

Summit County Executive Office
Department of Sanitary Sewer Services
1st Audit Follow-up General Report

Prepared For:

Russell M. Pry
Audit Committee

Approved by Audit Committee
June 30, 2016



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

Lisa L. Skapura, Director
Meredith Merry, Assistant Director
Jon Keenan, Auditor-in-Charge
Brittney Quinn, Staff Auditor
Taylor Ladouceur, Staff Auditor

Summit County Executive Office
Department of Sanitary Sewer Services
1st Audit Follow-up – General Report

Auditors:

Lisa Skapura, Director; Meredith Merry, Assistant Director; Jon Keenan, Auditor-in-Charge; Brittney Quinn and Taylor Ladouceur, Staff 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 nineteen (19) issues and the corresponding management action plans noted in the prior audit report which required follow-up action, the Department of Sanitary Sewer Services (DOSSS) fully implemented eight (8), partially implemented six (6), and did not implement three (3) management action plans. Two (2) issues/management action plans were no longer applicable. It is noted that the six (6) management action plans deemed partially implemented were due to errors with employee sign-offs. The remainder of the management action plan was fully implemented.

Based on the above-noted information, IAD believes the DOSSS 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.

**It is noted that the Department of Environmental Services (DOES) was renamed Department of Sanitary Sewer Services (DOSSS) between the audit and follow-up.*

Summit County Executive Office
Department of Sanitary Sewer Services
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 FULLY IMPLEMENTED:

Issue 4 - Upon review of the Billing Department policies and procedures and discussion with the Utility Billing Clerk, IAD noted no supervisory review of the monthly penalty free account report.

Upon review of the Billing Department policies and procedures and detail testing of the monthly penalty free account report, IAD noted no issues.

Issue 6 - Upon detail testing of the petty cash reimbursement forms, IAD noted one (1) of three (3) instances where the Senior Administrator did not sign the petty cash reimbursement form for a reimbursement exceeding \$10.00, per the current petty cash process.

Upon detail testing of the petty cash reimbursement forms, IAD noted no issues.

Issue 7 - Upon discussion with the Environmental Engineer Supervisor, IAD noted DOES is not billing the extra strength surcharge to an industrial user releasing extra strength wastewater to the Fishcreek Plant, in accordance with Codified Ordinance 923.02, due to minimal sampling of the user's wastewater by DOES.

Upon review of the Billing Industrial Users Policy and detail testing of industrial users releasing extra strength wastewater to the Fishcreek Plant, IAD noted no issues.

Issue 8 - Upon review of fees charged in the Central Cash system and invoices paid by DOES for water meter readings, IAD noted the amount billed to DOES (by the City of Cleveland) per meter reading/account is not consistent with the amount billed back to DOES' customers (difference of \$0.86 per meter reading). It is noted that DOES utilizes these water meter readings to generate sewer bills.

Upon review and detail testing of fees charged in the Central Cash system and invoices paid by DOSSS for water meter readings, IAD noted no issues.

Issue 10 - Upon review and detail testing of sewer maintenance fees, IAD noted two (2) of two (2) instances where a property with more than one hundred (100) feet of (abutting) frontage was charged incorrectly, in accordance with Codified Ordinance §923.08 (difference totaling \$219.91). Upon discussion with the Director, IAD noted these exceptions are due to outdated data from a Legacy data conversion.

Upon detail testing of sewer maintenance fees for properties with more than one hundred (100) feet of (abutting) frontage, IAD noted no issues.

Issue 11 - Upon review of the Fixed Asset Management and Control Policy and discussion with the DOES Director, IAD noted that a tracking mechanism is not in place for non-IT assets, valued under \$15,000.

Upon review of the Asset Inventory and Tracking Policy and Procedure, IAD noted no issues.

Issue 14 - Upon detail testing of contracts, IAD noted the following instances where an Unresolved Findings for Recovery Certified Search Form was not utilized before awarding the contract to the vendor, in accordance with DOES' policies and procedures:

- Two (2) out of three (3) construction contracts
- One (1) out of two (2) professional service contracts

Summit County Executive Office
Department of Sanitary Sewer Services
1st Audit Follow-up – General Report

Upon detail testing of contracts for Unresolved Findings for Recovery Certified Search Forms, IAD noted no issues.

