

Summit County Executive's Office
Department of Job and Family Services
Legal and Administrative Services Divisions
Performance Audit – General Report

Prepared for:

Ilene Shapiro
Audit Committee

Approved by Audit Committee
June 3, 2019



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

Lisa L. Skapura, Director
Jon Keenan, Deputy Director
Mario Warren, Senior Auditor
Amanda Winkelman, Staff Auditor

Summit County Executive's Office
Department of Job and Family Services
Legal and Administrative Services Divisions
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
Legal and Administrative Services Divisions
Performance Audit General Report

EXECUTIVE SUMMARY

Total Number of Issues – 7

Policies and Procedures

Section	# Issues	Issue Descriptions	Page Ref.
Policies and Procedures Manual	4	<ul style="list-style-type: none"> • Employees are not required to acknowledge receipt of Legal Division P&P manuals. • Legal Division P&P manual has not been formally approved by management and has not been updated/revised within the last two (2) years. • Employees are not required to acknowledge receipt of various P&P manuals set forth by the Administrative Services Division. • Administrative Services Division P&P manuals have not been formally approved by management. 	6

Internal Controls

Strong Internal Controls:

Testing Section	# Issues	Issue Description	Page Ref.
Records Requests	0	N/A	10
Child Care			11
Training			11
Vehicles			11

Weaknesses in Internal Controls:

Testing Section	# Issues	Issue Descriptions	Page Ref.
Contracts	2	<ul style="list-style-type: none"> • References to incorrect legislation in contract templates. • Could not verify a Data Universal Numbering System (DUNS) search was performed on contracts. 	8
Benefit Recovery	1	<ul style="list-style-type: none"> • Forms 7095 & 7424 were not signed by the appropriate parties and Department of Job & Family Services (DJFS) clients were not appropriately placed on repayment agreements. 	10

Summit County Executive's Office
Department of Job and Family Services
Legal and Administrative Services Divisions
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 Legal Division is responsible for drafting and monitoring contracts entered into by the agency. Further, the division processes records requests and Equal Employment Opportunity and Ohio Civil Rights Commission claims for the agency.

The Administrative Services Division is comprised of five (5) units that are organized under this division. The Benefits Recovery Unit is responsible for performing investigations into potential overpayments of DJFS funds and attempting to re-collect the funds. The Hearings Unit is responsible for representing the county DJFS agency in Ohio Department of Job and Family Services (ODJFS) hearings for cases that have been appealed by DJFS clients. The Mail Processing Unit receives client benefit applications and benefit documentation and inputs the documentation into the appropriate system. The Child Care Unit is responsible for determining Child Care benefit eligibility for prospective clients. Additionally, this unit performs inspections and investigations of Family Child Care homes and makes recommendations to the ODJFS accordingly. The Training Unit is responsible for ensuring newly hired employees receive the appropriate training to perform their assigned job functions.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

The primary focus of this review was to provide the Department of Job and Family Services – Legal & Administrative Services Divisions (DJFS – Legal & Administrative Services Divisions) 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 – Legal & Administrative Services Divisions.

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.

Summit County Executive's Office
Department of Job and Family Services
Legal and Administrative Services Divisions
Performance Audit General Report

Objectives:

- To obtain and review the current policies and procedures.
- To review the internal control structure through employee interviews and observations.

Scope:

An overview and evaluation of the existing policies, processes, procedures, contracts and internal control structure utilized by the DJFS – Legal & Administrative Services Divisions from January 1, 2018 through December 31, 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.

DETAILED COMMENTS

Interviews:

To gain an understanding of the DJFS – Legal & Administrative Services Divisions, IAD performed interviews with the following positions:

Legal Division:

- Attorney 2
- Social Program Manager
- Social Program Coordinator
- Legal Assistant
- Executive Assistant I

Summit County Executive's Office
Department of Job and Family Services
Legal and Administrative Services Divisions
Performance Audit General Report

Administrative Services Division:

- Deputy Director
- Social Program Manager
- Social Program Supervisor
- Case Management Specialist II
- Hearing Officer
- Child Care Specialist
- Income Maintenance Worker III
- Investigator II
- Public Inquiries Assistant II

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

I. Policy and Procedures Review:

DJFS – Legal & Administrative Services 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 DJFS – Legal & Administrative Services Division 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:

Legal Division

1. Issue:

Upon discussion with DJFS – Legal Division personnel, IAD noted employees are not required to acknowledge receipt and review of DJFS – Legal Division policies and procedures.

Recommendation:

IAD recommends that the DJFS – Legal Division 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.

Corrective Action Taken Prior to the End of Fieldwork:

IAD obtained policy and procedure acknowledgement forms for the DJFS – Legal policy and procedure manual from all five (5) DJFS – Legal employees.

