

**Summit County Executive Office**  
*Department of Community & Economic Development*  
*Building Standards Division*  
**1<sup>st</sup> Audit Follow-up – General Report**

**Prepared For:**

**Russell M. Pry**  
**Audit Committee**

**June 25, 2014**



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

*Lisa L. Skapura, Director*  
*Meredith Merry, Deputy Director*  
*Jaime Mayo, Internal Auditor*  
*Brittney Manfull, Internal Auditor*

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**Auditors:**

Lisa Skapura, Director; Meredith Merry, Deputy Director; Jaime Mayo and Brittney Manfull, Internal Auditors

**Objectives and Methodology:**

To determine if management has implemented their management action plans as stated in the previously issued audit reports.

Audit follow-ups are not required to be conducted under GAO Yellow Book Standards. Due to the nature of this engagement (e.g., following up on issues noted in the prior audit reports with limited planning/assessment of risk and no new issues identified), this audit follow-up was not conducted in accordance with generally accepted government auditing standards.

**Scope:**

An overview and evaluation of policies, processes, and procedures implemented by the department/agency because of management actions stated in the management action plans during the prior audit process.

**Testing Procedures:**

The following were the major audit steps performed:

1. Review the prior audit final reports to gain an understanding of IAD issues, recommendations, and subsequent management action plans completed by the audited department/agency.
2. Review the work papers from the prior audit.
3. Review any departmental/agency response documentation provided to IAD with management action plan responses following the prior audit.
4. Identify management actions through discussions/interviews with appropriate departmental personnel to gain an understanding of the updates/actions taken.
5. Review applicable support to evaluate management actions.
6. Determine implementation status of management action plans.
7. Complete the audit follow-up report noting the status of previously noted management actions.

**Summary:**

Of the eleven (11) issues and the corresponding management action plans noted in the prior audit report which required follow-up action, the Summit County Building Standards Division (BSD) fully implemented six (6) management action plans, partially implemented five (5) management action plans.

Based on the above-noted information, IAD believes the BSD has made a positive effort towards implementing the management action plans as stated in response to the issues identified in the preliminary audit and no further follow up is needed.

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Listed below is a summary of the issues noted in the audit follow-up report and their status. Each issue number is in reference to the previously-issued audit report:

**MANAGEMENT ACTION PLANS FULLY IMPLEMENTED**

**Issue 1** - Upon review of the BSD Policy and Procedure Manual, IAD noted the following:

- a. The Policy and Procedure Manual did not contain formal detailed policies and procedures for the following functions:
  - Expenditures,
  - Travel and expense reimbursement policy,
  - Purchasing,
  - Inspector training and education expenses,
  - Cash shortages/overages,
  - Receiving cash payments in the mail.
  
- b. The Policy and Procedure Manual contained incomplete and outdated information. Specifically, IAD noted the following:
  - The manual does not contain effective dates or dates of revision.
  - There is no evidence that the manual was formally approved by management.
  - Staff is not required to sign off indicating that they have reviewed the manual.
  - Reference to the adopted building codes appears to be outdated.
  - There are hand written edits contained in the manual.
  - There are documents marked as no longer used in the manual.
  - The organizational chart appears to be outdated.

*Upon review of the Building Standards Policy and Procedure Manual, IAD noted formal policies created for the above-noted functions, updates were made to Ohio Building Code references, and revision dates, management approval and employee sign-offs completed for each employee.*

**Issue 3** - Upon discussion with BSD personnel and review of the BSD expenditures flowchart, IAD noted that one employee is responsible for the ordering and receiving functions within the department.

*Upon discussion with the Assistant Administrator and review of the Policy and Procedure manual, IAD confirmed that the ordering and receiving functions have been separated, allowing for a proper segregation of duties.*

**Issue 5** - Upon observation of the cash receipt process, IAD noted one cash register being utilized by all seven (7) cashiers to process cash transactions.

*Upon observation and review of the Policy and Procedure manual, IAD confirmed all clerks utilize their own cash register, with individual keys assigned and spare keys maintained in the safe, to ensure accountability over cash collected.*

**Issue 8** - Upon discussion with BSD personnel, IAD noted an employee responsible for collecting cash and reconciling the daily cash collections, creating an improper segregation of duty.

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*Upon discussion with the Assistant Administrator and review of the Policy and Procedure manual, IAD confirmed that the cash collection and reconciliation functions have been separated, allowing for a proper segregation of duties.*

**Issue 9** - Upon discussion with the Inspection Administrator, it was noted that a formal inspection checklist is not utilized for inspections.

*Upon discussion and observation, IAD noted sufficient documentation is being utilized for inspections.*

**Issue 10** - Upon review and research of inspectors and plan examiners, it appeared that two (2) inspectors and one (1) plan examiner own businesses in the same field and county as inspections and plan reviews that they perform, respectively.

