

Summit County Land Reutilization Corporation 1st Audit Follow-up General Report

Prepared For:

**SCLRC Board of Directors
Audit Committee**

**Approved by Audit Committee
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Auditors:

Lisa Skapura, Director; Jon Keenan, Assistant 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 twelve (12) issues and the corresponding management action plans noted in the prior audit report which required follow-up action, the Summit County Land Reutilization Corporation (SCLRC) fully implemented eleven (11) and partially implemented one (1) management action plans.

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

Summit County Land Reutilization Corporation
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 1: Upon review of policies and procedures, IAD noted insufficient policies and procedures over the following areas:

- Travel and reimbursement
- Processing payroll
- Monitoring of the Neighborhood Initiative Program (NIP) Ohio Finance Housing Authority (OHFA) reimbursement process (e.g., processing timeframe, reporting, board presentation, etc.)
- Redemption of points earned through procurement card purchases

Management Action Plan: Policies have been created, related to the travel and reimbursement, payroll processes, monitoring of the grant reimbursement request process, and redemption of points earned through procurement card purchases. These policies are scheduled to be presented to the board of directors for approval on May 24, 2018. Management will monitor to ensure compliance with these policies.

Upon review of the SCLRC's policies and procedures, IAD noted policies and procedures were created and policies were presented and approved by the Board of Directors.

Issue 2: Upon review of the SCLRC's Policy and Procedure Manual, IAD noted that five (5) out of five (5) instances, or 100%, where the employee did not acknowledge receiving and reviewing the SCLRC's Policy and Procedure Manual.

Management Action Plan: A policy has been created regarding policy and procedure manual sign-offs. The policy is scheduled to be presented to the board of directors for approval on May 24, 2018. Management will monitor to ensure compliance with this policy.

Upon detail testing of employee acknowledgement regarding receiving and reviewing the SCLRC Policy and Procedure Manual, IAD noted no issues. Additionally, IAD noted the policy was presented and approved by the Board of Directors.

Issue 3: Upon discussion and review of the Human Resource Policy and Procedure Manual, IAD noted that the manual has not been formally approved by the SCLRC's Board of Directors.

Management Action Plan: Management has updated the organization's policy and procedure manual to incorporate human resource policies and procedures, which will be presented to the board of directors for approval on May 24, 2018.

Upon review of the SCLRC Human Resource policies and procedures, IAD noted they were incorporated into the formal SCLRC Policy and Procedure Manual. Additionally, IAD noted the policies and procedures were presented and approved by the Board of Directors.

Issue 4: Upon review of the SCLRC Records Retention Schedule (RC-2), IAD noted that it did not contain all relevant records including, but not limited to, the following:

- Personnel Files
- Form I-9s

Management Action Plan: Management has submitted the updates to the SCLRC Records Retention Schedule (RC-2) to the Summit County Records Commission and requested they be approved by the appropriate parties, including

Summit County Land Reutilization Corporation
1st Audit Follow-up – General Report

the Summit County Records Commission. The updates are to be presented to the Summit County Records Commission at its next regular meeting, currently scheduled for July 17, 2018.

Upon review of the SCLRC Records Retention Schedule (RC-2), IAD noted all relevant records were included in the updated RC-2. Additionally, IAD noted the RC-2 was presented and approved by the Summit County Records Commission.

Issue 5: Upon detail testing of cash receipts, IAD noted three (3) out of ten (10) instances, or 30%, of improper segregation of duties over the receipting and depositing process.

Management Action Plan: A policy and procedure has been created regarding segregation of duties over the receipting and depositing process. This policy is scheduled to be presented to the board of directors for approval on May 24, 2018. Management will monitor to ensure compliance with this policy.

IAD noted a policy and procedure was created and approved by the Board of Directors regarding segregation of duties over the receipting and depositing process. Additionally, upon detail testing of cash receipts, IAD noted a proper segregation of duties.

Issue 6: Upon detail testing of bank reconciliations, IAD noted twelve (12) out of twelve (12) instances, or 100% where a supervisor review was not documented on the bank reconciliation. In addition, IAD noted a policy and procedure does not exist regarding the approval of monthly bank reconciliations.

Management Action Plan: A policy and procedure has been created regarding the review and approval of bank reconciliations. This policy is scheduled to be presented to the board of directors for approval on May 24, 2018. Management will monitor to ensure compliance with this policy.

