

**Summit County Executive Office**  
*Human Resource Department*  
**Preliminary Audit Report**

**Prepared for:**

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**Audit Committee**

**Approved by Audit Committee**  
**December 6, 2018**



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**EXECUTIVE SUMMARY**

**Total Number of Issues –13**

**Policies and Procedures**

Section	# Issues	Issue Descriptions	Page Ref.
Policies & Procedures	2	<ul style="list-style-type: none"> <li>• Manuals not updated/revised within the last two (2) years.</li> <li>• Insufficient or outdated policies.</li> </ul>	6

**Internal Controls**

*Strong Internal Controls:*

Testing Section	# Issues	Issue Description	Page Ref.
Vehicle Registration & Maintenance	0	N/A	11
Payroll			12
Fringe Benefits			14
Progressive Discipline			15

*Weaknesses in Internal Controls:*

Testing Section	# Issues	Issue Descriptions	Page Ref.
Hiring & Promotion Approvals	1	<ul style="list-style-type: none"> <li>• Chief of Staff's approval not formally documented for promotions and new hires.</li> </ul>	7
Purchasing	2	<ul style="list-style-type: none"> <li>• Purchase order requisitions not approved in banner by an HRD employee.</li> <li>• Proper segregation of duties for ordering &amp; receiving could not be determined because packing slip was not initialed.</li> </ul>	8
Expenditures	1	<ul style="list-style-type: none"> <li>• Funds were not properly encumbered prior to incurring the expense and invoice not properly approved for payment.</li> </ul>	9
Personnel Files	3	<ul style="list-style-type: none"> <li>• Quarterly personnel file audit not being performed.</li> <li>• Employees not notified when someone requests to review their personnel file and tracking mechanism to track the viewing of personnel files not being utilized.</li> <li>• Personnel files appeared to be incomplete and annual performance evaluations not performed for classified employees.</li> </ul>	10
Equal Employment Opportunity (EEO)	4	<ul style="list-style-type: none"> <li>• Executive Office employees did not receive the required County trainings.</li> <li>• EEO complaint investigation resulted in probable cause; however, the employee was not disciplined.</li> <li>• One (1) appointing authority in which the EEO Compliance Officer is not investigating complaints.</li> <li>• Intergovernmental agreements not in place for entities outside of the Summit County Charter.</li> </ul>	12

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**GENERAL BACKGROUND**

The Human Resource Department (HRD) is responsible for some key facets of the employment process. Among them are posting employment opportunities, scheduling interviews, conducting orientation sessions for new employees, authoring the Personnel Manual, creating evaluation forms and procedures for all county offices and departments, scheduling and mediating disciplinary hearings and writing job descriptions. In addition, this department facilitates compliance with Federal programs such as Family Medical Leave Act, Federal Labor Standards Act, Equal Employment Opportunity and Americans with Disabilities Act. They are also responsible for the retention of approximately 700 personnel files for all departments under the Executive.

Additionally, the following functional areas are handled by the HRD:

**Personnel**

The HRD provides expertise, leadership and consultation regarding personnel matters to ensure consistency and limit County liability.

**Labor Relations**

The HRD negotiates and completes all labor contracts for charter offices. The department provides expertise, leadership and consultation regarding bargaining unit matters (e.g. disciplinary, grievances, arbitrations, ULP's) to ensure consistency and limit County liability.

**Payroll**

The HRD maintains payroll records and ensure proper and timely payment of Executive Office employees.

**Training**

The HRD trains all county employees in mandatory (per federal, state, and local laws) and non-mandatory courses.

**Vehicle**

The HRD maintains accurate and complete records of County vehicles, fuel costs and maintenance.

The HRD consists of fourteen (14) full-time employees (.5% of Summit County employment).

**AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY**

The primary focus of this review was to provide the Human Resource Department (HRD) 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 HRD.

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.

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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 HRD from March 1, 2017 through February 28, 2018.

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.

**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 the HRD, IAD performed interviews with the following positions:

- Director of Human Resources
- Deputy Director (2)
- Senior Administrator
- Training Administrator & EEO Compliance Officer
- Chief Fiscal Officer
- Payroll Supervisor
- Administrative Liaison
- Personnel Officer 2
- Benefits Administrator

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

**I. Policy and Procedures Review:**

HRD 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. HRD Records Retention (RC-2) 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 the Executive Office Policy and Procedure Manual and the HRD Process Manual for completeness and accuracy, IAD noted the manual has not been updated/revised within the last two (2) years.

Recommendation:

IAD recommends that policies and procedures be updated/reviewed and approved by management on a routine basis. This will help ensure that approved policies and procedures are accurate and consistently followed by employees.

Management Action Plan:

Complete an updated Policy Manual for the Executive's Office.

