

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

Prepared For:

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Audit Committee

Approved by Audit Committee
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Auditors:

Lisa Skapura, Director; Jon Keenan, Deputy Director; Brandon Schmidt, Senior Auditor; Amanda Winkelman, 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 twenty-seven (27) issues and the corresponding management action plans noted in the prior audit report which required follow-up action, the Department of Administrative Services (DAS) fully implemented twenty-two (22), partially implemented three (3) and did not implement two (2) management action plans.

Based on the above-noted information, IAD believes the DAS 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 policies and procedures, IAD noted insufficient policies and procedures in the following areas:

Animal Control

- Veterinary processes (e.g., controlled substance logs)
- Expenditures (e.g., outdated; does not include current procedures for payment of invoices)
- Animal Bite Investigation and Follow-up (e.g., obtaining local law enforcement report, sending out a notice form and dangerous dog packet to dog owner)
- Chameleon system

Capital Projects

- Purchasing Process (e.g., requisition approval, etc.)
- Expenditure Process (e.g. invoice approval process)

Physical Plants

- Purchasing Process (e.g., requisition approval, etc.)
- Expenditure Process (e.g. invoice approval process)
- Packing Slip Process

Upon review of the DAS policies and procedures, sufficient policies and procedures have been created/updated.

Issue 2 - Upon review of the Animal Control and Physical Plants policy and procedure manuals for completeness and accuracy, IAD noted policies are updated as needed; however, there is no evidence of comprehensive review of the manual within the last two (2) years.

Upon review of the Animal Control and Physical Plants policy and procedure manuals, IAD noted a review of the manuals occurred within the last two (2) years.

Issue 3 - Upon review of the Capital Projects Policy and Procedures Manual for completeness and accuracy, IAD noted the manual has not been formally approved by management and there is no evidence of review within the last two (2) years. Additionally, IAD noted that employees are not required to acknowledge receipt and review of the Capital Projects Policy and Procedure Manual.

Upon review of the Capital Projects Policy and Procedure Manual, IAD noted a review of the manual occurred within the last two (2) years.

Issue 4 - Per the Physical Plants Records Retention Schedule (RC-2), IAD noted paper work orders are required to be maintained for two (2) years; however, upon discussion, work orders were destroyed prior to the disposal date on the RC-2, due to relocation to a new facility.

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Upon review & discussion with Physical Plants personnel, IAD noted paper work orders have not been destroyed prior to the disposal date, in accordance with the RC-2.

Issue 5 - Upon discussion, IAD noted a reconciliation of the Animal Control Drop-off Form (Pay-in sheet) to Banner deposits is not performed.

Upon discussion with Animal Control personnel and detail testing of Animal Control pay-in sheet to Banner deposit reconciliations, IAD noted no issues.

Issue 6 - Upon detail testing of Animal Control cash receipts, IAD noted nineteen (19) of thirty (30), or sixty-three percent (63%), instances where the cash receipts were not timely deposited in accordance with ORC §9.38.

Upon review of County Council resolutions, IAD noted the policy allowing up to three (3) days for deposits that do not exceed \$1,000 has been approved. Additionally, upon detail testing of Animal Control cash receipts for timely deposit, IAD noted no issues.

Issue 7 - Upon review of cash receipts utilizing the current system (received after 6/1/16), IAD noted four (4) of six (6), or sixty-seven percent (67%), instances where the total daily pay-in, per the Fiscal Office, did not agree to the daily transaction report from Chameleon (Cash Box Closing Report), resulting in a two hundred twenty-five dollar (\$225) shortage and eighty-seven dollar (\$87) overage.

Additionally, upon discussion and observation of the cash receipt reconciliation process, IAD noted a reconciliation of the daily transaction report from the Chameleon system (Cash Box Closing Report) to cash received is not performed by each Poundkeeper for his/her individual cash lock box or by management when preparing the total cash for deposit.

Upon detail testing of cash receipts utilizing the Chameleon system, IAD noted no issues. Additionally, upon detail testing of reconciliations of the Cash Box Closing Report to cash received by each Poundkeeper, IAD noted no issues.

Issue 9 - Upon discussion, IAD noted Animal Control does not utilize a manual pre-numbered receipt book in the event the Chameleon system is unavailable.

Upon observation and discussion with Animal Control personnel, IAD noted Animal Control utilizes pre-numbered receipt books. Additionally, IAD noted a policy was created regarding transactions during power outages or system failures.

Issue 10 - Upon review of municipal billing, IAD noted forty-eight (48) of two hundred sixty-eight (268), or eighteen percent (18%), instances where an incorrect amount was billed to a municipality and/or the amount billed was not in agreement with the contract for Animal Control services (e.g., billed an incorrect amount for euthanasia, not billed for housing and feeding, seizing and delivery, etc.) resulting in three hundred forty dollars (\$340) overbilled and one thousand seven hundred thirty dollars (\$1,730) underbilled.

