

Summit County Developmental Disabilities Performance Audit General Report

Prepared for:

**John Trunk
Audit Committee**

**Approved by Audit Committee
December 15, 2015**



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EXECUTIVE SUMMARY

Total Number of Issues – 10

Policies and Procedures

Section	# Issues	Issue Descriptions	Page Ref.
Policies and Procedures Manual	2	<ul style="list-style-type: none"> • Inadequate Vehicle Accident policy and procedure regarding post-accident drug testing • RC-2 did not contain all relevant records 	7

Internal Controls

Strong Internal Controls:

Testing Section	# Issues	Issue Description	Page Ref.
CARF	0	N/A	8
Purchasing & Expenditures			8
Fringe Benefits			9

Weaknesses in Internal Controls:

Testing Section	# Issues	Issue Descriptions	Page Ref.
Payroll	1	<ul style="list-style-type: none"> • Improper segregation of duties. 	8
Asset Inventory	2	<ul style="list-style-type: none"> • Transportation part inventory report is not up to date. • Incomplete IT asset listing. 	9
Personnel Files	1	<ul style="list-style-type: none"> • Not all files contained a signed Conflict of Interest Form. 	10
Regulatory Compliance	2	<ul style="list-style-type: none"> • The Memorandum of Understanding Signature Page of Mandated Subscribers was not signed by all required individuals. • The date services were requested did not agree to the date the individual was placed on the waiting list for waiver services. 	11
Transportation	2	<ul style="list-style-type: none"> • The signature log was not signed timely. • BP fuel card was not maintained on its assigned bus. 	12

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GENERAL BACKGROUND

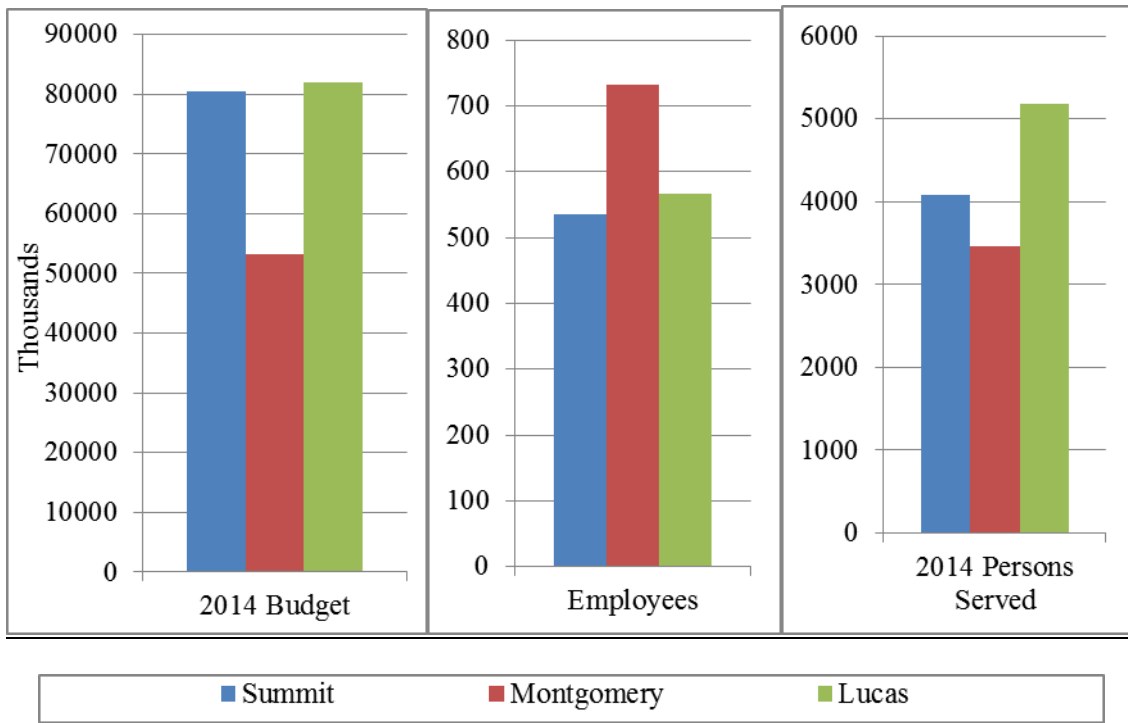
Summit DD was formed in 1967 when the Ohio Senate initiated the system of county boards. Their array of supports has evolved to meet the needs of families and individuals with disabilities. Summit DD is the primary community force to ensure people with developmental disabilities receive the highest quality of services and supports; that our communities are ones which support and embrace every individual, regardless of disability; and that each eligible person is provided the opportunity to achieve his/her full potential.