IAD noted a policy and procedure was created and approved by the Board of Directors regarding the review and approval of bank reconciliations. Additionally, upon detail testing of bank reconciliations, IAD noted supervisor review of bank reconciliations was documented.

Issue 7: Upon discussion with SCLRC personnel, IAD noted that equitable distribution of payments to vendors was not formally tracked among the various vendors.

Management Action Plan: A policy and procedure has been created regarding the tracking of equitable distribution to contractors. This policy is scheduled to be presented to the board of directors for approval on May 24, 2018. Management will monitor to ensure compliance with this policy.

IAD noted a policy and procedure was created and approved by the Board of Directors regarding the equitable distribution of payments to vendors. Additionally, upon review SCLRC board meeting minutes, IAD noted equitable distribution to vendors is tracked and presented to the Board of Directors.

Issue 9: Upon detail testing of purchases, IAD noted seven (7) of eleven (11) instances, or 64%, where IAD could not determine proper segregation of duties over the purchasing and receiving process due to the fact that the packing slip was not initialed. Additionally, upon review of policies and procedures, IAD noted no documented policies and procedures related to proper segregation of duties over the purchasing and receiving process.

Management Action Plan: A policy and procedure has been created regarding segregation of duties related to the purchasing and receiving process. This policy is scheduled to be presented to the board of directors for approval on May 24, 2018. Management will monitor to ensure compliance with this policy.

Summit County Land Reutilization Corporation
1st Audit Follow-up – General Report

IAD noted a policy and procedure was created and approved by the Board of Directors regarding segregation of duties related to the purchasing and receiving process; however, upon detail testing of supply purchases, IAD noted a proper segregation of duties over the purchasing and receiving process.

Issue 10: Upon detail testing of performance evaluations, IAD noted four (4) of four (4) instances, or 100%, where annual performance evaluations were not formally documented.

Management Action Plan: A policy and procedure has been created related to employee performance evaluations. This policy is scheduled to be presented to the board of directors for approval on May 24, 2018. Management will monitor to ensure compliance with this policy.

IAD noted a policy and procedure was created and approved by the Board of Directors regarding the employee performance evaluations. Additionally, upon detail testing of performance evaluations, IAD noted annual evaluations are formally documented.

Issue 11: Upon detail testing of personnel files, IAD noted that confidential information was not maintained separately from the employee's personnel file (e.g., Form I-9s).

Management Action Plan: A policy and procedure has been created regarding the maintenance of confidential employee information separately from the employee's personnel file. This policy is scheduled to be presented to the board of directors for approval on May 24, 2018. Management will monitor to ensure compliance with this policy.

IAD noted a policy and procedure was created and approved by the Board of Directors regarding the proper storage of confidential employee information. Additionally, upon observation of personnel files, IAD noted they are stored electronically and confidential information is maintained in separate folders.

Issue 12: Upon detail testing of Welcome Home Program properties sold in 2017, IAD noted four (4) out of four (4) instances, or 100%, where the applicant was not notified in writing that the application submitted was approved/denied, per Welcome Home Program guidelines.

Management Action Plan: Management will monitor to ensure compliance with applicable program guidelines regarding the notification, in writing, of the approval/denial of applications for this program.

Upon detail testing of Welcome Home Program properties sold during the period 4/1/19 through 3/31/20, IAD noted the applicant was notified in writing that the application submitted was approved/denied.

MANAGEMENT ACTION PLANS PARTIALLY IMPLEMENTED:

Issue 8: Upon detail testing of the SCLRC's Form 1099 process, IAD noted four (4) out of four (4) instances where 2017 Form 1099's were completed but not submitted prior to the 2018 deadline (1/31/18) and two (2) out of two (2) instances where 2016 Form 1099's were not completed and submitted prior to the 2017 deadline (1/31/17). Additionally, IAD noted no documented policies and procedures regarding the Form 1099 process.

Management Action Plan: A policy and procedure has been created related to the Form 1099 process. This policy is scheduled to be presented to the board of directors for approval on May 24, 2018. Management will monitor to ensure compliance with this policy.

IAD noted a policy and procedure was created and approved by the Board of Directors regarding the 1099 process; however, upon detail testing of SCLRC Form 1099s, IAD noted one (1) out of four (4), or 25%, instances where the 2019 Form 1099's were not completed and submitted prior to the 2020 deadline (1/31/20).