Upon review of the updated Animal Control municipal billing policy, IAD noted no issues. Additionally, upon detail testing of the municipal billing, IAD noted no issues.

Issue 11 - Upon discussion, IAD noted a tracking mechanism for mailing invoices and receiving payments is not utilized for the municipal billing process. Therefore, IAD could not perform testing to ensure payments were made timely, in accordance with the established contracts.

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Upon discussion with Animal Control personnel and review of the municipal billing payment tracking spreadsheet, IAD noted a tracking mechanism is utilized for maintaining invoices and receiving payments. Additionally, IAD obtained an updated municipal billing policy.

Issue 12 - Upon review of the fee inventory in the Chameleon system, IAD noted eight (8) of twenty-four (24), or thirty-three percent (33%), instances where the fee charged by Animal Control was incorrect, which include:

- Five (5) of twenty-four (24), or twenty-one percent (21%), instances where the fee charged by Animal Control was not in accordance with Codified Ordinances.
- One (1) of twenty-four (24), or four percent (4%), instances where the fee charged by Animal Control was not in accordance with Executive Order.
- Two (2) of twenty-four (24), or eight percent (8%), instances where the fee charged by Animal Control was not in accordance with an established contract with a rescue group.

Additionally, IAD noted contracts with rescue groups have expired.

Upon detail testing of fees in the Chameleon system and review of contracts with rescue groups. IAD noted no issues.

Issue 16 - Upon detail testing of Banner expenditures, IAD noted ten (10) of fifty-one (51), or twenty percent (20%), instances where funds were not properly encumbered prior to incurring the expense (e.g., purchase order date after the invoice date).

Upon detail testing of Physical Plants Banner expenditures, IAD noted no issues.

Per ORC §5705.41, no order involving the expenditure of money shall be made without a certificate of the Fiscal Office (purchase order).

Issue 17 - Upon discussion with personnel, IAD noted that packing slips are not initialed and retained; therefore, IAD was unable to perform testing to ensure proper segregation of duties is in place with the ordering and receiving functions.

Upon discussion with Capital Projects personnel, IAD noted packing slips are signed and maintained when goods are purchased; however, detail testing was not performed because no goods have been purchased. Additionally, IAD noted the expenditure policy was updated to include the signing and maintaining of packing slips.

Issue 18 - Upon discussion with personnel, IAD noted a log of dogs seized, impounded, redeemed and destroyed is maintained; however, weekly reports of the same are not forwarded to the Executive's Office, in accordance with ORC §955.12.

Upon observation of emails sent to the Executive's Office, IAD noted a weekly log of dogs seized, impounded, redeemed and destroyed is forwarded, in accordance with ORC §955.12

Issue 19 - Upon detail testing, IAD noted one (1) out of three (3), or thirty-three (33%) percent, instances where a bond not less than five hundred dollars (\$500) and not more than two thousand dollars (\$2,000) was not secured for a Deputy Warden, in accordance with ORC §955.12.

IAD confirmed with the Insurance Department that a bond has been obtained for all Deputy Wardens. Additionally, IAD noted no new Animal Control employees that are required to be bonded have been hired since the prior audit.

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Issue 20 - Upon detail testing, IAD noted the DEA Controlled Substance Registration Certificate does not contain Schedule 4 controlled substances, which are currently maintained at the facility, in accordance with DEA regulations.

Upon discussion with Law Department personnel, IAD noted that the Veterinarian was hired as a County employee which allows Schedule 4 controlled substances to be maintained at the facility. Additionally, IAD obtained and reviewed the Veterinarian's DEA Controlled Substance Registration Certificate and ensured it was current. No issues were noted.

Issue 21 - Upon detail testing, IAD noted four (4) of thirty-one (31), or thirteen percent (13%), instances where an elevator certificate was expired and not renewed in accordance with ORC §4105.15.

Upon detail testing of elevator certificates maintained by Physical Plants, IAD noted no issues.

Issue 22 - Upon detail testing of kennel inventory, IAD noted fourteen (14) of twenty-five (25), or fifty-six percent (56%), instances where an animal was included on the current kennel inventory listing but was not located at the facility (e.g., animal was adopted, euthanized, etc.).

Upon detail testing of kennel inventory, IAD noted no issues.

Issue 23 - Upon detail testing of volunteers, IAD noted the following, in accordance with the Volunteer Program Policy:

- Twenty-eight (28) of fifty-two (52), or fifty-four percent (54%), instances where a volunteer did not sign a personnel policy acknowledgement form.
- Two (2) of fifty-six (56) instances, or four percent (4%), where a volunteer did not sign an acknowledgement & release form.

