

Summit County Developmental Disabilities Board Performance Audit General Report

Prepared for:

**Lisa Kamlowsky
Audit Committee**

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

*Lisa L. Skapura, Director
Jon Keenan, Assistant Director
Brittney Quinn, Senior Lead Auditor
Mario Warren, Senior Lead Auditor
Amanda Winkelman, Senior Auditor*

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EXECUTIVE SUMMARY

Total Number of Issues – 8

Policies and Procedures

| Section | # Issues | Issue Descriptions | Page Ref. |
|--------------------------------|-----------------|--|------------------|
| Policies and Procedures Manual | 1 | <ul style="list-style-type: none"> Instances where the policy has not been updated or reviewed within the last two (2) years. | 6 |

Internal Controls

Strong Internal Controls:

| Testing Section | # Issues | Issue Description | Page Ref. |
|---------------------------|-----------------|--------------------------|------------------|
| Revenue | 0 | N/A | 7 |
| Purchasing & Expenditures | | | 7 |
| Payroll | | | 11 |
| Grants | | | 11 |
| ORC Compliance | | | 12 |

Weaknesses in Internal Controls:

| Testing Section | # Issues | Issue Descriptions | Page Ref. |
|------------------------|-----------------|--|------------------|
| Personnel Files | 2 | <ul style="list-style-type: none"> A checklist is not maintained in each employee’s personnel file noting the required documents or documents that are not applicable. Instances where a personnel file appeared to be incomplete. Bargaining unit employee’s performance evaluations changed from anniversary date to calendar year date; therefore, no evaluations were performed in the audit period and no testing could be performed. | 8 |
| Asset Inventory | 4 | <ul style="list-style-type: none"> Prior IT asset disposals were not being tracked; however, a new system has been implemented to track the IT asset disposals. Therefore, IAD was unable to perform testing. Due to the recent move, an annual inventory of assets was not performed, in accordance with policies and procedures. Three (3) assets located at the Cuyahoga Falls location did not have an asset tag and were not being tracked. Instances where the asset disposal did not have Superintendent and/or Board approval. | 9 |
| Fringe Benefits | 1 | <ul style="list-style-type: none"> Instances where a Cellphone Stipend Request Form was not properly approved, in accordance with policies and procedures. | 11 |

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GENERAL BACKGROUND

The Summit County Developmental Disabilities Board (DD Board) was formed in 1967 when the Ohio Senate initiated the system of county boards. Their array of supports has evolved to meet the needs of families and individuals with disabilities. The DD Board is the primary community force to ensure people with developmental disabilities receive the highest quality of services and support; that the communities are ones which support and embrace every individual, regardless of disability; and that each eligible person is provided the opportunity to achieve his/her full potential.

The DD Board Service and Support Administrator’s, or SSAs, coordinate services using a person-centered approach and work with each person to develop an individual budget for services that meet their needs and fit their budget. Most adults supported by the DD Board are funded through a Federal Medicaid Waiver. In these cases Medicaid pays approximately 60% of the costs for services and Summit DD (through local levy dollars) pays 40% of the costs for services. If an individual does not qualify for Medicaid, services are paid for using local levy dollars.

The DD Board provides coordination of and funding for transportation support, day array services, respite, and other collaborative and emergency services. Additionally, Summit DD’s Children’s Services Department provides Early Intervention services to eligible infants and toddlers from birth through age three, who have developmental disabilities or delays.

IAD compared Summit County DD Board’s 2021 revenues, expenditures, staffing levels, and number of persons served to Developmental Disabilities agencies 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 Developmental Disabilities Board (DD Board) 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 DD Board.

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 DD Board from August 1, 2021 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.

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.

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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.

DETAILED COMMENTS

Interviews:

To gain an understanding of the DD Board, IAD performed interviews with the following positions:

- Family & Children First Council (FCFC) Director
- Director of Community Supports & Development
- Director of IT & Facilities
- Director of Human Resources
- Director of Service & Support Administration (SSA), Eligibility & Intake (EI) & Records
- Director of Legal Services
- Director of Labor Relations & Risk Management
- Director of Fiscal
- Director of Communications & Major Unusual Incidents (MUI)
- FCFC Program Manager
- Facilities Manager
- Benefits & Compensation Manager
- Human Resources Manager
- Fiscal Services Manager
- Medicaid Services Manager
- Senior Manager Communications
- Senior Manager MUI
- Senior Manager Community Supports & Development

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

I. Policy and Procedures Review:

DD Board policies and procedures were reviewed for each applicable testing section within the audit for accuracy and completeness and compared to current processes for consistency. Additionally, policies and procedures were reviewed to ensure they were updated/reviewed in the last two (2) years. The DD Board Records Retention Schedule was reviewed for completeness and compared to processes throughout the audit to ensure that the schedule contained all relevant documents.