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2. Issue:

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

- Purchasing Process (e.g., process outdated, references old personnel titles);
- Expenditures Process (e.g., process outdated, references old personnel titles, Two (2) p-card holders listed instead of one (1));
- EEO policy in the Executive Office Manual is outdated;
- Compensatory Time process (e.g., compensatory forms, compensatory approvals, etc.);
- Hiring & Promotion Policy (e.g., approvals include Executive; however, this is not being performed);
- E-Checks governed by the Ohio Environmental Protection Agency (EPA).

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.

Management Action Plan:

Complete an updated Procedure Manual for the HR department that covers all areas mentioned in the audit and that includes all functional areas and updated titles and areas of responsibility.

**Target Date:** 3/31/2019

**II. Internal Control Testing:**

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

- Hiring & Promotion Approvals
- Purchasing
- Expenditures
- Personnel Files
- Vehicle Registration & Maintenance
- Payroll
- Equal Employment Opportunity (EEO)
- Fringe Benefits
- Progressive Discipline

HIRING AND PROMOTION APPROVALS

HRD policies and procedures were obtained to gain an understanding of the hiring & promotion approval process, the laws and regulations that govern it, and internal controls in place.

A sample of new hires and a sample of promoted employees were selected for detail testing to ensure the following, in accordance with policies and procedures:

- Written approval was obtained from the Chief of Staff.
- A Personnel Requisition was created within three (3) days of receiving the request.
- All Requisitions include the following approvals, in this order: Finance Officer (if applicable), Department Director, Director of Human Resources, Director of Finance & Budget, Chief of Staff and Executive.

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The following issue was noted:

3. Issue:

Upon detail testing of the employee new hire requisition and promotion approval process, IAD noted three (3) out of thirteen (13), or 23%, employee new hires and eight (8) out of sixteen (16), or 50%, promotions, where the Chief of Staff's approval was not formally documented (e.g., a verbal approval was obtained), in accordance with the policy and procedure.

Recommendation:

IAD recommends the HRD obtain formal approval from the Chief of Staff for all employee new hire requisitions and promotions. This will help to ensure compliance with policies and procedures.

Management Action Plan:

In documenting policy for hiring/promotion a step will be included requiring written approval of Chief of Staff. Will explore making that a step in PeopleAdmin.

**Target Date:** 3/31/2019

PURCHASING

HRD policies and procedures and applicable ORC sections were reviewed, interviews were conducted, and flowcharts were created and approved to gain an understanding of the purchasing process. Samples of purchase order requisitions and purchase orders were haphazardly selected and detail testing was performed to test for proper documentation and approvals. A sample of merchandise purchases was haphazardly selected and detail testing was performed to ensure a supply order form was completed, approved and a packing slip was initialed in accordance with policies and procedures.

The following issues were noted:

4. Issue:

Upon detail testing of purchase order requisitions, IAD noted two (2) out of five (5) instances, or 40%, where a HRD employee was not approving purchase order requisitions in Banner.

Recommendation:

IAD recommends that a HRD employee approve purchase order requisitions in Banner. This will help to ensure a proper segregation of duties and proper approval over purchases.

Corrective Action Prior to the End of Fieldwork:

IAD noted the Director of HR now has the ability approve requisitions in Banner.



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Management Action Plan:

In completing procedures for all functional areas of HRD, a procedure will be established that requires Banner approval by the Director of HRD.

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5. Issue:

Upon detail testing of purchases, IAD noted nine (9) of ten (10) instances, or 90%, where IAD could not determine proper segregation of duties over the purchasing and receiving process because the packing slip was not initialed.

Recommendation:

IAD recommends that an employee independent of the employee who placed the order, reconcile the items received to the packing slip and initial the slip. This will help to ensure a proper segregation of duties and that proper procedures are in place and consistently followed.

Management Action Plan:

In completing procedures for the functional areas of HRD, the duties of ordering materials and receipting them in will be performed by separate positions. The policy will include a requirement that the person performing the receiving procedure will initial the packing slip of each order to ensure all items were received. If there is no packing slip that person will send an email to his/her supervisor indicating all items ordered were received. The title of each individual involved in these processes will be noted in the procedure.

**Target Date:** 3/31/2019

EXPENDITURES

HRD 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 haphazardly 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, the appropriate vendor and amount were paid, and that a conflict of interest does not appear to exist.

The following issue was noted:

6. Issue:

Upon detail testing of Banner expenditures, IAD noted the following:

- Five (5) out of twenty-four (24), or 20%, instances where the invoice was not properly approved for payment (e.g., no Director approval).
- Two (2) out of eleven (11), or 18%, instances where the invoice date was prior to the purchase order date.

