies.

Management Action Plan:

- (1) In the short term DOES will follow §177.18. However, conversation is needed regarding a revision to County Codified §177.18 in order to gain consistency between Departments, e.g. the County Executive and the Office of the Summit county Engineer, with respect to the disposal of scrap metal.
- (2) Completion date February 28, 2015 for declaring scrap metal surplus by Executive Order prior to disposal. May 31, 2015 for deciding on whether to revise §177.18

13. Issue:

Per discussion with DOES personnel, the IT asset inventory listing is not up-to-date. Additionally, during detail testing of asset inventory, IAD noted the following:

*IT Assets*

- Ten (10) of forty-five (45) instances where the asset was incorrectly recorded, when agreeing assets listed on the computer hardware report to the physical asset.
- One (1) of ten (10) instances where an asset was not listed on the IT Asset Equipment Listing, but located at DOES. Upon further inquiry, IAD noted this is due to the inventory listing not being updated.

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*Disposed Assets*

- Twelve (12) of twelve (12) instances where a receipt was not obtained upon disposal of the asset. It is noted that all exceptions were a result of one disposal to a recycling center.
- Four (4) of sixteen (16) assets marked as disposed on the IT asset inventory report, but per the Information Systems Development Manager, have not been disposed of and could not be located at DOES.

Recommendation:

IAD recommends that DOES regularly review and update their IT inventory listing to ensure it is up to date and accurate. Additionally, IAD recommends receipts be obtained for any disposed assets. This will help to ensure accountability over assets and compliance with applicable legislation.

Management Action Plan:

- (1) All IT inventory will be recorded and tracked through the current asset management application. An updated listing of IT assets has been completed and is serving as the baseline for all future additions, deletions and / or transfers.
- (2) Completion date February 28, 2015

CONTRACTS

DOES' policies and procedures and applicable ORC sections were reviewed and staff interviews were conducted to gain an understanding of the contract process, the laws and regulations that govern it, and internal controls in place.

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 applicable. 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 general recommendation and issues were noted:

General Recommendation

Upon review of DOES' Contracts and per discussion with the Director, IAD noted that DOES does not maintain one (1) complete listing of contracts. IAD recommends that DOES maintain a complete record of contracts to help ensure accountability and accuracy of contract records.

14. Issue:

Upon detail testing of contracts, IAD noted the following instances where an Unresolved Findings for Recovery Certified Search Form was not utilized before awarding the contract to the vendor, in accordance with DOES' policies and procedures:

- Two (2) out of three (3) construction contracts
- One (1) out of two (2) professional service contracts



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Recommendation:

IAD recommends that DOES utilize an Unresolved Findings for Recovery Certified Search before awarding the contract to the vendor. This will help to ensure compliance with DOES' policies and procedures.

Management Action Plan:

- (1) A review of the existing policy which requires a check and acknowledgement of Unresolved Findings for construction and professional contracts has been accomplished. The current policy will be revised to require Unresolved Findings report for professional contracts. In the past the requirement for Unresolved Finding was only collected for construction contracts.
- (2) Completion date April 15, 2015

15. Issue:

Upon detail testing of construction contracts, IAD noted two (2) out of three (3) instances where the bid advertisement was not published for two (2) weeks prior to the bid opening date. Per ORC §307.87, notice shall be published once a week for not less than two (2) consecutive weeks preceding the day of the opening of bids in a newspaper of general circulation within the county for any purchase, lease, lease with option or agreement to purchase or construction contract in excess of fifty thousand dollars (\$50,000).

Recommendation:

IAD recommends that DOES publish Bid Advertisements for two (2) weeks prior to the bid opening date. This will help to ensure compliance with ORC §307.87.

Management Action Plan:

- (1) The recommendation by IAD is in conflict with Summit County Codified Ordinance §177.05. Communication and coordination is needed between IAD and the County Executive's Department of Law in order to resolve the conflict. Until there is resolution on this issue DOES will continue to follow the Codified Ordinance.
- (2) To be established by IAD and Executive's Department of Law

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. Employee leave and time card adjustment reports were reconciled to Kronos to ensure accuracy.

No issues were noted.

FRINGE BENEFITS

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

- Travel and meals reimbursement
- Cash incentives, awards, gift awards and/or bonuses

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- 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

DOES' policies and procedures were reviewed and staff interviews were conducted to gain an understanding of the personnel file structure. A sample of employees was judgmentally selected and detail testing was performed to verify that the personnel files contained the required documentation, for which DOES is responsible for submitting to Executive HRD.

Employee job descriptions were reviewed and detail testing was performed to ensure DOES' employees maintain the required licenses/certifications.

The following issues were noted:

16. Issue:

Upon review of professional licensure, IAD noted nine (9) out of sixty-six (66) employees who do not have the appropriate certification/license, as required by their respective job description.

Recommendation:

IAD recommends that DOES update their job descriptions or require the employees to obtain the appropriate license/certification. This will help to ensure employees possess the appropriate licenses per their respective job description.

Corrective Action Taken Prior to End of Fieldwork:

One (1) employee did not have CDL privileges required per their job description, due to not completing the appropriate self-certification paperwork. On 9/17/14, this employee completed their self-certification paperwork and currently has the appropriate CDL privileges.