Management Action Plan:

As noted in the report, corrective action was taken prior to the end of fieldwork. Policy and Procedure Acknowledgement Forms for the DJFS – Legal Policy and Procedure Manual were received from all 5 DJFS Legal employees.

Target Date: N/A. DJFS took corrective action during fieldwork and will continue to monitor compliance with the recommendation and remediation going forward.

Summit County Executive's Office
Department of Job and Family Services
Legal and Administrative Services Divisions
Performance Audit General Report

2. Issue:

Upon review of the DJFS – Legal Division Policy and Procedure Manual for completeness and accuracy, IAD noted the following:

- The manual has not been updated/revised within the last two (2) years.
- The manual has not been formally approved by management.

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:

A complete review of DJFS – Legal Policy and Procedures Manual is being completed. Current policies and procedures will be approved by management. Upon formulation of new policies or to the extent changes are made, they will be properly adopted and signed by management.

Target Date: 7/31/19 for approval of current policies and procedures. Additionally, DJFS will continue to monitor compliance with the recommendation and remediation going forward.

Administrative Services Division

3. Issue:

Upon discussion with DJFS – Administrative Services personnel, IAD noted employees are not required to acknowledge receipt and review of the following Policy and Procedures Manuals set forth by the DJFS – Administrative Services Division:

- Investigations Manual
- Mail Processing Manual
- Child Care Manual
- Child Care Overpayment Manual
- Hearings Manual

Recommendation:

IAD recommends that the DJFS – Administrative Services require employees to sign-off, acknowledging their receipt and review of policies and procedures. This will help to ensure compliance with the Policy and Procedures Manuals and best practices.

Management Action Plan:

All DJFS – Administrative Services personnel will be given new copies of all policies/manuals and will be required to acknowledge review and receipt.

Summit County Executive's Office
Department of Job and Family Services
Legal and Administrative Services Divisions
Performance Audit General Report

Target Date: 7/31/19 for acknowledgement of current policies and procedures. Additionally, DJFS will continue to monitor compliance with the recommendation and remediation going forward.

4. Issue:

Upon review of DJFS – Administrative Services Policy and Procedures Manuals, IAD noted the following have not been formally approved by management:

- Investigations Manual
- Mail Processing Manual
- Child Care Manual
- Child Care Overpayment Manual
- Hearings Manual

Recommendation:

IAD recommends that policies and procedures be 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:

A complete review of DJFS – Administrative Services Policy and Procedures Manual is being completed. Current policies and procedures will be approved by management. Upon formulation of new policies or to the extent changes are made, they will be properly adopted and signed by management.

Target Date: 7/31/19 for approval of current policies and procedures. Additionally, DJFS will continue to monitor compliance with the recommendation and remediation going forward.

II. Internal Control Testing:

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

- Contracts
- Record Requests
- Benefits Recovery
- Child Care
- Training
- Vehicles

CONTRACTS

DJFS – Legal Division 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 contract drafting process, the laws and regulations that govern it, and internal controls in place.

A sample of active contracts was haphazardly selected for detail testing to ensure compliance with Summit County Codified Ordinances regarding bidding, departmental policies and procedures, and contract templates include correct references to legislation.

The following issues were noted:

Summit County Executive's Office
Department of Job and Family Services
Legal and Administrative Services Divisions
Performance Audit General Report

5. Issue:

Upon detail testing of DJFS – Legal Division contracts, IAD noted two (2) out of four (4) instances, or 50%, where the contract template included incorrect references to legislation.

Recommendation:

IAD recommends the DJFS – Legal Division update/review references to legislation in DJFS contract templates on a routine basis. This will help to ensure DJFS contracts are accurate and consistent with applicable legislation.

Corrective Action Taken Prior to the End of Fieldwork:

On 3/26/19, IAD obtained updated contract templates from the DJFS – Legal Division in which the incorrect reference to legislation had been corrected.

Management Action Plan:

As noted in the report, corrective action was taken prior to the end of fieldwork. DJFS – Legal Division provided updated contract templates with the corrected legislative reference information.

Target Date: N/A. DJFS took corrective action during fieldwork and will continue to monitor compliance with the recommendation and remediation going forward.

6. Issue:

Upon detail testing of DJFS – Legal Division contracts, IAD noted the following:

- Six (6) out of thirteen (13) instances, or 46%, where a DUNS (Data Universal Numbering System) search was not performed.
- One (1) out of thirteen (13) instances, or 8%, where a “debt subject to offset” was discovered on an entity’s DUNS search and correspondence with the entity regarding the discovery was not made by the DJFS – Legal Division.