The Locally Funded Services budget includes residential services and supports, non-medical transportation, day array services, respite, cluster and other collaborative and emergency services. This fund is allocated for planning, developing, and monitoring community housing needs for individuals supported by the Summit DD. Houses are owned and maintained by the Summit Housing Development Corporation and/or other community property owners.

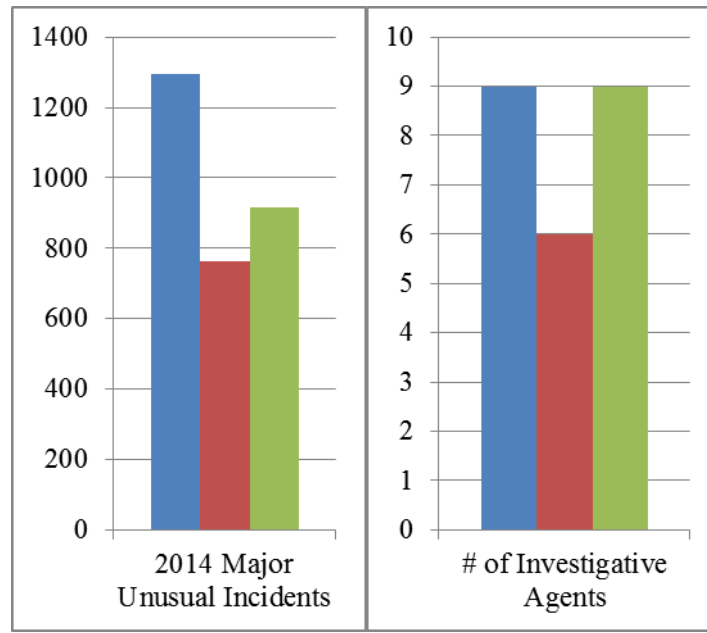
Summit DD provides vocational habilitation, adult day support, supported employment (referred to as day array), as well as transportation services through the operation of its' own programs and by providing match dollars to private providers who also provide the same service options. Summit DD facility-based day programs continue to include exploration of individuals' needs, interests and preferences that engage, as well as maximizing individuals' strengths and abilities within a lifelong learning environment.

Summit DD's Children's Services Department provides Early Intervention services to eligible infants and toddlers from birth through age two, who have developmental disabilities or delays.

IAD compared Summit DD's 2014 operating budget, staffing levels, Major Unusual Incidents (MUI's), and number of investigative agents to Developmental Disabilities agencies from comparably populated counties – Montgomery and Lucas. The comparisons are represented in the graphs below:



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AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

The primary focus of this review was to provide Summit County Developmental Disabilities 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 Summit County Developmental Disabilities (Summit DD).

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.

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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 Summit DD from July 1, 2014 through June 30, 2015.

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 Summit DD, IAD performed interviews with the following positions:

- Superintendent
- Assistant Superintendent
- Director (9)

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

I. Policy and Procedures Review:

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 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. Issue:

Upon review of Summit DD policies and procedures, IAD noted inadequate policies for Vehicle Accidents, specifically post-accident drug testing.

Recommendation:

IAD recommends that Summit DD 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:

The Drug Free Workplace procedure will be revised to clarify the circumstances under which post-accident drug testing is required. The revised procedure will be disseminated to employees no later than January 1, 2016.

2. Issue:

Upon review of the Records Retention Schedule (RC-2), IAD noted that it did not contain all relevant records including, but not limited to, the following:

- Signature Logs for In-Service Routes
- P-Card Supporting Documentation & Approval Logs
- BP Fuel Card Statements
- iPad Acceptable Use and Procedures form

Recommendation:

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

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Management Action Plan:

The RC-2 will be updated to include all relevant records. This will be completed by 6/30/2016.

II. Internal Control Testing:

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

- Commission on Accreditation of Rehabilitation Facilities (CARF)
- Purchasing and Expenditures
- Payroll
- Fringe Benefits
- Asset Inventory
- Personnel Files
- Regulatory Compliance
- Transportation

COMMISSION ON ACCREDITATION OF REHABILITATION FACILITIES (CARF)

Commission on Accreditation of Rehabilitation Facilities (CARF) polices and the CARF accreditation report was reviewed to determine areas of Summit DD that have been recently reviewed. IAD adjusted the audit program and passed on testing for areas that were reviewed as part of the accreditation. Additionally, the CARF Quality Improvement Plan was reviewed to ensure follow-up actions have been taken.

No issues were noted.

PURCHASING & EXPENDITURES

Policies and procedures were reviewed, interviews were conducted, and flowcharts were created and approved to gain an understanding of the purchasing and expenditures processes. Samples of purchase orders and purchase order change orders were judgmentally selected and detail testing was performed to test for proper documentation and approvals. A sample of procurement card bank statements was selected and detail testing was performed to ensure sales tax was exempt, transaction was properly supported, reasonableness, and proper approval. Additionally, Banner purchasing and procurement user access levels were reviewed for reasonableness.