*Upon review of the Building Standards Policies and Procedures Manual, IAD noted that a policy for outside employment has been created and disseminated, and requires any employee engaged in outside employment to disclose such activities.*

**MANAGEMENT ACTION PLANS PARTIALLY IMPLEMENTED:**

**Issue 2** - Upon review of the personnel files selected for testing, IAD noted the following:

- Twenty-four (24) of twenty-four (24) instances where a current annual performance evaluation was not completed and located in the respective employee personnel file. Upon discussion with personnel, evaluations have not been completed since the Chief Building Official (CBO) assumed responsibility of the BSD, in 2009.
- Fourteen (14) of twenty-four (24) instances where there was no acknowledgment receipt and review of the 2003 revision of the Executive's Office Employee Personnel Manual.
- Seventeen (17) of seventeen (17) instances where copies of the inspectors and plan examiners certifications were expired and not located in the respective personnel file. It is noted that these certifications are being maintained at the BSD.
- Ten (10) of eleven (11) instances where there was no acknowledgement receipt and review of the 2004 revision of the Computer and Telecommunication Policy.

*IAD generated an employee listing for Building Standards from the SSRS website and randomly selected ten (10) employees for personnel file testing and all plan examiners and inspectors for certification testing. IAD noted seven (7) out of ten (10) instances where the personnel files did not contain an acknowledgement of the 2003 revision of the Executive's Office Policy and Procedure manual and six (6) out of ten (10) instances where the file did not contain an acknowledgement of the 2004 revision of the Computer and Telecommunication policy. Additionally, eleven (11) out of sixteen (16) instances were noted where the personnel file did not contain current certifications. No errors were noted for the completion of annual performance evaluations. Corrective action was taken prior to the end of fieldwork for the exceptions noted during testing.*

*IAD selected ten (10) employees for additional testing and noted five (5) out of seven (7) instances where the personnel files did not contain an acknowledgement of the 2003 revision of the Executive's Office Policy and Procedure manual and three (3) out of seven (7) instances where the file did not contain an acknowledgement of the 2004 revision of the Computer and Telecommunication policy. Corrective action was taken prior to the end of fieldwork for the exceptions noted during testing.*

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**Issue 4** - Upon detail testing of the BSD expenditures, IAD noted the following:

- Four (4) out of seventeen (17) instances where the invoice was prior to the purchase order date;
- Two (2) out of seventeen (17) instances where the purchase order year was not the same as the invoice year.

*IAD haphazardly selected fifteen (15) expenditures and performed detail testing to confirm funds are encumbered prior to the expense being incurred and that prior year purchase orders were not used. Four (4) out of eight (8) instances were noted where funds were not encumbered prior to incurring the expense. Additionally, IAD obtained and reviewed the policies and procedures manual and confirmed it had been updated.*

**Issue 6** - Upon detail testing of fees in BS&A, IAD noted the following:

- Nine (9) out of three hundred fourteen (314) fees in BS&A that do not agree to Codified Ordinance §1307;
- Thirteen (13) out of three hundred fourteen (314) fees in BS&A that are not defined in Codified Ordinance §1307;
- One (1) out of three hundred fourteen (314) fees in BS&A that are no longer being utilized.

*IAD obtained the BS&A permit fee table and reviewed it to confirm fees previously noted as exceptions had been corrected and that fees agree to Codified Ordinance 1307. Eight (8) out of one hundred sixty-three (163) instances were noted where the fee is not defined in Codified Ordinance 1307 and eight (8) out of one hundred sixty-three (163) instances were noted where the fee is not correct.*

*An updated BS&A permit fee table was obtained and reviewed to confirm fees previously noted as exceptions had been corrected and that fees agree to Codified Ordinance 1307. IAD noted eight (8) out of two hundred eight (208) fees that were not defined in Codified Ordinance and three (3) out of two hundred eight (208) fees that were incorrect.*

**Issue 7** - Upon review of the 2012 Override Request Forms, IAD noted one hundred twenty-eight (128) out of one hundred twenty-eight (128) override request forms, totaling \$24,185.69, which did not contain supervisory approval.

Additionally, upon comparison of override transactions in BS&A to the override request forms, IAD noted two hundred two (202) instances where an override request form was not completed, totaling \$64,947.23.

*A sample of sixty-five (65) Override Request forms was haphazardly selected for detailed testing to confirm that the forms were completed and contained supervisory approval. Eleven (11) out of sixty-five (65) instances were noted where the form did not contain a supervisor's signature.*

*Upon discussion with the Assistant Administrator, IAD confirmed a daily report is being generated to compare the overrides and detail testing was performed to confirm that override request forms are attached to daily Override Fees Reports, per current procedures. No exceptions were noted.*

**Issue 11** - Upon review of plan examinations, IAD noted six (6) out of fifty (50) instances not reviewed within thirty (30) days of submission, in accordance with OBC §107.2.1.

*The 2013 and 2014 plan examinations tracking spreadsheets were obtained and reviewed for all plan examinations during the period 4/1/13 – 3/31/14 (excluding plans received in the past thirty days that are currently under review) to confirm they are reviewed within thirty days, in accordance with Ohio Building Code 107.2.1. Eighty-seven (87) out of three thousand six hundred thirty-eight (3638) instances were noted where the plans were not reviewed timely.*