

**Summit County Executive Office**  
*Department of Community & Economic Development*  
**1st Audit Follow-up General Report**

**Prepared For:**

**Ilene Shapiro**  
**Audit Committee**

**Approved by Audit Committee**  
**June 22, 2020**



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

*Lisa L. Skapura, Director*  
*Jon Keenan, Assistant Director*  
*Brandon Schmidt, Senior Auditor*  
*Amanda Winkelman, Staff Auditor*

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**Auditors:**

Lisa Skapura, Director; Jon Keenan, Assistant Director; Brandon Schmidt, Senior Auditor; and 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 nineteen (19) issues and the corresponding management action plans noted in the prior audit report which required follow-up action, the Summit County Department of Community and Economic Development (DOD) fully implemented eight (8), partially implemented four (4) and did not implement six (6) management action plans. Additionally, one (1) of the management action plans was no longer applicable.

Based on the above-noted information, IAD believes the DOD 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:

**MANAGEMENT ACTION PLANS FULLY IMPLEMENTED**

**Issue 1** - Upon review of the Department of Development Policy and Procedure Manual for completeness and accuracy, IAD noted the following:

- The manual has not been updated/revised within the last two (2) years.
- The manual has not been formally approved by management.

**Management Action Plan:** Policies and procedures manual will be updated and approved by management. In progress.

**Target Date:** 4/30/18

*Upon review of the DOD Policy and Procedure Manual, IAD noted the manual has been updated/revised within the last two years and was formally approved by management.*

**Issue 2** - Upon review of policies and procedures, IAD noted insufficient policies and procedures in the following areas:

- Loan collection processes
- Household Sewage Treatment Systems (HSTS) grant policy (e.g., bidding process outdated, EPA quarterly reports no longer required, etc.)
- Lead grant policy (e.g., bidding process outdated)
- The process of notifying applicable agencies (e.g., police, fire, etc.) of address changes
- Equitable distribution of Home Weatherization Assistance Program (HWAP) contract work
- Scoring of Community Development Block Grant (CDBG) applications by DOD staff (e.g., no longer a procedure)
- Home Grant Policies (e.g., First Home First Loan program outdated)

**Management Action Plan:** Policies and procedures will be updated to reflect the current requirements set forth in the state and federal regulations. Internal policies and procedures will also be created guide internal processes.

**Target Date:** 4/30/18

*Upon review of the DOD Policy and Procedure Manual, IAD noted all insufficient policies and procedures were updated to reflect current requirements and internal processes.*

**Issue 3** - Upon detail testing of GIS cash receipts, IAD noted two (2) of eight (8), or 25%, instances where funds were not timely deposited in accordance with ORC §9.38.

**Management Action Plan:** GIS staff will contact the executive assistant prior to holidays or extended leave to ensure all checks are secured prior to the end of their shift and all checks or cash will be deposited in a timely manner in accordance with ORC 9.38.

*Upon detail testing of GIS cash receipts, IAD noted deposits were made timely in accordance with ORC §9.38.*

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**Issue 6** - Upon detail testing of Banner expenditures, IAD noted twenty-seven (27) of one hundred and two (102), or 26%, instances where funds were not properly encumbered prior to incurring the expense (e.g., requisition approval date after the invoice date).

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

**Management Action Plan:** Jobs will not be released until the funds have been certified by the Fiscal Office from the correct Funds Org and Account for that specific job. The date the requisition was requested will be written on the bottom of the purchase order request form along with the date the funds are certified by the Fiscal Office.

**Target Date:** Complete

*Upon detail testing of Banner expenditures, IAD noted funds were properly encumbered prior to incurring the expense in accordance with ORC §5705.41.*

**Issue 7** - Upon review of professional licensure, IAD noted one (1) of seven (7) employees, or 14%, who do not have the required certification/license, as required by their respective job description.

**Management Action Plan:** The employee will be required to get the certification outlined in the job description.

**Target Date:** 7/31/18

*Upon review of DOD employees that require professional licensures, IAD noted employees obtained the required certification/license, as required by their respective job description.*

**Issue 9** - Upon detail testing of performance evaluations, IAD noted six (6) of six (6) instances, or 100%, where an annual performance evaluation was not performed for classified employees, in accordance with Summit County Codified Ordinance §169.17.

