

**Summit County Fiscal Office**  
*Board of Revision*  
**Performance Audit – General Report**

**Prepared for:**

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**Audit Committee**

**Approved by Audit Committee**  
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**EXECUTIVE SUMMARY**

**Total Number of Issues – 4**

**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>• Insufficient policies and procedures.</li> <li>• Manual has not been reviewed within the last two (2) years; names referenced instead of job titles.</li> </ul>	6

**Internal Controls**

*Strong Internal Controls:*

<b>Testing Section</b>	<b># Issues</b>	<b>Issue Description</b>	<b>Page Ref.</b>
Revenue	0	N/A	8
Purchasing & Expenditures			8
Personnel Files			8
Fringe Benefits			9
Asset Inventory			10
Appeals			11
Forfeited Lands			11
Penalty of Remission			11
Rental Registration			11

*Weaknesses in Internal Controls:*

<b>Testing Section</b>	<b># Issues</b>	<b>Issue Descriptions</b>	<b>Page Ref.</b>
Payroll	1	<ul style="list-style-type: none"> <li>• Instances of improper payroll approval (e.g., no BOR employee approving time) and improper segregation of duties.</li> </ul>	9
Board of Revision	1	<ul style="list-style-type: none"> <li>• Instances where the BOR did not decide a complaint within ninety (90) days in accordance with ORC §5715.19(C) and insufficient policies and procedures.</li> </ul>	10

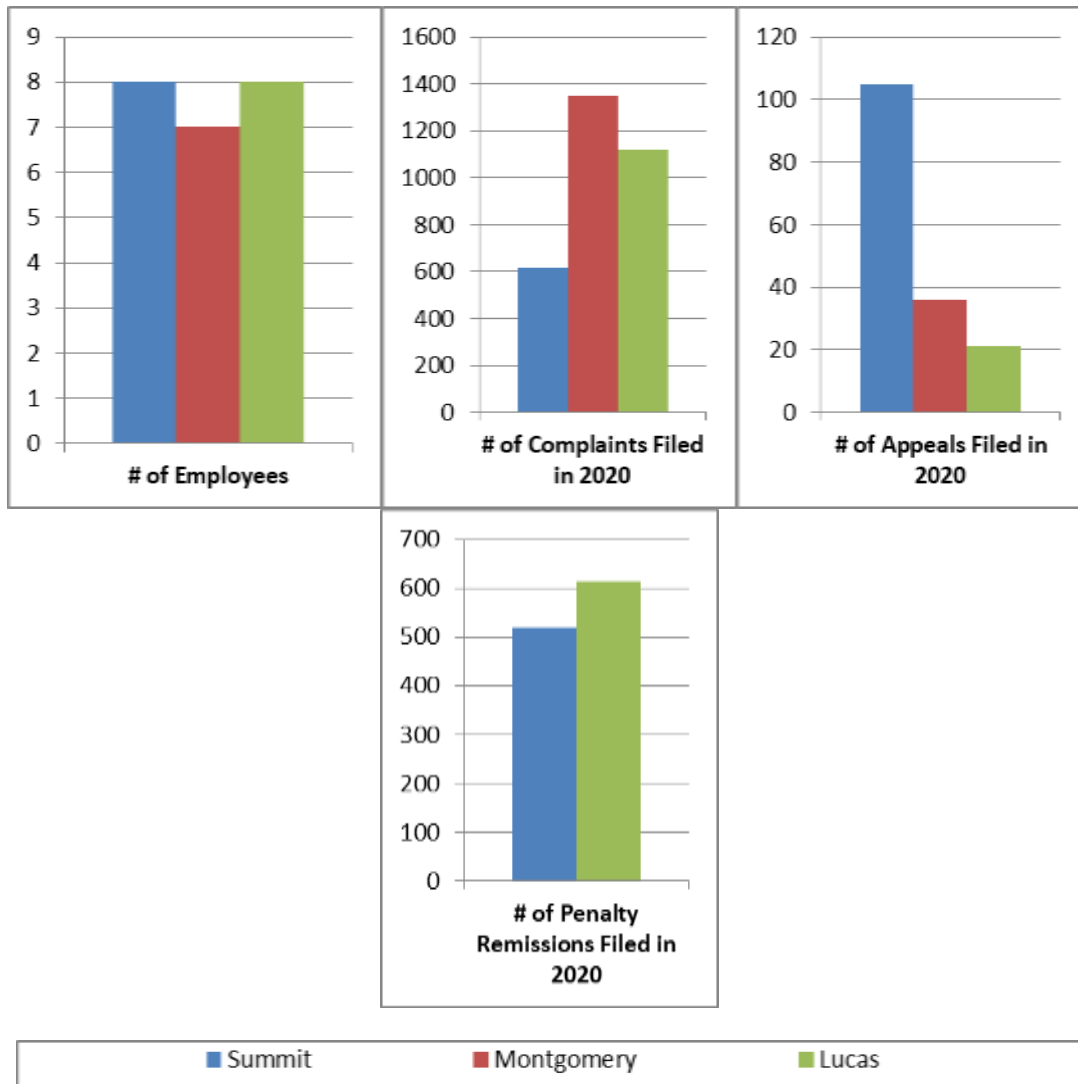
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**GENERAL BACKGROUND**

