

Summit County Children Services 2nd Audit Follow-up General Report

Prepared for:

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Audit Committee**

**Approved by Audit Committee
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Summit County Children Services
2nd Audit Follow-up – General Report

Auditors:

Lisa Skapura, Director; Meredith Merry, Deputy Director; Jaime Mayo, Brittney Manfull, and Brandon Schmidt, 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 six (6) remaining issues and the corresponding management action plans noted in the first audit follow-up report which required follow-up action, one (1) was not applicable, four (4) were fully implemented, and one (1) was partially implemented.

Based on the above noted information, IAD believes that SCCS has made a positive effort towards implementing the management action plans as stated in response to the issues identified in the prior reports and warrants no further follow up.

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Listed below is a summary of the issues and their status. Each issue number is in reference to the Preliminary Audit Report:

Items Not Requiring Follow-up:

Previously Implemented:

Issue 3 - Upon review of the SCCS expenditure process and during interviews, IAD noted employees that are responsible for both the ordering and receiving functions within the agency, causing an improper segregation of duties.

Issue 4 - During testing of SCCS expenditures, IAD noted eight (8) out of seventy-five (75) instances where the invoice was not properly approved by the respective SCCS Division Director, as required per SCCS Fiscal Procedures.

Issue 5 - Upon review of SCCS expenditures, IAD noted eight (8) out of seventy-five (75) instances where the invoice date was prior to the purchase order date, which is a violation of Ohio Revised Code §5705.41.

Issue 6 - During the interview process, observations, and detail testing it was noted that there is an improper segregation of duties for the following functions:

- The same individual performs the Cash Receipts and Cash Disbursements functions for the two off CAFR bank accounts,
- Checks are endorsed and deposited by the same individual for the two off CAFR bank accounts,
- On occasion checks and/or cash are delivered to the same individual that is responsible for preparing deposits,
- The individual who prepares bank reconciliations for the two off CAFR bank accounts is also the back up for the Cash Receipts and Cash Disbursements functions.

Issue 7 – Upon detail testing for timely deposits in accordance with ORC §9.38 the following errors were noted:

- Twenty four (24) of thirty nine (39) deposits made in April 2011, and three (3) of twenty three (23) deposits in July 2011 were not deposited timely into the Trustee Betterment account,
- One (1) of two (2) deposits tested for April 2011 and July 2011 was not deposited timely into the Children’s Savings account,
- Six (6) of thirty nine (39) deposits tested for the year ended December 31, 2011 were not deposited timely into the Summit County Treasurer.

Issue 12 - Upon review of employee personnel files, IAD noted fourteen (14) files that did not contain all of the twenty-two (22) required documents as noted on the HR Personnel Record Checklist.

Items Requiring Follow-up:

Not Applicable:

Issue 11 - Upon review of the Transitional Housing Program 1 Renewal and Transitional Housing Program 2 grant documents and through detail testing, it was noted that there is a discrepancy in the matching requirements between the grant application, the grant agreement, and the CFR 24 (Code of Federal Regulation).

Upon discussion with Budget and Financial Manager III and review of documentation, IAD confirmed the original HUD agreement has expired and the current HUD agreement does not differentiate between Operational and Supporting matching requirements.

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Management Action Plans Fully Implemented:

Issue 1 - Upon review of SCCS policies and procedures, IAD noted no written or incomplete policies and procedures for the following functional areas:

- Grant Procurement and Administration,
- Encumbrance change orders,
- Invoice approval,
- Petty Cash,
- Timely deposits,
- Fringe Benefits,
- Documenting and tracking Agency property.

Upon review of the SCCS policies and procedures, IAD noted policies and procedures in place for the above noted areas.

Issue 2 - Upon testing of Banner permissions for the Summit County Children Services (SCCS), IAD noted three (3) SCCS users had permission to create and approve encumbrances, encumbrance change orders, journal vouchers, and invoices in Banner, causing an improper segregation of duties.

Upon review of Banner permissions, IAD noted one (1) employee (Fiscal Director) with the ability to create and approve encumbrances, change orders, journal vouchers and invoices in Banner; however, upon detail testing of expenditure approvals, no issues were noted.

Issue 9 - Upon testing of SCCS purchase order approvals, four (4) out of fifty-three (53) purchase orders did not contain the appropriate approval as required by the SCCS Fiscal Procedures.

Upon testing of SCCS purchase order approvals, no issues were noted.

Issue 10 - Upon review of 2011 encumbrance changes, IAD noted three (3) of four (4) instances where the change increased the encumbrance over an approval threshold and did not receive an appropriate approval.

Through review of policies and procedures and detail testing, IAD noted policies and procedures for encumbrance change orders and review is conducted to ensure proper approvals are obtained.

Management Action Plans Partially Implemented:

Issue 8 - Upon detail testing of the Petty Cash disbursements, IAD noted nine (9) instances where the Reimbursement Approval Form was not fully completed and two (2) instances where the reimbursement amount exceeded the petty cash or employee meal reimbursements threshold, per SCCS policy and procedure.

Upon review of petty cash reimbursement forms, IAD noted one (1) of seven (7) instances where the form was not completed in its entirety (e.g., employee signature, supervisor signature).