Issue 16 - Upon review of professional licensure, IAD noted nine (9) out of sixty-six (66) employees who do not have the appropriate certification/license, as required by their respective job description.

Upon detail testing of professional licensure, IAD noted no issues.

MANAGEMENT ACTION PLANS PARTIALLY IMPLEMENTED:

Issue 1 - Upon review of DOES P&P for completeness and accuracy, IAD noted the following:

DOES Policy and Procedure Manual

- IAD noted insufficient evidence of review and approval within the last two (2) years for the following policies:
 - o Electronic Data Removal
 - o Internet Use Monitoring and Filtering
 - o Job Posting
 - o Employee Departure/Exit Policy
 - o Hazard Communication
 - o Powered Industrial Equipment/Fork Truck
 - o Employee Hiring Procedure

QA Lab Operations Manual

- Manual has not been updated and there are no signs of review within the last two (2) years.
- Outdated Organization Chart included in the manual.
- Staff sign-offs do not exist for the manual.

Upon detail testing, IAD noted management revised and approved the outdated policies from the Policy and Procedure Manual. Additionally, IAD noted management revised and approved the QA Lab Operations Manual and removed the outdated organization chart. However, IAD noted two (2) out of thirteen (13) instances where an employee policy acknowledgement form was not obtained.

Issue 2 - Upon review of DOES' policies and procedures, no written or insufficient policies and procedures were noted for the following areas:

- Payroll (internal procedures)
- Cash Overage/Shortage
- Contract Administration
- Asset and Inventory Tracking

Upon review, IAD noted the four (4) policies were created; however, IAD noted two (2) out of thirteen (13) instances where an employee policy acknowledgement form was not obtained.

Issue 3 - Upon review of the Records Retention Schedule (RC-2) for DOES, IAD noted the following records were not included:

Summit County Executive Office
Department of Sanitary Sewer Services
1st Audit Follow-up – General Report

- Paper leave forms
- Time Clock Adjustment forms

Upon discussion, IAD noted paper leave forms and time clock adjustment forms are maintained by the Summit County Human Resources Department and they are responsible for the record retention of those documents. Additionally, IAD noted that DOSSS created a new RC-2 policy; however, IAD noted two (2) out of thirteen (13) instances where an employee RC-2 acknowledgement form was not obtained.

Issue 5 - Upon comparison of the petty cash policies and the current petty cash reimbursement process, per DOES employees, IAD noted a discrepancy in the process for petty cash reimbursements exceeding \$10.00 (e.g., reimbursements over \$10 require Senior Administrator approval vs. reimbursement from petty cash will not exceed \$10). Upon discussion with the Director, IAD noted the current petty cash reimbursement policy has not been disseminated to employees.

Upon detail testing of the petty cash reimbursement process, IAD noted no issues; however, IAD noted two (2) out of thirteen (13) instances where an employee policy acknowledgement form was not obtained.

Issue 9 - Upon review and detail testing of bulk service agreements and billings, IAD noted two (2) of three (3) instances where billing was incorrect due to insufficient and/or inconsistent supporting documentation (e.g., maintenance fees, operating costs).

Upon detail testing of bulk service agreements, IAD noted no issues regarding sewage disposal fees; however, IAD noted one (1) instance where the maintenance fee was incorrect and two (2) instances where the operating (phone) costs were incorrect. Additionally, IAD noted that the review of the bulk service agreements is not documented.

Issue 18 - During detail testing of payroll deductions for employees with a designated vehicle, IAD noted thirty-five (35) out of one hundred nineteen (119) instances where the proper deduction was not made in Kronos, totaling one hundred sixty-nine dollars (\$169).

Upon discussion, IAD noted the Commuting Valuation Rule Policy was re-issued to employees, and a periodic review of CVR forms is occurring; however, no documentation of the review is maintained. Additionally, upon detail testing, IAD noted twenty-seven (27) out of fifty-four (54) instances where the employee did not receive the appropriate payroll deduction in Kronos, resulting in a total of one hundred and sixty-eight (\$168) dollars not properly deducted.