Observations made during the 2012 Summit DD Agreed Upon Procedure were discussed with management and compared to current accounts payable operating procedures to ensure corrective action was properly taken.

No issues were noted.

PAYROLL

An interview was conducted to gain an understanding of the payroll process. A payroll approval report was generated and reviewed to determine appropriate authorizations and to confirm a proper segregation of duties. A sample of time adjustment forms was selected and compared to Kronos to ensure accuracy. Additionally, a sample of terminated employees was selected to ensure sick leave/vacation payouts were made in accordance with the payout policy.

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The following issue was noted:

3. Issue:

Upon review of payroll approval and sign-off in Kronos, IAD noted one (1) out of sixty (60) employees with improper approval among four (4) pay periods (e.g., the same employee approving and signing off), creating an improper segregation of duties.

Recommendation:

IAD recommends that payroll be approved and signed off by the appropriate parties (e.g., same employee does not approve and sign-off). This will help to ensure the accuracy and accountability of payroll records as well as a proper segregation of duties.

Management Action Plan:

To ensure the accuracy and accountability of payroll records as well as proper segregation of duties, there will be a minimum of two Approvals and one Sign Off for each time card: One **Manager Approval**, one **Payroll Approval** and one **Payroll Sign Off**. There will be no duplication in personnel responsible for minimum Approvals and Sign off. This process will be in place by the 1st pay of 2016.

FRINGE BENEFITS

Detail testing of the following areas was performed, if applicable, to confirm that Summit DD is properly processing fringe benefits in accordance with 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
- Domestic Partnership Health Insurance

No issues were noted.

ASSET INVENTORY

Policies and procedures were reviewed and interviews were conducted to gain an understanding of the Asset Inventory maintenance and disposal processes. Capital asset listing maintained by Summit DD was compared to the capital assets recorded by the Fiscal Office CAFR team to ensure completeness and accuracy. Inventory listings (IT and Transportation) were obtained and reviewed and detail testing was performed to ensure accuracy of the listing.

The following issues were noted:

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4. Issue:

Upon discussion with the garage supervisor and review of the transportation parts inventory report, IAD noted the inventory report is not up to date.

Recommendation:

IAD recommends that the transportation inventory records be updated and regularly reviewed. This will help to ensure the accuracy and accountability of the transportation parts inventory.

Management Action Plan:

Transportation will develop and implement a parts inventory procedure which will accurately track all parts. This will occur through using existing inventory tracking software and barcoding all parts upon arrival in the Transportation Department. This will be completed by 6/30/2016.

5. Issue:

Upon review of the IT asset listing, IAD noted the listing does not provide the location of each asset; therefore, IAD was unable to perform detail testing.

Recommendation:

IAD recommends that IT asset listing be updated to include a location for each asset and that the listing be reviewed regularly. This will help to ensure the accuracy and accountability over the IT assets.

Management Action Plan:

IT will gather a list of where devices are located, and enter this information into our Help Desk ticketing and tracking software that contains our IT asset inventory. We will create a procedure to include updating this list when employees move offices. This will be completed by June 30, 2016.

PERSONNEL FILES

Policies and procedures were reviewed and an interview was conducted to gain an understanding of the procedures in place over personnel files. A sample of employees was judgmentally selected and detail testing was performed to verify that the personnel files contained applicable documentation.

The following general recommendation and issue were noted:

General Recommendation

Upon discussion with the HR/Payroll Manager, IAD noted a tracking mechanism is not utilized for requests to review personnel files. IAD recommends that Summit DD create and maintain a tracking mechanism for request to review personnel files. This will help to ensure accountability over personnel files.

6. Issue:

Upon detail testing of employee personnel files, IAD noted twenty-five (25) out of sixty (60) files which did not contain a signed Conflict of Interest form. Per discussion with Summit DD personnel, IAD noted the form

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became effective in August 2004; it is noted that all employees hired after that date had a signed form in their file.

Recommendation:

IAD recommends all employees complete a Conflict of Interest form and that the form be maintained in their respective personnel file. This will help to ensure that management is aware of any conflicts of interest with employees, as well as compliance with the new hire checklist.

Management Action Plan:

The Audit Department noted the Conflict of Interest Form became effective in August, 2004 and all employees hired after that date had a signed form in their file. The New Hire Checklist changes as requirements change based on new or revised regulations. As this form was not required for those hired prior to August, 2004, Summit DD is in compliance with what was required of new hires prior to August, 2004.

To ensure that all employees are aware of the Board's Conflict of Interest Policy #2022 - Employment Restrictions/Conflict of Interest and their duty to report other employment falling within the provisions of O.R.C. 5126.0221, and to document their acknowledgement of receipt of this Policy, the Board will accomplish the following:

- a) Present Policy 2022 to all employees via Relias, requiring policy acknowledgement completion from all employees by 1/31/16.
- b) Completion of acknowledgement by employees will be documented with the annual training/policy acknowledgement list reported for all employees for calendar year 2016 and stored electronically in employee personnel files.