**Management Action Plan:** All classified personnel will have performance reviews annually by the end of the first quarter of the year.

**Target Date:** 3/31/18

*Upon detail testing of performance evaluations completed for the calendar year 2018, IAD noted annual performance evaluations were performed in accordance with Summit County Codified Ordinance §169.17.*

**Issue 11** - Upon detail testing of HOME grant funded projects, IAD noted the following:

- Two (2) out of five (5) instances, or 40%, where construction did not start within twelve (12) months of the execution date of the contract and support for an extension could not be located, in accordance with the contract.
- One (1) out of four (4) instances, or 25%, where income eligibility could not be determined (e.g., applicant was married but filed their tax returns separately and no legal document indicating the applicant was legally separated from the spouse), in accordance with HUD regulations.

**Management Action Plan:** Going forward all extension requests will be in writing on the awardees letterhead with responses from DOD on letterhead. All requests and responses will be placed in the file. No legal document was completed for the file of the person who was separated, however a notarized letter from the applicant was provided during field work that she was separated. This is acceptable to HUD since it is a notarized document.

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**Target Date:** Complete

*Upon review of the HOME agreement, IAD noted changes to the agreement; therefore, IAD performed testing to ensure that all rehab work/new construction and title transfer was completed within six (6) months of purchase. Upon detail testing, IAD noted no issues. Additionally, upon detail testing of income eligibility requirements, IAD noted no issues.*

**Issue 15** - Upon detail testing of overtime and compensatory time forms, IAD noted eleven (11) of twenty-nine (29) instances, or 38%, where a form could not be located; therefore, IAD was unable to determine that the overtime/compensatory time reconciled to Kronos (payroll system) and the form was properly approved.

**Management Action Plan:** All compensatory time and overtime will be done in Kronos through supervisor electronic approval.

**Target Date:** 3/1/18

*Upon detail testing of overtime and compensatory time forms, IAD noted forms reconciled to Kronos and were properly approved.*

**MANAGEMENT ACTION PLANS PARTIALLY IMPLEMENTED**

**Issue 5** - Upon detail testing of purchases, IAD noted five (5) of five (5) instances, or 100%, where a supply order form and packing slip were not being utilized, in accordance with policy and procedure.

**Management Action Plan:** A file has been created for supply order forms and packing slips and personnel have been advised to make certain they maintain those copies.

**Target Date:** Completed

*Upon discussion with DOD personnel and review of the DOD Policy and Procedure Manual, IAD noted the supply order form requirement has been removed. Upon detail testing of packing slips, IAD noted four (4) out of nine (9), or 44%, instances where the packing slip was not initialed in accordance with policy and procedure.*

**Issue 10** - Upon review of the contract between the awardee (non-profit) and the County of Summit, IAD noted quarterly reports and conflicts of interest sign-offs and policies are not being obtained from the awardee, in accordance with the contract.

**Management Action Plan:** DOD will obtain quarterly reports for all current HOME projects and obtain the current conflicts of interest sign-offs and policies and procedures from the awardee.

**Target Date:** Quarterly report 4/30/18, conflict of interest sign-offs by 3/31/18

*Upon detail testing of 2018 and 2019 HOME Investment Partnership Program (HOME) projects, IAD noted conflict of interest sign-offs were obtained from the awardee; however, upon discussion with DOD personnel, IAD noted no quarterly reports were obtained from the awardee, in accordance with the contract.*

**Issue 13** - Upon detail testing of the awardee's insurance requirements, IAD could not determine if the following insurance policies were obtained or insured for the correct amount by the awardee, in accordance with the contract:

- Habitat for Humanity:
  - Employers Liability Ohio Stop Gap
  - Fidelity Bond
- Neighborhood Development Services (NDS):
  - Employers Liability Ohio Stop Gap

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**Management Action Plan:** All insurance documentation will be requested from current HOME awardees. Going forward insurance requirements will be reviewed prior to agreement execution with awardees.

