

Summit County Clerk of Courts
Legal Division
2nd Audit Follow-up General Report

Prepared For:

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Approved by Audit Committee
September 18, 2017



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Auditors:

Lisa Skapura, Director; Meredith Merry, Assistant Director; Brittney Quinn, Senior Auditor; and Vince Ruegsegger, Staff Auditor.

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 nine (9) issues and the corresponding management action plans noted in the first audit follow-up report which required follow-up action, the Clerk of Courts – Legal Division fully implemented one (1), partially implemented five (5), and did not implement three (3) management action plans.

Based on the above-noted information, IAD believes COC Legal 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 performance general audit. Internal Audit will conduct another follow-up audit to confirm implementation.

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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:

Items Not Requiring Follow-up:

Not Applicable:

Issue 14 - Upon detail testing of the daily payment reports regarding Intellitech cash receipts (e.g., court costs, restitution, and probation fees), IAD noted twenty-three (23) out of twenty-five (25) instances where a COC Legal Division representative did not initial the daily payment report verifying the deposit for the Intellitech receipts for the day.

Previously Implemented:

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

- Compensatory Time (awarded for employees not taking sick time during a one (1) month period).
- Escheating of funds to the County Treasurer.
- Voiding transactions.
- Process for release and return of exhibits to/from the Court of Appeals.
- Outstanding accounts receivable collection process (greater than 90 days).

Issue 3 - Upon review of the Criminal and Appeals Divisions' bank reconciliations, IAD noted Non-Sufficient Funds (NSF) checks are tracked on the monthly reconciliations and not adjusted in the case management system. Additionally, IAD noted that when an NSF payment is received, the Accountant I has complete control over the financial transaction, creating an improper segregation of duties.

Issue 10 - During detail testing, IAD noted four (4) out of ten (10) instances where the asset selected did not agree to the inventory listing. In addition, upon observation of the inventory listing and discussion with the Chief of Staff, IAD noted that asset locations are not documented on the inventory listing; therefore, accuracy of the inventory listing could not be determined.

Items Requiring Follow-up:

MANAGEMENT ACTION PLANS FULLY IMPLEMENTED

Issue 13 - Upon review of the check registers for each division, IAD noted four (4) outstanding checks issued prior to April 2013. Per ORC §1907.20, all the moneys remaining unclaimed on the first day of April of each year shall be paid to the County Treasurer.

Upon review of the Domestic, Civil and Criminal Division listing of outstanding checks, IAD noted no outstanding checks prior to 4/1/16.

MANAGEMENT ACTION PLANS PARTIALLY IMPLEMENTED:

Issue 4 - Upon testing of voided receipts in the Criminal and Appeals Divisions, IAD noted sixteen (16) out of nineteen (19) in Criminal and six (6) out of seven (7) in Appeals where the voided receipt did not have supervisory approval. Additionally, IAD noted eight (8) out of nineteen (19) in Criminal and one (1) out of seven (7) in Appeals where the reason for the void was not documented. Per a memorandum issued by the Legal Division Manager on 2/11/14, reason for and approval of voids must be documented.

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Upon detail testing of voided receipts, IAD noted twenty-three (23) of twenty-five (25), or 92%, Criminal Division voids where the reason for the void was not documented. No issues were noted with Court of Appeals voided receipts.

Issue 5 - Upon review of collection policies and procedures and discussion with personnel, IAD noted that collection for cases with an outstanding balance greater than ninety (90) days is currently not being performed. Current outstanding balances for the Civil and Domestic Relations Divisions are \$3,485,008.45 and \$1,096,085.55, respectively.

It is noted that the outstanding balances for the Civil Division include all amounts that are due to the COC Legal Division regardless of account aging. The same is noted for the Domestic Relations Division with the addition of the COC Legal Division not being allowed to charge for Domestic Relations filing fees, per Rules of Superintendence Form 10.01-A.

Upon discussion with personnel, IAD noted an inter-governmental agreement for debt collection with the Ohio Attorney General's office is in place; however, IAD noted no collections have been performed since the last follow-up.

Issue 7 – Upon testing of Banner approval queues, IAD noted one (1) employee with the ability to enter and approve requisitions. Additionally, upon detail testing of purchase order requisition approvals in Banner, IAD noted ten (10) out of ten (10) instances where the same individual entered and approved the purchase order requisition, creating an improper segregation of duties.

Upon detail testing of purchase order requisition approval in Banner, IAD noted six (6) of six (6) instances, or 100%, where the same employee entered and approved requisitions in Banner. IAD noted Banner requisition approval queues have been modified to ensure a proper segregation of duties exist going forward.

Issue 9 - Upon detail testing of Banner expenditures, IAD noted the following:

- Thirty-four (34) of thirty-four (34) instances where proper approval for payment of an invoice did not occur (e.g., same person entering and approving).
- Fourteen (14) of thirty-four (34) instances where funds were not properly encumbered prior to incurring the expense (e.g., purchase order date after the invoice date).
- Four (4) of thirty-four (34) instances where a prior year purchase order was used for payment.

Per ORC §5705.41, no order involving the expenditure of money shall be made without a certificate of the Fiscal Office (purchase order); in addition, purchase orders may not extend beyond the end of the fiscal year.

Upon detail testing of invoice approvals in Banner, IAD noted sixteen (16) of twenty (20) instances, or 80%, where the invoice was not properly approved (e.g., same person entering and approving). IAD noted Banner invoice approval queues have been modified to ensure a proper segregation of duties exist going forward.

Issue 11 - Upon detail testing of personnel files, IAD noted that the COC Legal Division does not maintain a checklist of required personnel file documents in each file and noted five (5) of five (5) files that appeared to be incomplete.

Upon review of personnel files, IAD noted a tracking mechanism for review of personnel files and an updated new hire checklist have been created during the prior follow-up audit. During detail testing of personnel files, IAD noted one (1) of three (3), or 33%, personnel files appeared to be incomplete. Additionally, only current COC employees have a checklist maintained in their personnel file.

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MANAGEMENT ACTION PLANS NOT IMPLEMENTED:

Issue 2 - Upon review of policies and procedures for completeness and accuracy, IAD noted one hundred twenty-eight (128) out of two hundred sixty-three (263) policies that have not been reviewed/approved by management within the last two (2) years.

Upon review of policies, IAD noted one hundred seventy-eight (178) of two hundred nine (209), or 85%, policies have not been updated/reviewed by management in the last two (2) years. Additionally, IAD noted no process in place to review/update policies.

Issue 8 – Upon review of policies and procedures and discussion with the COC Legal Division personnel, IAD noted packaging slips are not initialed, in accordance with policies and procedures.

Upon detail testing of purchases, IAD noted three (3) of eighteen (18) instances, or 17%, where the packing slip was not initialed/signed.

Issue 12 – Upon review of payroll approval and sign-off in Kronos, IAD noted four (4) out of four (4) pay periods with improper approval (e.g., the same employee approving and signing off), creating an improper segregation of duties.

Through review of payroll approval and sign-off in Kronos, IAD noted four (4) of four (4), or 100%, pay periods with improper approval (e.g., no documentation of employee approval), creating an improper segregation of duties.