REGULATORY COMPLIANCE

Ohio Revised Code (ORC) §5126 was reviewed, attributes were developed, and detail testing was performed to ensure proper compliance with legislation.

The following issues were noted:

7. Issue:

Upon review of the Memorandum of Understanding Signature Page of Mandated Subscribers, IAD noted signatures were not obtained for the following four (4) of thirty (30) parties, as required by Ohio Revised Code (ORC) § 5126.058 (A):

- Senior Probate Judge
- Prosecuting Attorney of the County
- Two (2) out of twenty-five (25) Chief Municipal Peace Officers

Recommendation:

IAD recommends that Summit DD ensure the memorandum of understanding is signed by all appropriate parties. This will help to ensure compliance with ORC §5126.058 (A).

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Management Action Plan:

Memorandum of Understanding was forwarded on October 9, 2015 to the Senior Probate Judge, the Prosecuting Attorney and the two Chief Municipal Peace Officers for signature. Follow-up phone calls will be made by 12/1/15. It is anticipated that all appropriate signatures will be secured no later than March 31, 2016.

8. Issue:

Upon detailed testing of the Summit DD waiting list for waiver services, IAD noted six (6) out of eighteen (18) instances where the date services were requested did not match the date the individual was placed on the waiting list, in compliance with Ohio Revised Code (ORC) § 5126.042 (C).

Recommendation:

IAD recommends that the individual requesting services be placed on the Summit DD waiting list on the same date the services were requested. This will help to ensure compliance with Ohio Revised Code (ORC) §5126.042 (C).

Management Action Plan:

The SSA Department developed, trained staff, and implemented the following procedures:

➤ To add someone to the IO and/or Level , or SELF waiting list:

1. Complete the 2399 Form and have it signed by individual and/or guardian
2. Scan signed 2399 and send to Waiting List Residential email*
3. Send a copy of 2399 to Permanent file

**The email is received by management staff who places a person on the waiting list using the date on the 2399 form*

➤ To remove an individual from IO, Level 1, or SELF waiting list:

1. Complete the bottom section of Request to Remove and/or Change Placement on Waiting List
2. Scan and send to Waiting List Residential
3. Send copy of form to perm file
4. Due Process is mailed when removing someone from any waiting list.

All information pertaining to waiting list must be noted in ISP.

Note: In reference to the six individuals above, date placed on the waiting list is before date indicated on the current 2399. Adjusting waiting list date to match 2399 would result in individuals moving further down the list. This would have a negative impact on their availability for services; therefore the original wait list date will remain the same.

TRANSPORTATION

Policies and procedures were reviewed and interviews were conducted to gain an understanding of processes and procedures within the Transportation Department. Samples of medication logs, vehicle accident reports, and in-service route signature logs were selected to confirm proper procedures are being followed. The active vehicle listing was reviewed to ensure a minimum of 10% of the full time fleet acts as a substitute; and IAD verified that information regarding persons served is maintained in a confidential manner.

The following general recommendations and issues were noted:

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General Recommendation

Upon discussion with the Administrative Assistant, IAD noted BP fuel card receipts are not always reconciled to the online transaction posting within 24 hours, in accordance with the BP fuel credit cards procedure. IAD recommends that fuel card receipts be more timely reconciled, to ensure compliance with fuel card procedures.

9. Issue:

Upon detailed testing of signature logs for in-service routes, IAD noted twenty-one (21) out of eighty-four (84) instances where the signature log was not timely signed (e.g., minimum of five (5) business days prior to the in-service route), in accordance with Transportation Department policies and procedures.

Recommendation:

IAD recommends that signature logs be signed a minimum of five (5) business days prior to the in-service route. This will help to ensure compliance with Transportation Department policies and procedures.

Management Action Plan:

Transportation will implement a process which will ensure in-service route signature logs are signed no less than five (5) days prior to the start of the in-service route to ensure compliance the Transportation Department policies and procedures. This will be completed by 6/30/2016.

10. Issue:

Upon detailed testing of BP fuel card secure locations, IAD noted two (2) out of sixteen (16) instances where the assigned BP card was not maintained on its assigned bus, in accordance with Transportation Department policies and procedures.

Recommendation:

IAD recommends that BP fuel cards be maintained on their assigned bus. This will help to ensure safeguarding of assets and compliance with policies and procedures.

Management Action Plan:

Summit DD will revise the BP Fuel card procedure to ensure every vehicle has an appropriately assigned BP fuel card. New cards were ordered, distributed and Transportation staff have been trained. This will be fully implemented by 6/30/2016.

II. Security:

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