

County of Summit
Law Library
1st Audit Follow-up General Report

Prepared For:

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Audit Committee

Approved by Audit Committee
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Summit County
Internal Audit Department
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Jon Keenan, Senior Auditor
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Auditors:

Lisa Skapura, Director; Meredith Merry, Deputy Director; Jon Keenan, Senior Auditor; Brandon Schmidt and Jordan Duncan, Internal Auditors

Objectives and Methodology:

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

Follow-up audits 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 eighteen (18) issues and the corresponding management action plans noted in the prior audit report, the Summit County Law Library (fka Akron Law Library) fully implemented four (4), partially implemented eight (8), and did not implement five (5) management action plans. One (1) issue/management action plan was no longer applicable.

Based on the above noted information, IAD believes that the Law Library has made some progress towards the implementation of their corrective management action plans; however, additional work is needed to fully implement the management action plan as stated in response to the issues identified during the preliminary audit. Internal Audit will conduct another follow-up audit to confirm implementation.

County of Summit
Law Library
1st Audit Follow-up – General Report

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 NOT APPLICABLE:

Issue 9 - Upon reconciliation of the manual cash receipts to the cashier balance sheets for the period of 1/1/13 through 7/31/13, IAD noted an un-reconcilable shortage of \$553.44. Upon reconciling the Petty Cash Reserve Log to the receipt totals for the period of 1/1/13 through 7/31/13, IAD noted an un-reconcilable overage of \$379.58.

Additionally, upon discussion with the Administrative Assistant, it was noted that employees have the ability and are permitted to remove cash from the cash boxes to purchase supplies for the Law Library. Petty cash receipts were sometimes used; however, IAD could not determine if the receipts belonged to the cash boxes or the additional cash envelope; therefore, approximate variances could not be identified.

Upon discussion with the Director and Administrative Assistant, it was noted that the petty cash fund was closed with the remaining balance deposited into the Law Library Banner account in October 2013. IAD obtained the Petty Cash Reserve Log from Denise Cook and noted an ending petty cash balance of \$409.02. Upon review of Banner and the deposit slips, IAD was unable to verify that the remaining balance of \$409.02 was deposited into Banner.

MANAGEMENT ACTION PLANS FULLY IMPLEMENTED

Issue 6 - Upon detail testing of cash receipts and discussions with the Administrative Assistant, IAD noted that cash receipts are not deposited timely into the Law Library Resources Fund, in accordance with ORC §9.38 and §307.51(D)(4). Additionally, IAD noted the some of the cash receipts are utilized to directly fund a petty cash account.

Upon review of cash receipts, IAD noted timely deposits, in accordance with ORC §9.38.

Issue 15 - Upon review of payroll approval and sign-off in Kronos for fifteen (15) pay periods in 2013, IAD noted eight (8) pay periods with improper approval (e.g., employee approving their own time with no additional review by a supervisor and an employee in the central payroll office signing off with no review by a Law Library supervisor).

Upon review of payroll approval and sign-off in Kronos, IAD noted proper approval.

Issue 16 - Upon review of Law Library Banner accounts and discussion with staff, IAD noted no separate fund account designated for grant funding, making it difficult to monitor the receipt and expending of grant funds. Additionally, upon review of grant transactions and supporting documentation, IAD noted a finance charge assessed for the late payment of an invoice, exceeding the amount designated for the product/service in the grant request.

Upon discussion and review of grants, no exceptions were noted.

Issue 17 - Upon review of the Memorandum of Understanding between the Statewide Consortium of County Law Libraries (SCCLL) and the Law Library, IAD noted that the agreement was not fully executed (e.g., no signature by the Consortium).

Upon review of the one (1) Law Library grant, IAD noted it was fully executed.

MANAGEMENT ACTION PLANS PARTIALLY IMPLEMENTED:

Issue 1 - Upon review of the Law Library policies and procedures for completeness and accuracy, IAD noted the following:

County of Summit
Law Library
1st Audit Follow-up – General Report

- Policies and procedures are not formally approved by management,
- Employee names are referenced (rather than titles),
- Policies and procedures are separately maintained and not consolidated into a comprehensive manual for the department,
- All employees did not sign off acknowledging receipt and review of the manual.

Additionally, IAD noted no written or insufficient policies and procedures for the following areas:

- Cash handling (collection, petty cash, shortages/overages, mail receipts, etc.)
- Grants administration– policy was received but not noted in the Law Library policy and procedure manual.
- Purchasing/Expenditures
- Physical Security
- Laptop Check-out for Members
- Contingency Planning

Upon review Law Library Policy and Procedure Manuals, IAD noted that the manuals have not been approved by the Law Library Resources Board (LLRB), employee's names are referenced throughout and policies are maintained separately. Additionally, no written policies over the grant administration functions were noted.

