

**Summit County Executive's Office**  
*Department of Job and Family Services*  
*Budget and Finance*  
**Preliminary Audit Report**

**Prepared for:**

**Ilene Shapiro**  
**Audit Committee**

**Approved by Audit Committee**  
**March 28, 2018**



**Summit County**  
**Internal Audit Department**  
**175 South Main Street**  
**Akron, Ohio 44308**

*Lisa L. Skapura, Director*  
*Jon Keenan, Deputy Director*  
*Brandon Schmidt, Senior Auditor*  
*Mario Warren, Staff Auditor*  
*Dan Weybrecht, Staff Auditor*  
*Amanda Winkelman, Staff Auditor*

**Summit County Executive's Office**  
*Department of Job and Family Services*  
*Budget and Finance*  
**Performance Audit General Report**

**Table of Contents**

EXECUTIVE SUMMARY .....	3
GENERAL BACKGROUND.....	4
AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY .....	4
DETAILED COMMENTS .....	5

**Summit County Executive's Office**  
*Department of Job and Family Services*  
*Budget and Finance*  
**Performance Audit General Report**

**EXECUTIVE SUMMARY**

**Total Number of Issues – 6**

**Policies and Procedures**

<b>Section</b>	<b># Issues</b>	<b>Issue Descriptions</b>	<b>Page Ref.</b>
Policies and Procedures Manual	2	<ul style="list-style-type: none"> <li>• Employees not required to acknowledge receipt of P&amp;P manuals.</li> <li>• Insufficient or no written policies and procedures for several areas.</li> </ul>	6

**Internal Controls**

*Strong Internal Controls:*

<b>Testing Section</b>	<b># Issues</b>	<b>Issue Description</b>	<b>Page Ref.</b>
Purchasing	0	N/A	8
Expenditures			9
Contract Review			10

*Weaknesses in Internal Controls:*

<b>Testing Section</b>	<b># Issues</b>	<b>Issue Descriptions</b>	<b>Page Ref.</b>
Revenue	3	<ul style="list-style-type: none"> <li>• Manual receipts are not pre-numbered.</li> <li>• No reason documented for voided cash receipt/no supervisor review or approval.</li> <li>• No reason documented for cash receipt date modification.</li> </ul>	7
Random Moment Sampling	1	<ul style="list-style-type: none"> <li>• Non-compliance with Ohio Administrative Code approval requirements.</li> </ul>	9

**Summit County Executive's Office**  
*Department of Job and Family Services*  
*Budget and Finance*  
**Performance Audit General Report**

**GENERAL BACKGROUND**

The Summit County Department of Job and Family Services (DJFS) exists to serve the people of Summit County, Ohio, by providing social and career-development services to better the lives of the entire community.

The Summit County DJFS is funded at the county, state and federal level and is charged with executing various programs designed to help people with certain financial, medical and social services. These programs are in place to help ensure that everyone's basic needs are met, including sufficient nourishment, shelter, medical care and critical social services ranging from childcare to career development.

The Budget and Finance Division is responsible for maintaining the financial integrity of the agency. This division applies for and draws down all federal and state funding, monitors and tracks expenditures against the various revenue streams, and sends detailed reports to the state. Further, the division develops, monitors, and maintains federal, state, and county budgets. Four (4) units are organized under this division. External Audit and Compliance ensures that all contract provisions are met and that the contracted vendors meet federal and state guidelines. The Purchasing Unit is responsible for all purchases and the tracking of inventory. Accounts Payable monitors expenses against purchase orders, submits vouchers for payment of invoices, and processes supplemental child care payments. Accounts Receivable collects revenues and tracks federal, state, and local funds.

**AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY**

The primary focus of this review was to provide the Department of Job and Family Services – Budget and Finance (DJFS – B&F) 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 DJFS – B&F.

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.

**Summit County Executive's Office**  
*Department of Job and Family Services*  
*Budget and Finance*  
**Performance Audit General Report**

**Scope:**

An overview and evaluation of the existing policies, processes, procedures, contracts and internal control structure utilized by the DJFS – B&F from November 1, 2016 through October 31, 2017.