Upon detail testing of volunteers, IAD noted no issues.

Issue 24 - Upon detail testing of euthanasia logs, IAD noted thirty-three (33) instances where a witness was not documented as being present during the euthanasia procedure, in accordance with policies and procedures (25 not present with the Veterinarian; 8 not present with a Poundkeeper).

IAD obtained the updated Animal Control Euthanasia Policy. Additionally, upon detail testing of euthanasia logs, IAD noted no issues regarding compliance with policies and procedures.

Issue 25 - Upon detail testing of euthanized animals, IAD noted four (4) of eleven (11), or thirty-six percent (36%), instances where the euthanasia log was not approved by management, in accordance with policies and procedures.

Upon detail testing of euthanized animals, IAD noted no issues.

Issue 27 - Upon detail testing, IAD noted one hundred eighteen (118) of one hundred and eighteen (118), or one hundred percent (100%), instances where the requestor of the work order did not sign off on the paper work order and seventy-three (73) of one hundred eighteen (118), or sixty-two percent (62%), instances where the assigned Physical Plants' employee did not sign off on the paper work order, in accordance with the Physical Plants' Policy and Procedure manual.

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Upon detail testing of Physical Plants closed work orders, IAD noted no issues.

MANAGEMENT ACTION PLANS PARTIALLY IMPLEMENTED:

Issue 13 - Upon detail testing of scrap metal revenue transactions, IAD noted the following:

- Nine (9) of thirteen (13) instances, or sixty-nine percent (69%), where an Executive Order was not obtained in accordance with Codified Ordinance §177.18.
- Four (4) of thirteen (13) instances, or thirty-one percent (31%), where a Declaration of Scrap Metal Surplus Inventory Form was not complete (missing signatures, incomplete).
- Five (5) of thirteen (13) instances, or thirty-eight percent (38%), where the scrap metal transaction was not documented in the Quecentre Q Maintenance Work Order System.

IAD obtained the updated Scrap Metal policy; however, upon detail testing of scrap metal revenue transactions, IAD noted two (2) out of two (2) instances, or 100%, where an Executive Order was not obtained in accordance with Codified Ordinances §177.18.

Issue 14 - Upon detail testing of Banner expenditures, IAD noted the following:

- Eighteen (18) of twenty-three (23), or seventy-eight percent (78%), instances where invoices were improperly approved (e.g., same person entering and approving).
- Two (2) of seven (7), or twenty-nine percent (29%), instances where funds were not properly encumbered prior to incurring the expense (e.g., purchase order date after the invoice date).
- One (1) of eight (8), or thirteen percent (13%), 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 Animal Control Banner expenditures, no issues were noted where invoices were improperly approved or prior year purchases orders were used; however, IAD noted five (5) out of eight (8) instances, or 63%, where funds were not properly encumbered prior to incurring the expense per ORC §5705.41.

Issue 26 - Upon detail testing of contracts, IAD noted the following:

- Four (4) of four (4) instances, or one hundred percent (100%), where the Certified Search for Unresolved Findings for Recovery was not utilized prior to the issuance of the contract, in accordance with ORC §9.24 (A).
- Six (6) of seven (7) instances, or eighty-six percent (86%), where the Notice of Commencement was not prepared for the project, in accordance with ORC §1311.252 and the General Conditions.
- Three (3) of three (3) instances, or one hundred percent (100%), where the Owner did not issue a Certificate of Substantial Completion and a Certificate of Final Completion, in accordance with the General Conditions.

Upon detail testing of contracts, IAD noted no issues related to the Search for Unresolved Findings and Certificate of Completion; however, IAD noted two (2) out of five (5) instances, or 40%, where the Notice to

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Proceed was not prepared timely for the project, in accordance with ORC §1311.252 (A) and the General Conditions.

MANAGEMENT ACTION PLANS NOT IMPLEMENTED:

Issue 8 - Upon discussion, IAD noted management is not reviewing or approving voided receipts for reasonableness, in accordance with policy and procedure. Additionally, the reason for the void is not documented.

Upon detail testing of voids, IAD noted the following:

- *Nine (9) out of ten (10), or 90%, instances, where the reason for the void was not documented.*
- *Ten (10) out of ten (10), or 100%, instances where approval of the void was not documented by management.*

Issue 15 - Upon detail testing of packing slips, IAD noted nine (9) of ten (10), or ninety percent (90%), instances where the packing slip was not initialed/signed, in accordance with policy and procedure, or was not retained; therefore, IAD could not determine if a proper segregation of duties exists.

Upon detail testing of packing slips, IAD noted six (6) out of seven (7) instances, of 86%, where the packing slip was not initialed/signed; therefore, IAD could not determine if a proper segregation of duties exist.