Recommendation:

IAD recommends a DUNS search be performed on all federally funded contracts. In addition, IAD recommends the DJFS – Legal Division document the rationale for selecting a vendor upon discovery of any unresolved findings in the DUNS search. This will help to ensure compliance with OAC 5101:9-1-88 and the Policy and Procedures Manual.

Management Action Plan:

DJFS – Budget and Finance, as well as DJFS – Contract Administration personnel will ensure that a DUNS search is completed prior to final execution of any sub-recipient, contractor or vendor agreement. Any negative result (e.g. findings for recovery) will be addressed with the provider by DJFS – Contract Administration personnel and the explanation will be documented (including providing proof of the resolution) as well as any rationale for proceeding with the agreement. These procedure changes will also be included in the DJFS – Legal Policy and Procedures Manual.

Summit County Executive's Office
Department of Job and Family Services
Legal and Administrative Services Divisions
Performance Audit General Report

Target Date: This process has been implemented. DJFS will have a written and approved procedure document by 6/30/19. Additionally, DJFS will continue to monitor compliance with the recommendation and remediation going forward.

RECORD REQUESTS

DJFS – Legal Division policies and procedures were reviewed, interviews were conducted and a flowchart was created and approved to gain an understanding of the record request process. A sample of record requests was haphazardly selected and detail testing was performed to ensure records were redacted, when applicable, and the record request was processed in a timely manner.

No issues were noted.

BENEFITS RECOVERY

DJFS – Administrative Services policies and procedures regarding benefits recovery were reviewed, staff interviews were conducted and flowcharts were created and approved to gain an understanding of the benefits recovery process, the laws and regulations that govern it and internal controls in place. A sample of overpayment cases was haphazardly selected and detail testing was performed to ensure forms 7095 and 7424 were signed by the appropriate parties and that the client was placed on the proper repayment agreement. Additionally, a sample of Intentional Program Violation (IPV) cases was haphazardly selected and detail testing was performed to ensure the client's benefits were suspended for the correct time period in accordance with policies and procedures.

The following issues were noted:

7. Issue:

Upon detail testing overpayment cases, IAD noted the following:

- Four (4) out of thirty-eight (38) instances, or 11%, where Forms 7095 and 7424 were not signed by the appropriate parties for applicable overpayment cases.
- Two (2) out of forty-one (41), or 5%, instances where an overpayment was established; however, the client was not placed on a repayment agreement.

Recommendation:

IAD recommends the DJFS – Administrative Services ensure that Forms 7095 and 7424 are completed for all overpayment cases and the clients are placed on the proper repayment agreement, when applicable. This will help ensure compliance with DJFS policies and procedures.

Corrective Action Taken Prior to the End of Fieldwork:

IAD obtained signed 7095 and 7424 forms for three (3) of the four (4) cases where these forms were not signed. Additionally, IAD confirmed that the two (2) cases where an overpayment was established, the client was placed on a repayment agreement in order to collect the client overpayment.

Summit County Executive's Office
Department of Job and Family Services
Legal and Administrative Services Divisions
Performance Audit General Report

Management Action Plan:

As noted in the report, corrective action was taken prior to the end of fieldwork. Signed 7095 and 7424 were provided by DJFS – Administrative Services as well as confirmation of cases with overpayments having an established payment agreement.

Target Date: N/A. DJFS took corrective action during fieldwork and will continue to monitor compliance with the recommendation and remediation going forward.

CHILD CARE

DJFS – Administrative Services policies and procedures regarding child care were reviewed to gain an understanding of the DJFS – Child Care Division. In addition, the Ohio DJFS (ODJFS) audit report of the Child Care Division was reviewed to avoid duplication of auditing procedures. A sample of Child Care Specialist employees was judgmentally selected and detail testing was performed to ensure Child Care Specialists responsible for completing inspections and investigations of Family Child Care homes have completed the required training curriculum provided by the ODJFS, in accordance with OAC § 5101:2-13-26.

No issues were noted.

TRAINING

DJFS – Administrative Services Division policies and procedures were reviewed and staff interviews were conducted to gain an understanding of DJFS employee training requirements. A sample of recently hired employees was haphazardly selected and detail testing was performed to ensure DJFS employees passed the appropriate testing requirements administered by the DJFS.

No issues were noted.

VEHICLES

DJFS – Administrative Services policies and procedures were reviewed and staff interviews were conducted to gain an understanding of the DJFS pool vehicle invoicing process. A sample of BP gas station invoices was haphazardly selected and detail testing was performed to ensure the invoices were properly supported with receipts. Additionally, a sample of DJFS vehicles was selected and detail testing was performed to ensure the mileage per gallon (MPG) usage appeared reasonable.

No issues were noted.