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**

6. Meet with the appropriate personnel to obtain an understanding of the control environment.
7. Document the existing control procedures in narratives and/or flowcharts.
8. Compare existing processes to the policies and procedures manual for consistency.
9. Test procedures for compliance where applicable, noting all exceptions.
10. Investigate discrepancies and summarize results.
11. Make recommendations where appropriate.

**DETAILED COMMENTS**

**Interviews:**

To gain an understanding of the DJFS – B&F, IAD performed interviews with the following positions:

- Assistant Director
- Chief Financial Officer
- Social Operations Administrator DHS
- Social Program Administrator DHS
- Fiscal Officer 3
- Accountant 3
- Purchasing Specialist 1
- Fiscal Officer 1

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

**Summit County Executive's Office**  
*Department of Job and Family Services*  
*Budget and Finance*  
**Performance Audit General Report**

**I. Policy and Procedures Review:**

DJFS – B&F 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. The Budget and Finance 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 discussion with DJFS – B&F personnel, IAD noted employees are not required to acknowledge receipt and review of DJFS – B&F policies and procedures.

Recommendation:

IAD recommends that the DJFS – B&F require employees to sign-off, acknowledging their receipt and review of policies and procedures. This will help to ensure compliance with the policy and procedure manual and best practices.

Management Action Plan:

Policies and Procedures have been updated and/or created. They are stored in a central location and the appropriate areas and personnel will acknowledge review and receipt.

Target Date:

3/30/2018

2. Issue:

Upon review of policies and procedures, IAD noted insufficient policies and procedures in the following areas:

- Ordering and receiving of goods/initialing packing slips
- Invoicing of providers and contractors
- Voiding of cash receipts
- Manual cash receipts (e.g., when to use manual receipts)
- Modification of cash receipts

Recommendation:

IAD recommends that Policy and Procedures are created/updated, approved, and disseminated for all functional areas within the department. This will help to ensure that proper procedures are in place and consistently followed within the department.

Corrective Action Taken Prior to the End of Fieldwork:

IAD obtained the following updated policies:

- Procurement Policy
- Voiding Cash Receipts Policy

**Summit County Executive's Office**  
*Department of Job and Family Services*  
*Budget and Finance*  
**Performance Audit General Report**

- Manual Cash Receipts Policy

Management Action Plan:

Policies and Procedures have been updated and/or created. They are stored in a central location and the appropriate areas and personnel will acknowledge review and receipt.

Target Date:  
3/30/2018

**II. Internal Control Testing:**

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

- Revenue
- Purchasing
- Expenditures
- Random Moment Sampling
- Contract Review

REVENUE

DJFS – B&F policies and procedures and applicable ORC sections were reviewed, staff interviews/observations 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.

Samples of cash receipts were haphazardly selected for detail testing to ensure a proper segregation of duties, appropriate recording into the respective accounting system, and timeliness and accuracy of the deposit. A sample of invoices from Memorandum of Understanding (MOU) partners were also selected and detail testing was performed to determine appropriate recording into the respective accounting system.

The following issues were noted:

3. Issue:

Upon review of the DJFS – B&F Cashier's Office Cash Receipt Book, IAD noted manual receipts are maintained; however, they are not pre-numbered.

Recommendation:

IAD recommends the DJFS – B&F purchase a pre-numbered, 2-part cash receipt book. This will help to ensure accuracy and completeness of manual receipts.

Management Action Plan:

Per the updated policy, the Budget & Finance Cashier's Office has implemented a pre-numbered, 2-part cash receipt book.

Target Date:  
3/7/2018 (Completed)

**Summit County Executive's Office**  
*Department of Job and Family Services*  
*Budget and Finance*  
**Performance Audit General Report**

4. Issue:

Upon detail testing of voided receipts, IAD noted nineteen (19) out of thirty-one (31), or 61%, instances where the reason for the void was not documented and twenty-five (25) out of thirty-one (31), or 81%, instances where supervisor review of the voided receipt was not performed.

