

**Summit County Prosecutor's Office**  
*Segregated Accounts*  
**Performance Audit General Report**

**Prepared for:**

**Prosecutor Sherri Bevan Walsh**  
**Audit Committee**

**Approved by Audit Committee**  
**December 7, 2021**



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**EXECUTIVE SUMMARY**

**Total Number of Issues – 0**

**Internal Controls**

*Strong Internal Controls:*

<b>Account/Section</b>	<b># Issues</b>	<b>Issue Description</b>	<b>Page Ref.</b>
Law Enforcement Trust Fund Account (LETF)	0	N/A	6
Education Account	0	N/A	6
Federal Law Enforcement Trust Fund Account (LETF)	0	N/A	6
Furtherance of Justice Account (FOJ)	0	N/A	6
CSEA Deposits Held & Due to Others	0	N/A	6
1099 Process	0	N/A	6
Vendor PEDACKN Forms	0	N/A	6
Unclaimed Funds	0	N/A	7

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**GENERAL BACKGROUND**

The Summit County Prosecutor's Office (Prosecutor's Office) administers five (5) segregated bank accounts. The Prosecutor's Office participates in Federal and State Law Enforcement Fund programs which disburse funds generated from seized and forfeited assets.

A description of the segregated accounts 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>
Law Enforcement Trust Fund (...8595)	State of Ohio	Share of state and local seized assets	Education account, training, Prosecutor's education credits, etc.
Education Account (...8587)	State of Ohio	10% transfer of LETF funds on first \$100,000 received; 20% transfer on funds over \$100,000	Public education purposes (e.g., safety calendars, public awareness events, etc.)
Federal Law Enforcement Trust Fund (...1215)	Federal	Share of federal seized and forfeited assets	Training, Prosecutor's education credits, etc.
Furtherance of Justice (...3721)	State of Ohio	General fund (based on the Prosecutor's salary)	General purchases (e.g., attorney dues, law handbooks, etc.)
CSEA Deposits Held & Due to Others (...3455)	State of Ohio	Child support payments	Daily state Child Support Payment Central (CSPC) disbursements

**AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY**

The primary focus of this review was to provide the Prosecutor's Office 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 Prosecutor's Office.

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.

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**Objectives:**

- To review the segregated account internal control structure through employee interviews and observations.
- To ensure IRS Form 1099s are processed according to IRS regulations.
- To ensure vendors that are independent contractors are processed in accordance with OPERS guidelines and ORC §145.38 (B) (6).
- To ensure unclaimed funds are paid to the Fiscal Office according to policies and procedures.

**Scope:**

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

The following were the major audit steps performed:

**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 (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 – Vendor Independent Contractor/Work Acknowledgement (PEDACKN) Forms**

1. Meet with the appropriate personnel to obtain an understanding of the department's process.
2. Ensure the process regarding vendors that are independent contractors is performed in accordance with OPERS guidelines and ORC §145.38 (B) (6).
3. Ensure the list of independent contractors paid by the Office is sent to the Fiscal Office Accounting Department annually.
4. Investigate discrepancies and summarize results.
5. Make recommendations where appropriate.

**OBJECTIVE 4 – 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 applicable guidelines.
4. Investigate discrepancies and summarize results.
5. Make recommendations where appropriate.

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**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 the laws and regulations, deposit and expenditure processes, and internal controls in place for the following segregated accounts:

- Law Enforcement Trust Fund
- Education Account
- Federal Law Enforcement Trust Fund
- Furtherance of Justice
- CSEA Deposits Held and Due to Others

All deposits and expenditures were selected from the Federal Law Enforcement Trust Fund account and samples of deposits and expenditures were selected from the remaining accounts. Detail testing was performed to ensure adequate support was maintained, 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.

No issues were noted.

**II. 1099 Process:**

Staff interviews were conducted to gain an understanding of the 1099 process. The 1099 process was reviewed to ensure procedures are performed in accordance with IRS regulations.

Additionally, 2020 expenditures were obtained to ensure all independent contractors received a 1099. Lastly, all 1099s issued for calendar year 2020 were reviewed to ensure they were sent by the applicable IRS deadline.

No issues were noted.

**III. Vendor PEDACKN Forms**

2020 expenditures were obtained and detail testing was performed to ensure the following:

- The Independent Contractor has completed and signed a PEDACKN (Independent Contractor Acknowledgment) form in compliance with OPERS guidelines.
- The Independent Contractors status is terminated with the County if the Independent Contract is currently receiving an Ohio Public Employee Retirement System (OPERS) benefits in compliance with ORC §145.38 (B)(6).
- List of all independent contractors was provided to the Fiscal Office Accounting Department annually.

No issues were noted.

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**IV. 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 Prosecutor's Office 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.