**Target Date:** 3/31/18

*Upon detail testing of insurance requirements for 2018 and 2019 HOME Investment Partnership Program (HOME) projects, IAD noted employer's liability Ohio stop gap was obtained from awardees; however, IAD noted one (1) out of two (2), or 50%, instances where a fidelity bond was not obtained from the awardee, in accordance with the contract.*

**Issue 18** - Upon detail testing of approved Community Development Block Grant (CDBG) applicants, IAD noted the following:

- Five (5) out of six (6) instances where the sub-recipient's application was not time stamped upon receipt, in accordance with DOD policies and procedures.
- Three (3) out of six (6) instances where a checklist was not placed in the front of the sub-recipient's folder, in accordance with DOD policies and procedures.
- Two (2) out of three (3) instances where a performance bond was not obtained from the contractor for one hundred percent (100%) of the project, in accordance with the contract.
- One (1) out of two (2) instances where a payment bond was not obtained from the contractor for one hundred percent (100%) of the project, in accordance with the contract.

**Management Action Plan:** All applications will be time stamped upon being received by a potential sub recipient. Checklists will be placed in the front of each CDBG sub recipient folder. Performance Bonds will be obtained by the contractor(s) hired by the sub recipient and a copy kept in our files. Payment bonds will be obtained by the contractor(s) hired by the sub recipient and a copy kept in our files.

**Target Date:** Complete

*Upon detail testing of approved 2019 CDBG sub-recipients, IAD noted applications were time stamped upon receipt and a checklist was maintained; however, IAD noted four (4) out of four (4), or 100%, instances where a performance bond and a payment bond was not obtained from the contractor for 100% of the project.*

**MANAGEMENT ACTION PLANS NOT IMPLEMENTED**

**Issue 4** - Upon reconciliation of Summit County Planning Commission (SCPC) Project Filing Fee Schedule to the Summit County Subdivision Regulations, IAD noted the final plat fee listed on the Filing Fee Schedule (\$300) did not agree to the Summit County Subdivision Regulations (\$500), a variance of \$200. Additionally, upon detail testing of SCPC approved project fees, IAD noted two (2) of nine (9), or 22%, instances where the incorrect amount was collected for the final plat fee.

**Management Action Plan:** The fee schedule error was placed on the agenda of the October 19, 2017 Summit County Planning Commission. The Planning Commission voted to approve the change, and staff updated the subdivision regulations, the application and the website to reflect the appropriate fee schedule for final plats from \$300 to \$500 and staff was trained on the change.

**Target Date:** Completed

*Upon reconciliation of Summit County Planning Commission (SCPC) Project Filing Fee Schedule to the Summit County Subdivision Regulations, IAD noted the final plat fee listed on the Filing Fee Schedule (\$300) did not agree to the Summit County Subdivision Regulations (\$500), a variance of \$200. Additionally, upon detail testing of SCPC approved project fees, IAD noted three (3) out of six (6), or 50%, instances (two (2) instances where no money was collected) where the amount collected did not agree to the required amount to be collected per the DOD Subdivision Regulations.*

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**Issue 8** - Upon detail testing of professional licensures, IAD noted the Home Weatherization Assistance Program (HWAP) certification was replaced with the Quality Control Inspector certificate; however, the employee job description was not updated to reflect the same.

**Management Action Plan:** The job descriptions for HWAP staff will be updated to include the correct professional licensures required. We will work with Human Resources to make the changes.

**Target Date:** 3/31/18

*Upon review of job descriptions for Home Weatherization Assistance Program (HWAP) staff, IAD noted that the job descriptions have not been updated to reflect the appropriate required professional licenses. Upon discussion with DOD personnel, IAD noted DOD contacted the Human Resource (HR) Department on 1/6/20; however, IAD deemed this untimely.*

**Issue 14** - Upon detail testing of the awardee's contracted work, IAD noted ten (10) out of ten (10) instances, or 100%, where a performance bond for 100% of the contracted amount was not obtained, in accordance with the contract.

**Management Action Plan:** Performance bonds will be received for contractors working with the awardees. Copies of the performance bonds will be kept in our files.