MANAGEMENT ACTION PLANS NOT IMPLEMENTED:

Issue 12 - Upon discussion with the DOES Director, IAD noted that DOES disposes assets (e.g. scrap metal to the scrap yard) without obtaining an Executive Order. Per County Codified §177.18, a department of the County may, with the approval of the Executive, dispose of property not needed for public use without conducting a public auction or sealed bids provided the department shows good cause as to why a public auction or sealed bid is not warranted to dispose of surplus equipment.

Upon discussion, IAD noted DOSSS is not obtaining Executive Orders for disposal of scrap metal removed at the job sites (e.g., sewer pipes, etc.).

Issue 17 - During detail testing, IAD noted seven (7) out of thirteen (13) instances where an employee's performance evaluation had not been completed within the past twelve (12) months. It is noted that four (4) of the seven (7) exceptions were unclassified employees. Per Codified Ordinance §169.17, performance evaluations should be administered on an annual basis for all employees.

Summit County Executive Office
Department of Sanitary Sewer Services
1st Audit Follow-up – General Report

Upon detail testing of performance evaluations, IAD noted four (4) out of thirteen (13) instances where a 2015 performance evaluation was not performed.

Issue 19 - Upon detail testing of EPA monitoring reports and discussion with the Administrative Assistant, IAD noted the process for reporting parameters (e.g., water temperature, pH levels, flow rate, etc.) to the EPA involves manually entering data into the Electronic Discharge Monitoring Report (EDMR) spreadsheet, creating the potential for data entry errors.

Additionally, IAD reconciled the EDMR spreadsheet to supporting documentation and noted the following issues:

- Two (2) out of four hundred and sixty-five (465) instances where the daily parameters were entered on the EPA report for the incorrect day, resulting in all other days' reporting to be off one (1) day.
- One (1) out of four hundred and sixty-five (465) instances where a daily parameter could not be verified per the supporting documentation.
- One (1) out of four hundred and sixty-five (465) instances where the pH level parameter was calculated incorrectly.

Upon detail testing of EPA monitoring reports, IAD noted six (6) instances where the Ohio EPA Daily Discharge Monitoring Report did not agree to the Daily Reads Sheet.

MANAGEMENT ACTION PLANS NOT APPLICABLE:

Issue 13 - Per discussion with DOES personnel, the IT asset inventory listing is not up-to-date. Additionally, during detail testing of asset inventory, IAD noted the following:

IT Assets

- Ten (10) of forty-five (45) instances where the asset was incorrectly recorded, when agreeing assets listed on the computer hardware report to the physical asset.
- One (1) of ten (10) instances where an asset was not listed on the IT Asset Equipment Listing, but located at DOES. Upon further inquiry, IAD noted this is due to the inventory listing not being updated.

Disposed Assets

- Twelve (12) of twelve (12) instances where a receipt was not obtained upon disposal of the asset. It is noted that all exceptions were a result of one disposal to a recycling center.
- Four (4) of sixteen (16) assets marked as disposed on the IT asset inventory report, but per the Information Systems Development Manager, have not been disposed of and could not be located at DOES.

Upon discussion with personnel, IAD noted IT services have been consolidated with the Summit County Office of Information Technology Department; therefore, detail testing was not performed.

Issue 15 - Upon detail testing of construction contracts, IAD noted two (2) out of three (3) instances where the bid advertisement was not published for two (2) weeks prior to the bid opening date. Per ORC §307.87, notice shall be published once a week for not less than two (2) consecutive weeks preceding the day of the opening of bids in a newspaper of general circulation within the county for any purchase, lease, lease with option or agreement to purchase or construction contract in excess of fifty thousand dollars (\$50,000).

Summit County Executive Office
Department of Sanitary Sewer Services
1st Audit Follow-up – General Report

Upon discussion, IAD noted the Department of Finance and Budget is advertising bids on behalf of DOSSS; therefore, detail testing was not performed.