Recommendation:

IAD recommends that DJFS – B&F document the reason the cash receipt is being voided and a supervisor review be performed on all voided cash receipts. This will help to ensure safeguarding of cash receipts.

Management Action Plan:

Per the updated policy, a process was established which requires a supervisor to process any receipt voids. The IT department has adjusted the Cashier Database, which now requires a reason, date, and valid user.

Target Date:

1/29/2018 (Completed)

5. Issue:

Upon sequential order detail testing of cash receipts, IAD noted nine (9) out of two thousand five hundred fifty-three (2,553), or less than 1%, instances where the cash receipt date was modified to a date one (1) to two (2) months from of the date the receipt was created. In addition, upon review of the daily pay-in, IAD could not confirm the deposit of two (2) receipts that had been modified. It was noted that the discrepancy in the reconciliation to pay-in was not investigated.

Recommendation:

IAD recommends the DJFS – B&F account for all cash receipts generated in the cash management system and create a formal policy addressing the modification of receipt dates and supervisor review/approval of the modification. Additionally, IAD recommends that daily reconciliations and pay-ins be reviewed by a supervisor to ensure discrepancies are investigated. This will help to ensure accuracy and accountability of cash receipts.

Management Action Plan:

A policy was created addressing the modification of receipts. This includes supervisor review/approval of modifications and daily reconciliations of receipts to pay-ins. Any discrepancies will be investigated.

Target Date:

1/29/2018 (Completed)

PURCHASING

Policies and procedures were reviewed, interviews were conducted and a flowchart was created and approved to gain an understanding of the purchasing process. Samples of purchase order requisitions, purchase orders and purchase



**Summit County Executive's Office**  
*Department of Job and Family Services*  
*Budget and Finance*  
**Performance Audit General Report**

order change orders were judgmentally selected and detail testing was performed to test for proper documentation and approvals.

No issues were noted.

**EXPENDITURES**

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 randomly selected and detail expenditure testing was performed to verify that funds do not remain encumbered for prior year purchase orders, confirm proper approval, proper authorizations, funds were encumbered prior to incurring the expense, and that the appropriate vendor and amount were paid and there is no conflict of interest.

No issues were noted.

**RANDOM MOMENT SAMPLING**

DJFS – B&F policies and procedures and applicable Ohio Administrative Code (OAC) sections were reviewed, staff interviews were conducted and flowcharts were created and approved to gain an understanding of the random moment sampling process. Random moment unique identifiers were reviewed to ensure that the random moments without a unique identifier were reasonable. A sample of income maintenance and social services programs random moment hits were haphazardly selected and detail testing was performed to ensure all random moments were approved in accordance with OAC.

The following issues were noted:

6. Issue:

Upon detail testing of Social Services random moments hits, IAD noted six (6) of thirty-four (34), or 18%, instances where random moment hits were not approved within forty-eight (48) hours in accordance with OAC 5101:9-7-20 (F)(3).

Recommendation:

IAD recommends that all Social Services random moment hits be approved within forty-eight (48) hours by a Random Moment Sampling Coordinator or back-up coordinator. This will help to ensure compliance with OAC 5101:9-7-20 (F)(3).

Management Action Plan:

Effective 1/2/2018, the Income Maintenance RMS Coordinator was moved to Budget & Finance and assigned responsibility for Social Service RMS hits, in addition to IM. All RMS hits are being reviewed/approved within 48 hours.

Target Date:

1/2/2018 (Completed)

**Summit County Executive's Office**  
*Department of Job and Family Services*  
*Budget and Finance*  
**Performance Audit General Report**

CONTRACT REVIEW

DJFS – B&F policies and procedures and staff interviews were conducted to gain an understanding of contract review and monitoring process. A sample of contracts were haphazardly selected and monthly invoices related to each contract were selected to perform detail testing to ensure expenditures were allowable and properly supported.

No issues were noted.