**Target Date:** 1/1/18

*Upon detail testing of 2018 and 2019 HOME Investment Partnership Program (HOME) projects, IAD noted eight (8) out of eight (8), or 100%, instances where the awardee did not obtain a performance bond from the contractor, in accordance with the contract.*

**Issue 16** - Upon discussion with personnel, it was noted that the HWAP contract is not fully executed at the start of the program year; therefore, funds are not able to be reimbursed timely. As a result, and upon review of the HWAP Banner account, funds were not encumbered prior to incurring expenditures, causing a negative fund balance to occur. Per ORC §5705(I), money paid into any fund shall be used only for the purposes for which such fund is established. A fund with a negative account balance signifies that monies from other funds were used to meet their obligations.

**Management Action Plan:** The HWAP program is funded on a reimbursement basis only. We are unable to receive an advancement from the State for HWAP funds. Budget and Finance provides the funding rules for the grant program.

**Target Date:** Complete

*Upon review of Banner expenditures, IAD noted Home Weatherization Assistance Program (HWAP) funds for the grant period 7/1/19 through 6/30/20 were received on 8/7/19. Upon discussion with DOD personnel, IAD noted a negative balance will always occur until the HWAP grant is fully executed which is after the start of the program year. Additionally, IAD noted the Department of Finance and Budget has elected to not fund the HWAP account with general fund money until the HWAP funds are received.*

**Issue 17** - Upon detail testing of designated vehicle payroll deductions, IAD noted three (3) of four (4), or 75%, pay periods where the incorrect County car reimbursement payroll deduction occurred for one (1) employee, totaling \$6.00 net under-charged.

**Management Action Plan:** Sharepoint is now being utilized for Vehicle Log Mileage Reports for car reimbursement payroll deduction.

**Target Date:** Complete

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*Upon detail testing of designated vehicle payroll deductions, IAD noted two (2) out of four (4), or 50%, pay period, where the incorrect County car reimbursement payroll deduction occurred for one (1) employee. Additionally, upon discussion with DOD personnel, IAD noted SharePoint was not being utilized for Vehicle Log Mileage Reports.*

**Issue 19** - Upon review of policies and procedures and detail testing of approved Household Sewage Treatment System (HSTS) grant projects, IAD noted three (3) of seven (7) projects with the following exceptions:

- One (1) project where the applicant was not entered into SharePoint (in accordance with current processes).
- One (1) project where the application was not time-stamped upon receipt (in accordance with policies and procedures).
- One (1) project where the application was not time-stamped upon receipt, the home was not owner-occupied and the applicant did not have current homeowner's insurance (in accordance with policies and procedures and HSTS program criteria).

**Management Action Plan:** Staff will enter all applicants into SharePoint, all applications will be time-stamped, and all units will be owner-occupied with current home owners insurance.

**Target Date:** Complete

*Upon detail testing of approved Household Sewage Treatment System (HSTS) grant projects, IAD noted applicants had home owners insurance and applications were time stamped; however, IAD noted the following:*

- *Three (3) out of twelve (12), or 25%, instances where the applicant was not entered in SharePoint, in accordance with policies and procedures.*
- *One (1) out of twelve (12), or 8%, instances where the home was not owner occupied, in accordance with HSTS program criteria.*

**MANAGEMENT ACTION PLANS NOT APPLICABLE:**

**Issue 12** - Upon detail testing of contractor's payroll documentation, IAD noted three (3) out of fifteen (15) instances, or 20%, where the contractor's employee was not paid the correct prevailing wage rate, in accordance with the Davis-Bacon Act.

**Management Action Plan:** All Davis Bacon payroll reports (WH347) will be reviewed to ensure the correct wage rates and classifications are being paid. Any errors will be corrected by the sub recipient and contractor and Corrected WH347 will be placed in the file.

**Target Date:** Complete

*Upon discussion with DOD personnel and review of 2018 and 2019 HOME Investment Partnership Program (HOME) projects, IAD noted that each completed housing project was for less than twelve (12) units, therefore, prevailing wages compensation was not required, in accordance with the Davis-Bacon Act and HOME agreement.*