

Summit County Fiscal Office
Personnel Department
Performance Audit General Report

Prepared for:

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Approved by Audit Committee
December 20, 2016



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EXECUTIVE SUMMARY

Total Number of Issues – 3

Policies and Procedures

Section	# Issues	Issue Descriptions	Page Ref.
Policies and Procedures	1	<ul style="list-style-type: none">• Outdated policies and procedures (background checks)	5

Internal Controls

Weaknesses in Internal Controls:

Testing Section	# Issues	Issue Descriptions	Page Ref.
Personnel Files	2	<ul style="list-style-type: none">• Incomplete personnel file checklist• Incomplete personnel files	6

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GENERAL BACKGROUND

The Summit County Fiscal Office recognizes that a personnel system that recruits and retains competent, dependable personnel is indispensable to effective government. It is the policy of the Summit County Fiscal Office to afford equal opportunity to all qualified, or qualifiable, employees and applicants for employment, without regard to race, creed, color, sex, sexual orientation, handicap, national origin, or age. Positive action is taken to insure the fulfillment of this policy. The personnel system shall be administered by the Summit County Fiscal Officer or designee, who is charged with ensuring that all policies are applied in a consistent, objective manner.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

The primary focus of this review was to provide the Fiscal Office Personnel Department (Personnel Department) 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 Personnel Department.

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 Personnel Department from August 1, 2015 through July 31, 2016.

The following were the major audit steps performed:

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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

Interviews:

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

- Chief Deputy Fiscal Officer
- Human Resource Administrator
- Executive Assistant 1

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

I. Policy and Procedures Review:

Policies and procedures were reviewed for each applicable testing section within the audit for accuracy and completeness and compared to current processes for consistency. The Records Retention Schedule was also reviewed for completeness in regards to the Personnel Department and compared to processes throughout the audit to ensure that the schedule contained all relevant documents.

The following issues were noted:

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1. Issue:

Per the Personnel Department Policy and Procedure Manual, background checks are required for all final applicants to the Fiscal Office; however, upon discussion with personnel, this is not the current process and background checks are not required for all final applicants.

Recommendation:

IAD recommends that the Personnel Department update their policy to reflect current procedures. This will help to ensure compliance with policies and procedures

Corrective Action Taken Prior to the End of Fieldwork:

IAD obtained an updated policy regarding background checks and noted the policy was updated to reflect current procedures.

Management Action Plan:

We have changed the Personnel Department Policy and Procedure Manual, background checks from **required** to **may** for all final applicants to the Fiscal Office.

II. Internal Control Testing:

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

- Personnel Files

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 fifty percent (50%) sample of employees was judgmentally selected and detail testing was performed to verify that the personnel files contained applicable documentation.

The following issues were noted:

2. Issue:

Upon review of the personnel file checklist and through detail testing, IAD noted the checklist did not contain the following items noted within the files:

- Personal Data Reference Form
- Auditor of State's System for Reporting Fraud Acknowledgement (ORC §117.103)
- Fair Labor Standards Act (FLSA) Exemption from Overtime Form (FLSA Regulations)

Recommendation:

IAD recommends that the Personnel Department add all applicable forms/acknowledgements to the personnel file checklist. This will help to ensure the presence of applicable forms within the files.

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Corrective Action Taken Prior to the End of Fieldwork:

IAD obtained an updated personnel file checklist and noted all required items were added.

Management Action Plan:

Personnel Data Reference Forms have been updated and effective 9/20/16 will be kept online in the SharePoint site. This form was added to the personnel checklist.

Auditor of State's System for Reporting Fraud Acknowledgement (ORC §117.103) forms have all be updated. We have now added this to our Fiscal Office Policy and Procedures Manual to be signed by all new employees of the Summit County Fiscal Office. This form was added to the personnel checklist under the Fiscal Office Policy and Procedures Manual.

Fair Labor Standards Act (FLSA) Exemption from Overtime Forms have been updated. Summit County Executive office Human Resource Department is reviewing the FLSA process and will be updating HR Representatives when a plan is in process. This form was added to our personnel checklist.

3. Issue:

Upon detail testing of personnel files, IAD noted eight (8) of seventy-two (72), or eleven percent (11%), files that were incomplete. Additionally, none of the applicable files (34) contained an acknowledgement of the Auditor of State's System for Reporting Fraud as required by ORC §117.103. It is noted that all incomplete files were less than fourteen percent (14%) incomplete.

Recommendation:

IAD recommends that the Personnel Division ensure all required forms are completed and maintained in the personnel files. This will help to ensure compliance with policies and procedures, the new hire checklist, and Ohio Revised Code.

Corrective Action Taken Prior to the End of Fieldwork:

IAD noted all incomplete files were updated.

Management Action Plan:

Most forms will be on the People Admin site or the SharePoint site. The remainder of the forms will be in the employees personnel file.

II. Security:

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