Per ORC §5705.41, no order involving the expenditure of money shall be made without a certificate of the Fiscal Office (purchase order).

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Additionally, IAD noted a policy and procedure was not created over the invoice approval process.

Recommendation

IAD recommends that funds be encumbered prior to incurring the expense/liability and expenditures be approved by the appropriate HRD personnel. Additionally, IAD recommends that a policy and procedure be created over the invoice approval process. This will help to ensure proper expenditure of funds, compliance with ORC §5705.41 and proper approval of expenditures.

Management Action Plan:

In completing procedures for all of the functional areas of HRD, a comprehensive procurement procedure will be documented that ensures each step of section 177 of the codified ordinances is properly observed and the title of the position responsible for completing each step is included.

**Target Date:** 3/31/2019

PERSONNEL FILES

An interview was conducted to gain an understanding of the personnel file process. A sample of personnel files was haphazardly selected and compared to the personnel file checklist to ensure files were complete. A sample of classified employees was haphazardly selected and detail testing was performed to ensure an annual performance evaluation was performed, in accordance with Summit County Codified Ordinance § 169.17. Employee job descriptions were obtained and reviewed for positions that require professional licensures or certifications and detail testing was performed to ensure the professional licensures or certifications were obtained, when applicable.

The following issues were noted:

7. Issue:

Upon discussion with HRD personnel, IAD noted quarterly personnel file audits are not performed, in accordance with the personnel file audit policy.

Recommendation:

IAD recommends the HRD perform quarterly personnel file audits. This will help to ensure accuracy of personnel files and compliance with HRD policies and procedures.

Management Action Plan:

The personnel file audit will be completed quarterly and documented on a log which includes the name of the employee whose file was audited, the date the audit was conducted and the HRD staff member who conducted the audit. The logs will be kept in a binder located in the file room. The procedure will be updated to include the log.

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8. Issue:

Upon discussion with HRD personnel, IAD noted employees are not notified when someone requests to review their personnel file. Additionally, IAD noted a tracking mechanism to track the viewing of personnel files is not being utilized.

Recommendation:

IAD recommends the HRD create a tracking mechanism and notify the employee when a request is received to view their personnel file. In addition, IAD recommends a policy and procedure be created, approved, and disseminated regarding this process. This will help to ensure accountability of personnel files and compliance with best practice.

Management Action Plan:

In completing an updated Procedure Manual for the HRD, a communication and tracking mechanism will be devised to notify the employee and to record the personnel file review.

Target Date: 3/31/2019

9. Issue:

Upon detail testing of personnel files, IAD noted the following:

- Thirteen (13) of seventy-one (71), or 18%, instances where an employee personnel file appeared to be incomplete, per the Personnel File Checklist.
- Thirty (30) of fifty-six (56) instances, or 54%, where an annual performance evaluation was not performed for classified employees for the period 1/1/16 – 12/31/16, in accordance with Summit County Codified Ordinance §169.17.

Recommendation:

IAD recommends that HRD review employee personnel files to ensure files contain the relevant documents. Additionally, IAD recommends performance evaluations be performed annually for all classified employees. This will help to ensure compliance with Summit County Codified Ordinance §169.17 and completeness and accuracy of personnel files.

Management Action Plan:

HRD will conduct a comprehensive audit of personnel files, and where the file is incomplete will ensure that all required items from the checklist have been included in the file.

With respect to performance evaluations, HRD will determine whether a report can be produced from PeopleAdmin to track completion of evaluations. If a report can be produced, then a procedure will be established to notify supervisors of incomplete evaluations.

**Target Date:** 8/31/2019

VEHICLE REGISTRATION & MAINTENANCE

HRD policies and procedures and flowcharts were reviewed and interviews were conducted, to gain an understanding of the vehicle registration and maintenance process.

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A sample of county owned vehicles were haphazardly selected to ensure the following:

- A vehicle title is maintained, in accordance with policies and procedures.
- An Ohio E-check was performed, in accordance with Ohio Environmental Protection Agency (EPA) regulations.

Additionally, a sample of monthly fuel bills from the City of Akron was selected and a reconciliation was performed to ensure the accuracy of the monthly departmental chargeback.

No issues 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 employees that received compensatory time was haphazardly selected and detail testing was performed to ensure the compensatory time reconciled to Kronos and contained proper approval.

No issues noted.

**EQUAL EMPLOYMENT OPPORTUNITY (EEO)**

An interview was conducted to gain an understanding of the EEO process. All EEO complaints filed during the audit period were selected and detail testing was performed to ensure the following, in accordance with Summit County Codified Ordinance §169.21:

- An internal complaint form was filed.
- The investigation began within twenty (20) days of receipt of the incident.
- A written decision was issued to the applicable parties.
- If probable cause was found, the employee was disciplined.