The following issue was noted:

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1. Issue:

Upon review of the Summit County DD Board Policies and Procedures for completeness and accuracy, IAD noted one hundred and sixty-nine (169) out of one hundred eighty-four (184), or 92%, instances where the policy appears to not have been updated or reviewed within the last two (2) years.

Recommendation:

IAD recommends that policies and procedures be updated or a documentation of review occur on a routine basis. Additionally, all policies be approved by the Executive Director. This will help ensure that approved policies and procedures are accurate and consistently followed by employees.

Management Action Plan:

Policies and Procedures will be updated with current processes on a routine basis with notation on each noting the date of the review and revision.

Target Date: Complete review by 12/31/23

II. Internal Control Testing:

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

- Revenue
- Purchasing & Expenditures
- Personnel Files
- Asset Inventory
- Payroll
- Grants
- Fringe Benefits
- ORC Compliance

REVENUE

DD Board policies and procedures and applicable ORC sections were reviewed, an observation was performed, staff interviews were conducted, and flowcharts were created and approved to gain an understanding of the revenue and cash receipts cycle, the laws and regulations that govern it, and internal controls in place.

A sample of revenue collection days was selected and detail testing was performed to ensure proper segregation of duties, deposit accuracy and timeliness of the deposits.

No issues were noted.

PURCHASING & EXPENDITURES

DD Board policies and procedures were reviewed, interviews were conducted, and flowcharts were created and approved to gain an understanding of the purchasing & expenditures process. A sample of purchase orders was judgmentally selected and detail testing was performed to test for proper documentation (e.g., quotes, bidding, etc.) and approvals in accordance with the DD Board policies and procedures.

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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 transaction appeared free from conflict of interest, and the appropriate vendor and amount were paid.

No issues were noted.

PERSONNEL FILES

An interview was conducted and DD Board policies and procedures were reviewed 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 employees was haphazardly selected, and detail testing was performed to ensure an annual performance evaluation was performed, in accordance with DD Board policies and procedures and bargaining unit agreements. 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. A sample of personnel requisitions (e.g., new hires) was selected and detail testing was performed to ensure a Personnel Requisition Form has been completed and approved in accordance with DD Board policies and procedures.

The following issues were noted:

2. **Issue:**

Upon detail testing of personnel files, IAD noted there are general personnel file checklists in the job router system; however, they are not maintained in each employee's file noting what items are in each file or what item is not applicable for an employee.

Additionally, IAD noted nineteen (19) out of thirty-one (31), or 61%, personnel files that appeared to be incomplete (e.g., missing fraud reporting system acknowledgement, drivers abstract, etc.).

Recommendation:

IAD recommends a checklist of required personnel file documents be maintained in each employee's personnel file. This will help to ensure completeness and accuracy of the personnel files. Additionally, IAD recommends performance evaluations be performed annually. This will help to ensure compliance with the DD Board policies and procedures and bargaining unit contracts and help to ensure completeness and accuracy of personnel files.

Corrective Action Prior to the End of Fieldwork:

IAD obtained corrective action for seventeen (17) of the incomplete personnel files.

Management Action Plan:

The checklist for documentation that goes into an employee file is already in job router. HR staff will print out that spreadsheet, check against the personnel file, sign off and then add the check sheet to each employee file. This will begin immediately for new employees but will be added to each existing employee file over the next year.

Target Date: Fully completed by 3/31/24

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3. Issue:

Upon discussion with DD Board personnel and detail testing of performance evaluations, IAD noted the process for the bargaining unit evaluations changed from an anniversary date to a calendar year date during the audit period; therefore, bargaining unit evaluations were not performed within the audit period and testing could not be performed.

Recommendation:

IAD recommends all DD Board bargaining unit employees receive an annual performance evaluation in 2023. This will help to ensure compliance with new procedures.

Management Action Plan:

Beginning with calendar year 2023, each bargaining unit staff will receive an annual performance evaluation as specified in the HR procedures.

Target Date: 3/31/24

ASSET INVENTORY

DD Board policies and procedures were reviewed to gain an understanding of the asset inventory process and internal controls in place. A sample of general assets and IT assets were selected and detail testing was performed to verify the existence of the assets and accuracy of the asset tracking spreadsheet. A sample of disposed general assets was selected and detail testing was performed to ensure the disposed asset was approved in accordance with DD Board policies and procedures. IAD noted IT assets that were disposed were not being maintained in an all-inclusive location (e.g., spreadsheet, system, etc.).

Annual inventory documentation was obtained to ensure compliance with DD Board policies and procedures.

