

**Summit County Probate Court**  
*Segregated Accounts*  
**Performance Audit General Report**

**Prepared for:**

**The Honorable Judge Elinore Stormer**  
**Audit Committee**

**Approved by Audit Committee**  
**September 9, 2021**



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

*Lisa L. Skapura, Director*  
*Jon Keenan, Assistant Director*  
*Brandon Schmidt, Senior Lead Auditor*  
*Amanda Winkelman, Senior Auditor*

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**EXECUTIVE SUMMARY**

**Total Number of Issues – 1**

**Internal Controls**

*Strong Internal Controls:*

<b>Area</b>	<b># Issues</b>	<b>Issue Description</b>	<b>Page Ref.</b>
IRS Form 1099 Process	0	N/A	6
Unclaimed Funds	0	N/A	6

*Weak Internal Controls:*

<b>Area</b>	<b># Issues</b>	<b>Issue Description</b>	<b>Page Ref.</b>
Probate Court General Acct.	1	<ul style="list-style-type: none"><li>Instances where the date when the bank reconciliation was reviewed by the supervisor was not documented. Additionally, no policy and procedure regarding supervisor review.</li></ul>	5

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**GENERAL BACKGROUND**

The Summit County Probate Court administers one (1) segregated bank account. A description of the segregated account deposits and expenditures are represented in the table below:

<b>Account Name (Account Number)</b>	<b>Regulating Authority</b>	<b>Deposits</b>	<b>Expenditures</b>
Probate Court General Account (...6095)	ORC	Marriage licenses, adoptions, mediations, civil filings, estates, guardianships, trusts, conservatorships, and name changes	State, County, and Probate Court Fees and reimbursement of probate fees to clients.

**AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY**

The primary focus of this review was to provide the Probate Court 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 Probate Court.

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 review the segregated account internal control structure through employee interviews and observations.
- To ensure IRS Form 1099’s are processed according to IRS regulations.
- To ensure Unclaimed funds are paid to the Fiscal Office according to Ohio Revised Code.

**Scope:**

An overview and evaluation of the existing policies, processes, procedures, contracts and internal control structure utilized by the Probate Court from January 1, 2020 through December 31, 2020.

The following were the major audit steps performed:

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**OBJECTIVE 1 – REVIEW OF SEGREGATED ACCOUNT 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. Test procedures for compliance where applicable, noting all exceptions.
4. Investigate discrepancies and summarize results.
5. Make recommendations where appropriate.

**OBJECTIVE 2 – IRS FORM 1099 PROCESSING**

1. Meet with the appropriate personnel to obtain an understanding of the department’s process.
2. Document the existing control procedures in narratives and/or flowcharts.
3. Ensure the 1099 process is performed in accordance with IRS regulations.
4. Investigate discrepancies and summarize results.
5. Make recommendations where appropriate.

**OBJECTIVE 3 – UNCLAIMED FUNDS**

1. Meet with the appropriate personnel to obtain an understanding of the department’s process.
2. Document the existing control procedures in narratives and/or flowcharts.
3. Ensure the unclaimed funds process is performed in accordance with ORC.
4. Investigate discrepancies and summarize results.
5. Make recommendations where appropriate.

**DETAILED COMMENTS**

**I. Segregated Account Internal Control Testing:**

Policies and procedures and applicable legislation were reviewed, staff interviews were conducted, and flowcharts were created and approved to gain an understanding of laws and regulations, deposit and expenditure processes, and internal controls in place for the Probate Court General Checking Account.

Samples of deposits and expenditures were judgmentally selected for detail testing to ensure adequate support was maintained, a PEDACKN (Independent Contractor Acknowledgement) form was completed if the vendor was an independent contractor, activity was in compliance with rules and regulations and proper approval was obtained/documented. In addition, bank reconciliations were selected for detail testing to ensure a bank reconciliation was performed each month and a supervisor review was performed and documented.

The following issue was noted:

1. Issue:

Upon detail testing of the monthly bank reconciliation, IAD noted twelve (12) out of twelve (12) instances, or 100%, where a supervisor review of the bank reconciliation occurred; however, the date of review was not documented; therefore, IAD could not determine if the bank reconciliation was reviewed timely. Additionally, upon review of Probate Court policies and procedures, IAD noted no policy regarding supervisor review of the bank reconciliation.

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Recommendation:

IAD recommends the supervisor document the date they reviewed the monthly bank reconciliations. In addition, IAD recommends a policy be created regarding the process of reviewing and approving the bank reconciliation. This will help to ensure the monthly bank reconciliations are accurate and are performed timely.

Management Action Plan:

After review of reconciliation, Chief Deputy will sign AND date. Court Administrator will review, sign AND date. Date added to the policy and procedures.

Target Date: Immediately with next bank statement, 9/2021.

**II. IRS Form 1099 Process:**

Staff interviews were conducted to gain an understanding of the IRS Form 1099 (1099) process for the above-noted accounts. The 1099 process was reviewed to ensure procedures are performed in accordance with IRS regulations.

No issues were noted.

**III. Unclaimed Funds:**

Policies and procedures and applicable legislation were reviewed to gain an understanding of laws and regulations and internal controls in place for the Probate Court unclaimed funds process. Unclaimed funds checks sent to the Fiscal Office were reviewed to ensure all applicable outstanding checks were escheated.

No issues were noted.