Issue 7 - Upon discussion with the Administrative Assistant, it was noted that cash receipts are not reconciled on a daily basis.

Upon review of the Law Library Policy and Procedure Manual, IAD noted a policy requiring the Director to perform the reconciliation was created; however, it has not been approved by the Board. Additionally, upon discussion with the Director and Administrative Assistant, IAD noted no supporting documentation maintained for the Director's reconciliation.

Issue 8 - Upon discussion with the Administrative Assistant, it was noted that checks received through the mail are not receipted.

Upon review of the Law Library Policy and Procedure Manual, IAD noted a policy regarding check receipt has been created; however, it has not been approved by the Board.

IAD reviewed the checks to ensure proper receipt. No exceptions were noted.

Issue 11 - Upon discussion with the Administrative Assistant, it was noted there is currently no process in place to ensure that all annual municipal court payments are received.

Upon review of the Library Director's Policy and Procedure Manual, IAD noted a policy regarding the Director's review of the monthly/annual municipal court payments has been created; however, it has not been approved by the Board.

IAD obtained and reviewed the Municipal Fine Distribution Summaries to ensure review occurs.

Issue 12 - Upon review of Akron Law Library expenditures, IAD noted three (3) out of twenty (20) instances where a prior year purchase order was used for payment of an invoice. Per ORC §5705.41 funds must be encumbered prior to incurring an expense.

Upon review of the Law Library Policy and Procedure Manual, IAD noted no formal policy regarding purchase orders.

County of Summit
Law Library
1st Audit Follow-up – General Report

Upon review of Law Library's purchase orders, IAD noted no prior year purchase orders used in the current year.

Issue 13 - Upon discussion with Law Library personnel and review of the process flow chart, IAD noted (1) employee responsible for ordering and receiving supplies and software within the department, creating an improper segregation of duties.

Upon review of the Law Library Policy and Procedure Manual, IAD noted a policy regarding ordering and receiving has been created; however, it has not been approved by the Board. Upon review of shipping receipts, IAD noted proper segregation of duties over the ordering and receiving functions.

Issue 14 - Upon review of leave forms and Kronos timecards for the period 1/1/13 – 7/31/13, IAD noted eleven (11) of sixty-three (63) instances where the leave form was not approved and five (5) of sixty-three (63) instances where the Kronos timecard did not agree to the leave form for the respective date.

Upon review of the Law Library Policy and Procedure Manual, IAD noted a policy regarding leave approval has been created; however, it has not been approved by the Board.

Upon review of the leave forms, IAD noted no reconciliation errors between the leave forms and Kronos. Additionally, IAD noted proper approval of the leave forms was exercised.

Issue 18 - Upon detail testing of Law Library procurement card transactions, IAD noted the following:

- Six (6) out of seven (7) instances where the log did not contain proper management approval,
- One (1) out of seven (7) instances where appropriate supporting documentation was not provided,
- One (1) out of seven (7) instances where a purchase was not properly recorded on the transaction log, and therefore management approval was not properly documented.

Upon review of procurement card transactions, IAD noted proper approval and supporting documentation. Additionally, IAD noted a policy has been created; however, it has not been approved by the Board.

MANAGEMENT ACTION PLANS NOT IMPLEMENTED:

Issue 2 - Upon review of the Records Retention Schedule (RC-2) for the Law Library, IAD noted that records pertaining to grant administration were not included.

Upon review of the RC-2, IAD noted records pertaining to grant administration were not included.

Issue 3 - Upon discussion with the Administrative Assistant, it was noted that all employees utilize one cash box to maintain cash receipts.

Upon discussion with the Director and Administrative Assistant, IAD noted the employees share a cash box.

Issue 4 - Upon discussion with the Administrative Assistant, it was noted that the Administrative Assistant and Reference Librarian collect cash, reconcile, and make the deposit, creating an improper segregation of duties.

Upon discussion with the Administrative Assistant, IAD noted the Administrative Assistant collects, reconciles and makes the deposit. Upon discussion with the Director, IAD noted the Director performs a mental reconciliation of cash receipts. IAD noted that there is no documentation to support the Director's reconciliation; therefore, an improper segregation of duties is still in place.

County of Summit
Law Library
1st Audit Follow-up – General Report

Issue 5 - Upon discussion with the Administrative Assistant, it was noted that supervisory approval is not required when voiding a receipt.

Upon review of the manual receipt book for the period of 3/27/14 through 8/12/14, IAD noted one (1) voided receipt that showed no signs of the Director's approval.

Issue 10 - Upon review of membership status in EOS (membership database), IAD was unable to verify free memberships for thirteen (13) out of fifteen (15) members due to the absence of a membership renewal form. It is noted that per ORC §307.51, a fee is not charged for services provided to public employees.

Upon detail testing of membership renewal forms, IAD could not verify the renewal form in seven (7) out of fifteen (15) instances.