A listing of appointing authorities under the County Charter were obtained to determine HRD's responsibility with processing EEO complaints and detail testing was performed to ensure all EEO complaints are investigated for all appointing authorities.

Additionally, a sample of employees was selected and detail testing was performed to ensure the required training (e.g., sexual harassment, diversity and substance abuse) was obtained within the two (2) year training window, in accordance with Summit County Codified Ordinance §169.21 and §169.28.

The following issues were noted:

10. Issue:

Upon detail testing of required County training for Executive Office employees, IAD noted the following:

- Fourteen (14) out of thirty-seven (37), or 38%, instances where substance abuse training was not completed.
- Fifteen (15) out of thirty-five (35), or 43%, instances where diversity training was not completed.
- Fifteen (15) out of fifty-three (53), or 28%, instance where sexual harassment training was not completed.

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- Three (3) out of eight (8), or 38%, instances where supervisor substance abuse training was not completed.

Per County Codified Ordinance §169.21, employees are required to obtain sexual harassment and diversity training every two (2) years and per County Codified Ordinance § 169.28, employees are required to obtain substance abuse training and supervisor substance abuse training, if applicable.

Recommendation:

IAD recommends the HRD monitor Executive Office employee training to ensure that all Executive Office employees obtain the required County training every two (2) years. This will help to ensure compliance with County Codified Ordinances.

Management Action Plan:

In completing procedures for HRD, a procedure will be established to ensure that twice a year directors have a listing of mandatory trainings completed and not completed by employees under their charge.

**Target Date:** 3/31/2019

11. Issue:

Upon detail testing of Equal Employment Opportunity (EEO) complaints, IAD noted two (2) out of two (2) instances, or 100%, where an Executive Office EEO complaint investigation resulted in probable cause, however, the employee the complaint was filed against was not disciplined in accordance with Summit County Codified Ordinance §169.21 (c).

Recommendation:

IAD recommends that all employees are disciplined where an EEO investigation results in a probable cause finding. This will help to ensure compliance with Summit County Codified Ordinances.

Corrective Action Prior to the End of Fieldwork:

IAD noted disciplinary action was filed against one (1) employee where an EEO complaint investigation resulted in probable cause.

Management Action Plan:

In completing procedures for HRD, a procedure will be established to document the results of a recommendation of discipline upon a recommendation by the EEO officer.

**Target Date:** 3/31/2019

12. Issue:

Upon detail testing of EEO complaints, IAD noted one (1) out of seven (7) appointing authorities, or 14%, where EEO complaints were not investigated by the HRD EEO Compliance Officer, in accordance with County Codified Ordinance §169.21 and §169.01 and Article III, Section 3.03(10) of the Summit County Charter.

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Recommendation:

IAD recommends the EEO Compliance Officer investigate EEO complaints for all appointing authorities noted in Article III, Section 3.03(10) of the Summit County Charter. This will help to ensure compliance with County Codified Ordinances and the Charter.

Management Action Plan:

Upon modification of section 115.03 of the codified ordinances, when completing procedures for HRD, a procedure will be established whereby any EEO complaint not investigated by the EEO Compliance Administrator will be conducted by a pre-determined person/position (e.g. a complaint from the Sheriff's office will be investigated by their internal affairs investigator).

**Target Date:** 3/31/2019

13. Issue:

Upon discussion and detail testing of the EEO process, IAD noted intergovernmental agreements are not maintained for EEO complaint and investigative services provided by the EEO Compliance Officer to entities outside of Article III, Section 3.03(10) of the Summit County Charter (e.g., Veteran Service Commission, Juvenile Court, etc.).

Recommendation:

IAD recommends that the HRD enter into an intergovernmental agreement with entities outside of Article III, Section 3.03(10) of the Summit County Charter. This will help to define the responsibilities and ensure accountability over the EEO process.

Management Action Plan:

Upon modification of section 115.03 of the codified ordinances, a standard agreement will be developed for use when the EEO Compliance Administrator is conducting an EEO investigation for a non-charter office. In completing procedures for HRD, a procedure will be developed for taking in such investigations, ensuring that an agreement is completed prior to the investigation being conducted.

**Target Date:** 3/31/2019

FRINGE BENEFITS

Detail testing of the following areas was performed, if applicable, to confirm that HRD 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

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- Subcontracted employees
- Domestic Partnership

No issues were noted.

**PROGRESSIVE DISCIPLINE**

Progressive discipline policies and procedures and Codified Ordinance § 169.20 were reviewed and staff interviews were conducted, to gain an understanding of the progressive discipline cycle, the laws and regulations that govern it, and internal controls in place. IAD determined the audit risk to be low and did not perform detail testing.

**II. Security:**

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