Management Action Plan:

- (1) Many of the referenced job descriptions are out of date. DOES will work with the Human Resource Department to review, revise and update DOES job descriptions. Changes will be made to better reflect both necessary licensing requirements, preferred licensing requirements and the recognition of equivalent work experience.
- (2) Completion date May 31, 2014

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17. Issue:

During detail testing, IAD noted seven (7) out of thirteen (13) instances where an employee's performance evaluation had not been completed within the past twelve (12) months. It is noted that four (4) of the seven (7) exceptions were unclassified employees. Per Codified Ordinance §169.17, performance evaluations should be administered on an annual basis for all employees.

Recommendation:

IAD recommends that performance evaluations for all employees be conducted and documented annually, in accordance Codified Ordinance §169.17. This will help to ensure review and documentation of employee performance and compliance with Codified Ordinances.

Corrective Action Taken Prior to End of Fieldwork:

IAD obtained updated performance evaluations and noted DOES completed two (2) of the three (3) classified employees and one (1) of four (4) unclassified employee performance evaluations.

Management Action Plan:

- (1) Evaluations will be completed for all employees per Codified Ordinance.
- (2) Completion date April 30, 2015

VEHICLE LOG

An interview was conducted to gain an understanding of the vehicle log process within DOES. The 2014 SambaSafety report (showing employees authorized to operate a County vehicle) was obtained and reviewed to ensure that employees operating a County vehicle were properly authorized, in accordance with Codified Ordinance §169.25(i)(3).

The following issue was noted:

18. Issue:

During detail testing of payroll deductions for employees with a designated vehicle, IAD noted thirty-five (35) out of one hundred nineteen (119) instances where the proper deduction was not made in Kronos, totaling one hundred sixty-nine dollars (\$169).

Recommendation:

IAD recommends that DOES Supervisors review their employees' Commuting-Valuation Rule (CVR) forms, comparing to hours/days worked in Kronos to ensure the proper payroll deduction is being made. This will help to ensure compliance with Internal Revenue Service (IRS) regulations and Executive Order.

Management Action Plan:

- (1) A full review of each noted instance has been completed. In some instances an employee used a personal vehicle to respond to an overtime situation on the weekend. A personal vehicle was used due to the employee leaving DOES and going to a personal function, such as baseball or basketball practice for their children.

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In other instances overtime was recorded in KRONOS without an offsetting charge under the Commuting-Valuation Rule. There are times when the on-call supervisor will address operational issues without leaving his home. Due to the utilization of technology, the on call supervisor has access to Agency information and tools to allow a decision to be made without having to travel to the job site or Agency location. Even though overtime is earned there is no use of a county vehicle.

Finally, during the audit period there were times the employee failed to report correctly. In these instances all money owed will be recovered. DOES will re-issue the CVR policy to reinforce the proper reporting procedures and will create a policy which will establish a spot / periodic audit and reconciliation of KRONOS overtime to the use of a County vehicle and subsequent charges.

(2) Completion date May 31, 2015.

### LAB OPERATIONS

DOES' policies and procedures were reviewed, staff interviews were conducted and flowcharts were created and approved to gain an understanding of Lab Operations processes and internal controls in place. A sample of monthly Environmental Protection Agency (EPA) reports were judgmentally selected and detail testing was performed to confirm the accuracy and completeness of the reports.

The following issue was noted:

19. Issue:

Upon detail testing of EPA monitoring reports and discussion with the Administrative Assistant, IAD noted the process for reporting parameters (e.g., water temperature, pH levels, flow rate, etc.) to the EPA involves manually entering data into the Electronic Discharge Monitoring Report (EDMR) spreadsheet, creating the potential for data entry errors.

Additionally, IAD reconciled the EDMR spreadsheet to supporting documentation and noted the following issues:

- Two (2) out of four hundred and sixty-five (465) instances where the daily parameters were entered on the EPA report for the incorrect day, resulting in all other days' reporting to be off one (1) day.
- One (1) out of four hundred and sixty-five (465) instances where a daily parameter could not be verified per the supporting documentation.
- One (1) out of four hundred and sixty-five (465) instances where the pH level parameter was calculated incorrectly.

Recommendation:

IAD recommends that DOES file an amended EPA report with the correct information. Additionally, IAD recommends DOES determine if the EPA reporting process can be automated to reduce the possibility of human error during the data entry process. This will help to ensure historic figures reported to the EPA are correct and future EPA reports are accurate and indicative of actual parameter measures.

Corrective Action Taken Prior to the End of Fieldwork:

IAD obtained and reviewed amended EPA reports and noted the errors identified have been corrected and the amended reports have been submitted to the EPA.

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Management Action Plan:

- (1) Even though corrective action was taken prior to the end of the audit, DOES will consider and evaluate whether additional automation of EPA reporting can be achieved as part of the current SCADA upgrade. If further automation cannot be achieved as part of the SCADA upgrade then we will work with OPEA to identify and hopefully implement improvements in the process.
- (2) Completion date March 31, 2015.

INSURANCE CLAIMS

DOES' policies and procedures were reviewed, staff interviews were conducted and flowcharts were created and approved to gain an understanding of the insurance claim processes and internal controls in place. A sample of insurance claims was selected and detail testing was performed to ensure the amount of the claim agreed to supporting documentation and proper approval.

No issues were noted.

**II. Security:**

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