The following issues were noted:

4. Issue:

Upon discussion with DD Board personnel, IAD noted that the prior IT asset disposals were not being tracked; however, a new system has been implemented to track the IT asset disposals. Therefore, IAD was unable to perform detail testing to verify the accuracy of the IT asset disposals.

Recommendation:

IAD recommends all disposals be tracked in a comprehensive list (e.g., spreadsheet, system, etc.). This will help to ensure accountability over disposed assets.

Management Action Plan:

Prior IT asset disposals were being tracked, however they were in individual spreadsheets related to each disposal event instead of a consolidated asset tracking system. The new asset management system has been implemented, so going forward everything is in a consolidated system.

Target Date: Complete.

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5. Issue:

Due to the recent move of operations to the Cuyahoga Falls facility, IAD noted that an annual inventory of assets was not performed in accordance with policies and procedures.

Recommendation:

IAD recommends that an inventory of assets be performed on an annual basis. This will help to ensure compliance with DD Board policies and procedures and help to ensure completeness and accuracy of DD Board's general assets.

Management Action Plan:

Fiscal staff, in conjunction with Facilities staff, will perform a complete inventory of assets in both the Cuyahoga Falls and Barberton locations. Upon completion, going forward, random samples of the asset inventory will be selected and tested for accuracy which will be performed twice in a rolling twelve-month period.

Target Date: 12/31/23

6. Issue:

Upon detail testing of DD Boards general assets, IAD noted three (3) assets at the Cuyahoga Falls location that did not have assets tags on them and were not being tracked on the asset tracking spreadsheet.

Recommendation:

IAD recommends that all assets be asset tagged and tracked on the asset inventory spreadsheet. This will help to ensure accountability of all DD Board assets.

Management Action Plan:

The three (3) assets noted in the issue have been tagged and included in the asset inventory software application for proper tracking.

Target Date: Completed

7. Issue:

Upon detail testing of DD Board asset disposals, IAD noted forty (40) out of forty (40) instances, or 100%, where asset disposals were not approved by the Superintendent and/or the Board prior to disposal, in accordance with policies and procedures.

Recommendation:

IAD recommends that asset disposals be approved by the DD Board and/or the Superintendent. This will help to ensure compliance with DD Board policies and procedures.

Management Action Plan:

The items noted were transferred to another government entity, the City of Tallmadge, under Executive Order 22-116. Procedure for transferring fixed assets in the future is being amended to properly reflect that such assets

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are County Property and not DD property pursuant to legal opinions from the Attorney General of the State of Ohio and the County Prosecutor. The proposed draft of the modified procedure requires the Superintendent and/or the Board determine that the assets are no longer needed for public use or obsolete or unfit for the use for which it was acquired and shall be disposed of pursuant to Summit County procedures, in accordance with ORC 307.12.

Target Date: 03/31/23

PAYROLL

An interview was conducted and policies and procedures were obtained 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).

A sample of Family Medical Leave Act (FMLA) recipients was selected and detail testing was performed to ensure compliance with the Family Medical Leave Act and the DD Board internal FMLA policies. Additionally, a sample of denied FMLA requests was selected and detail testing was performed to ensure the request was appropriately denied.

No issues were noted.

GRANTS

An interview was conducted to gain an understanding of the grants process. A listing of grants received by the DD Board was obtained and a sample of grants was selected for detail testing. Grant documents for the Strong Families Safe Communities grant and the Keeping Families Together grant were reviewed and attributes were developed for detail testing to ensure compliance with grant requirements.

No issues were noted.

FRINGE BENEFITS

Detail testing of the following areas was performed, if applicable, to confirm that the DD Board is properly processing fringe benefits in accordance with IRS tax code:

- Travel and meals reimbursement,
- Cash incentives, awards, gift awards and/or bonuses,
- Agency 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.

Additionally, a sample of DD Board staff receiving a cellphone stipend was selected and detail testing was performed to ensure the Cell Phone Stipend Request Form was properly approved in accordance with policies and procedures.

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The following issue was noted:

8. Issue:

Upon detail testing of Cellphone Stipend Request Forms, IAD noted three (3) out of thirteen (13) instances, or 23%, where the form was not properly approved in accordance with policies and procedures.

Recommendation:

IAD recommends employee cellphone stipend request forms be approved by all appropriate parties. This will help to ensure compliance with policies and procedures.

Corrective Action Prior to End of Fieldwork:

IAD obtained all three (3) Cellphone Stipend Request Forms with updated approvals and attached memos documenting the identified deficiencies.

Management Action Plan:

Policies and Procedures will be rewritten to reflect the new policy that ties cell phone stipends directly to the job descriptions, eliminating the need for signatures.