The Summit County Board of Revision (BOR) hears complaints relating to the valuation or assessment of real property. Taxpayers who believe their property values are too high have the opportunity to file a complaint and appeal to the BOR for property value reduction. Additionally, Local Boards of Education have the opportunity to file a complaint to the BOR for properties they believe are too high. The board investigates all complaints and may increase or decrease any valuation or correct any assessment complained of. The BOR is comprised of representatives of the Executive, Clerk of Court, and Fiscal Offices. A taxpayer may appeal the decision of the BOR to either the Summit County Court of Common Pleas or the Ohio Board of Tax Appeals.

The BOR also hears and decides cases involving rental registration fines and Real Estate Tax Penalty Remission requests.

IAD compared the BOR’s staffing levels, number of complaints filed, number of appeals filed and number of penalty remissions filed 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 the Summit County Board of Revision (BOR) 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 BOR.

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 BOR from January 1, 2020 through present.

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.

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

- Deputy Fiscal Officer
- Assistant Fiscal Officer
- Accountant II
- Clerical Specialist II
- Clerical Specialist I
- Clerk I

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

**I. Policy and Procedures Review:**

The BOR 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. A sample of employees was haphazardly selected and detail testing was performed to determine if the employees acknowledged receiving and reviewing the BOR policy and procedure manual. The BOR 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 the BOR Policy and Procedure Manual, IAD noted the following:

- Manual has not been formally approved by management.
- Names are referenced in the manual rather than titles.

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Additionally, upon detail testing of the acknowledgement of the Policy and Procedure Manual, IAD noted seven (7) out of seven (7), or 100%, instances, where the employee did not acknowledge receiving and reviewing the BOR's Policy and Procedure Manual.

Recommendation:

IAD recommends that policies and procedures be updated/reviewed and approved by management and updates be made to reference titles in place of employee names. Additionally, IAD recommends the BOR employees sign-off, acknowledging their receipt and review of policies and procedures. This will help to ensure that approved policies and procedures are accurate and consistently followed by employees.

Corrective Action Taken Prior to the End of Fieldwork:

IAD noted the manual had been formally approved by management and BOR employees have signed-off acknowledging their receipt and BOR Policy and Procedure Manual and names that were referenced were removed.

Management Action Plan:

Continue to update as necessary and provide copy to new employees.

Target Date: Implemented.

2. Issue:

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

- Purchasing
- Payroll
- Notifying the Fiscal Office regarding completed BOR complaint decisions
- Majority of the Board constitutes a quorum

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:

The IAD obtained and reviewed all of the policies noted above.

Management Action Plan:

Continue to update each manual as necessary.

Target Date: Implemented.

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**II. Internal Control Testing:**

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

- Personnel Files
- Fringe Benefits
- Payroll
- Asset Inventory
- Board of Revision
- Appeals
- Forfeited Lands
- Penalty of Remission
- Rental Registration

**PERSONNEL FILES**

BOR policy and procedures were obtained to gain an understanding of the personnel file process. 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.