Target Date: 7/31/23

OHIO REVISED CODE (ORC) COMPLIANCE

Applicable ORC sections were reviewed and attributes were developed to ensure compliance with the following rules and regulations:

- The DD Board must consist of seven (7) members. Five (5) appointed by the board of county commissioners and two (2) appointed by the senior probate judge, in accordance with ORC §5126.021.
- Appointment requirements: 1. Are residents of Summit County, citizens of the United States, and interested and knowledgeable in the field of intellectual disabilities and other allied fields. 2. If appointing authority is a board of county commissioners, two (2) individuals appointed who are eligible for services provided by the DD Board or are immediate family members of such individuals. 3. If appointing authority is a senior probate judge, at least one individual appointed who is an immediate family member of an individual eligible for residential services or supported living. 4. Appointed individuals who have professional training and experience in business management, finance, law, health care practice, personnel administration, or government service, in accordance with ORC §5126.022.
- Members of the county DD Board appointed or reappointed no later than the last day of November, commence terms on stated annual organizational meeting in the following January (excludes members appointed to fill a vacancy), in accordance with ORC §5126.025.
- Organizational meeting must be held prior to January 31st every year. Officers elected include president, vice-president and recording secretary, in accordance with ORC §5126.029.
- All members of the DD Board must attend at least four (4) hours of in-service training, in accordance with ORC §5126.0210.
- Superintendent must be employed under a contract. Board must approve contract by resolution and term must be between one to five (1-5) years, in accordance with ORC §5126.0219.
- DD Board chairperson appoints three (3) members of the DD Board to an ethics council. Chairperson may be one of those appointed. Superintendent of the DD Board shall be a nonvoting member of this council, in accordance with ORC §5126.031.
- Minutes from council meetings recorded, in accordance with ORC §5126.031.

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- Board must submit to County Council a list of total expenditures for membership dues, professional services, and training as part of the budget, in accordance with ORC §5126.038 (B).
- Money received by gift, grant, bequest, or disposition of lands or property received by gift, grant, devise, or bequest shall be deposited in the county treasury to the credit of the board and shall be available for use by the board for purposes determined or stated by the donor or grantor but may not be used for personal expenses of the board members, in accordance with ORC §5126.05 (F).
- Any action that will incur a debt will be taken in accordance with ORC §133; debt cannot be incurred unless approved by County Council, in accordance with ORC §5126.051.
- County Board shall prepare a memo of understanding signed by the following: senior probate judge or judge's representative, county peace officer, all chief municipal peace officers within the county, other law enforcement officers handling abuse, neglect, and exploitation of mentally retarded or developmentally disable persons, prosecutor, CSEA and coroner, in accordance with ORC §5126.058.
- Each year, county board shall adopt a resolution specifying the amount of funds it will use in the next year to pay nonfederal share of Medicaid expenditures; resolution shall state the payment of non-federal share represents an ongoing financial commitment of the county board, in accordance with ORC §5126.0511 (B).
- The DD Board shall provide a plan of affirmative action describing goals and methods for provision of equal employment opportunities for all persons under its authority and shall ensure nondiscrimination in employment, in accordance with ORC §5126.07.
- The DD Board shall conduct an annual self-audit to evaluate its compliance with requirements for accreditation, in accordance with ORC §5126.081 (B).
- The DD Board shall annually conduct a self-audit to evaluate the board's progress in complying fully with the standards, in accordance with ORC §5126.082 (E).
- Each management employee shall hold a limited contract of 1-5 years; board shall approve contracts that are for more than 1 year; management shall receive notice of superintendent's intention not to rehire the employee at least 90 days prior to contract expiration, in accordance with ORC §5126.21 (A)(1).
- During the term of the contract, management's salary shall not be reduced unless the reduction is part of a uniform plan affecting all employees of the board, in accordance with ORC §5126.21 (A)(2).
- All management employees shall receive employee benefits as established by the board, in accordance with ORC §5126.21 (C).
- Superintendent shall notify management employees of their salary no later than 30 days before the first day of the new contract year, in accordance with ORC §5126.21 (D).
- The DD Board shall establish a lay-off policy to be followed if it determines a reduction in number of management employees is necessary, in accordance with ORC §5126.21 (E).
- The DD Board shall employ at least one (1) investigative agent or contract with a person or government entity for the services of an investigative agent, in accordance with ORC §5126.221.
- The person responsible for supervising the investigative agents shall report directly to the superintendent regarding the investigative agents, in accordance with ORC §5126.221.

IAD noted the DD Board received an accreditation by the Ohio Department of Developmental Disabilities which covered other ORC rules and regulations; therefore, IAD did not review those areas.

No issues were noted.

II. Security:

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