No issues noted.

**FRINGE BENEFITS**

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

No issues were noted.



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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. Additionally, a sample of non-exempt employees was selected and detail testing was performed to ensure employees are compensated for compensatory time/overtime earned in accordance with the Fair Labor Standards Act (FLSA).

The following issue was noted:

3. Issue:

Upon review of payroll approval and sign-off in Kronos, IAD noted nine (9) out of twenty-eight (28), or 32%, instances with improper approval (e.g., no BOR employee approving time).

Additionally, upon discussion with BOR personnel, IAD noted instances where the Executive Assistant approved payroll in Kronos under the Deputy Fiscal Officer's Kronos account, which included approving the Executive Assistant's own payroll. This caused an improper segregation of duties over the payroll review and approval process.

Recommendation:

IAD recommends that payroll be approved by the appropriate parties (e.g., BOR employees), Kronos accounts not be shared and that employees do not approve their own time. This will help to ensure the accuracy and accountability of payroll records as well as proper segregation of duties.

Corrective Action Taken Prior to the End of Fieldwork:

IAD obtained correspondence to document that a BOR employee was added as a backup to assist the segregation of duties in Kronos and all passwords relative to Kronos were changed.

Management Action Plan:

Continue policy of password-protected payroll approval by Director and/or back-up designee.

Target Date: Implemented.

ASSET INVENTORY

BOR policies and procedures were reviewed and staff interviews were conducted to gain an understanding of the asset inventory process and internal controls in place. A review of BOR expenditures for the past five (5) years was completed to determine asset purchases over \$5,000.

No issues were noted.

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BOARD OF REVISION

Policies and procedures and Ohio Revised Code (ORC) §5715 were reviewed and staff interviews were conducted to gain an understanding of the Board's functions and processes. A sample of BOR complaints was judgmentally selected and detail testing was performed to ensure compliance with the ORC and BOR policies and procedures.

In addition, BOR Board meeting minutes were selected and testing was performed to determine compliance with Robert's Rules of Order and the Ohio Open Meetings Act.

The following issue was noted:

4. Issue:

Upon detail testing of BOR complaints, IAD noted forty-nine (49) out of sixty-one (61), or 80%, instances where a decision was not completed within ninety (90) days of the complaint being filed, in accordance with ORC §5715. Additionally, upon review of BOR policies and procedures, IAD noted the ORC time requirement of completing BOR cases is not referenced.

Recommendation:

IAD recommends that decisions be completed within ninety (90) days of the complaint being filed. Additionally, IAD recommends that the ORC time requirement of completing BOR cases be referenced in the policy and procedure manual. This will help to ensure compliance with the ORC.

Corrective Action Taken Prior to the End of Fieldwork:

IAD received updated policies regarding the time requirement of completing BOR cases.

Management Action Plan:

New ORC time requirement has been increased to 180 days, (previously 90 days), effective April 12, 2021, which will allow more time to meet deadlines.

Target Date: Implemented.

APPEALS

BOR policies and procedures, ORC §5717 and Ohio Administrative Code (OAC) §5717-1-10 were reviewed and staff interviews were conducted to gain an understanding of the appeals process. A sample of cases that were appealed was haphazardly selected and detail testing was performed to ensure compliance with ORC, OAC and policies and procedures.

No issues noted.

PENALTY OF REMISSION

BOR policies and procedures and ORC §5715 were reviewed and staff interviews were conducted to gain an understanding of the penalty of remission process. A sample of penalty of remission cases was haphazardly selected and detail testing was performed to ensure compliance with the ORC and policies and procedures.

No issues noted.

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RENTAL REGISTRATION

BOR policies and procedures and ORC §5323 were reviewed and staff interviews were conducted to gain an understanding of the rental registration process. A sample of rental registration cases was haphazardly selected and detail testing was performed to verify compliance and consistency with ORC and policies and procedures.

No issues noted.

**II. Security:**

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