

Legal Defender's Office of Summit County 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, Assistant Director; Brittney Quinn, Senior Lead Auditor; and Amanda Winkelman, Senior 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-two (22) issues and the corresponding management action plans noted in the prior audit report which required follow-up action, the Legal Defender's Office (LDO) fully implemented fourteen (14), partially implemented seven (7) and did not complete one (1) management action plans.

Based on the above-noted information, IAD believes the Legal Defender's Office of Summit County have 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 discussion, IAD noted the Legal Defender's Office (LDO) does not have a formal policy and procedure manual. In addition, IAD noted the department does not require employees to sign-off on new or updated policies.

Corrective Action Taken Prior to End of Fieldwork: IAD obtained a draft employee handbook for the Legal Defender's Office.

Management Action Plan: LDO will finish editing and finalize the current draft policy and procedure manual (Employee Handbook) and approve a final version. This final version will be disseminated to LDO staff who will sign off on the manual and the sign off sheet will be placed in individual employee files. The employees will be asked to review and sign off on changes annually.

***IAD Follow-up Comments:** IAD obtained and reviewed LDO's employee handbook. Additionally, testing was performed to ensure staff sign offs were obtained. No issues were noted.*

Issue 2: Upon discussion, IAD noted there are no policies over records retention for the Legal Defender's Office.

Corrective Action Taken Prior to End of Fieldwork: IAD obtained a draft record retention policy.

Management Action Plan: LDO will finalize and approve the current draft policy.

***IAD Follow-up Comments:** Upon review of LDO policies, IAD noted policies over records retention have been implemented. Additionally, testing was performed to ensure staff sign offs were obtained. No issues were noted.*

Issue 3: Upon discussion, IAD noted no policies exist over the revenue function, including but not limited to:

- Process of receiving payments in the mail
- Accounts receivable aging process
- Deposit protocol

Management Action Plan: LDO will draft and approve policy for revenue function with the assistance of a certified accountant and train support staff on new procedures.

***IAD Follow-up Comments:** Upon review of LDO policies, IAD noted policies over revenue have been implemented. Additionally, testing was performed to ensure staff sign offs were obtained. No issues were noted.*

Issue 4: Upon discussion, IAD noted an improper segregation of duties over the collecting and depositing functions. Additionally, IAD noted a process/policy does not exist over the timeframe to deposit revenue received.

Management Action Plan: LDO will reassign duties for collecting and depositing functions among current LDO support staff and management in line with new revenue policy.

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IAD Follow-up Comments: *Upon review of LDO policies, IAD noted policies outlining the collecting and depositing functions have been implemented and include a proper segregation of duties. Additionally, testing was performed to ensure staff sign offs were obtained. No issues were noted.*

Detail testing was performed to ensure deposit was made timely, the amount deposited agrees to QuickBooks and a proper segregation of duties exists. No issues were noted.

Issue 5: Upon discussion, IAD noted the same employee prepares and sends invoices and makes adjustments to the invoices, when applicable, without management or supervisory review. In addition, IAD noted a policy does not exist over this process.

Management Action Plan: LDO will develop a policy detailing the process for preparing, sending and adjusting invoices that will include support staff preparing and sending invoices with all adjustments to invoices to be approved by LDO management, either Director or Deputy Director.

IAD Follow-up Comments: *Upon review of LDO policies, IAD noted invoices have been implemented and include management approval over adjustments to invoices. Additionally, testing was performed to ensure staff sign offs were obtained. No issues were noted.*

Issue 7: Upon review of the March 2021 bank reconciliation, IAD noted one (1) check totaling \$32.00 on the outstanding check listing that should have been voided; however, the system was not updated to reflect the void.

Management Action Plan: LDO support staff will void check and Management will confirm.

IAD Follow-up Comments: *Upon discussion with the LDO personnel and review of QuickBooks bank reconciliations, IAD noted the outstanding check was voided.*

Issue 9: Upon discussion, IAD noted no policies exist over the purchasing and expenditures function, including but not limited to:

- List of required check signers
- Process to initiate a purchase
- Approval process over purchasing
- Process to pay an invoice

Management Action Plan: LDO will finalize and approve purchasing policy as part of financial policy and procedure development and communicate the process to all LDO Staff.

IAD Follow-up Comments: *Upon review of LDO policies, IAD noted policies over purchasing & expenditures have been implemented. Additionally, testing was performed to ensure staff sign offs were obtained. No issues were noted.*

Issue 11: Upon discussion, IAD noted no policies over the maintenance of personnel files, including but not limited to:

- Overall human resource function.
- Personnel files and personnel file checklist of items to be included in the file.
- Management employee present when an employee requests to review their personnel file.

Corrective Action Taken Prior to End of Fieldwork: IAD obtained a draft employee handbook for the Legal Defender's Office and noted it included policies over the maintenance of personnel files.

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Management Action Plan: LDO includes a policy on personnel file access in the draft employee handbook and will finalize the policy when handbook finalized. HR function will be divided between Support Staff and Management with clear paths for execution and responsibility. LDO has an employee file checklist derived from SHRM resources.

IAD Follow-up Comments: *Upon review of LDO policies, IAD noted policies over personnel files have been implemented. Additionally, testing was performed to ensure staff sign offs were obtained. No issues were noted.*

Additionally, a personnel file checklist and list of confidential items to be kept separate in personnel files were implemented.

Issue 13: Upon discussion with personnel, IAD noted the Legal Defender's Office does not have formal job descriptions for positions within the department.

Corrective Action Taken Prior to End of Fieldwork: IAD obtained draft employee job descriptions for all Legal Defender's Office positions.

Management Action Plan: LDO has drafted job descriptions and these will be included in the Employee Handbooks for review.

IAD Follow-up Comments: *IAD performed detail testing to ensure all position titles have a formal job description. No issues were noted. Additionally, IAD selected all job descriptions requiring a professional licensure to ensure the license was obtained. No issues were noted.*

Issue 16: Upon discussion, IAD noted no policies over the payroll process including but not limited to:

- Process over timekeeping (e.g., tracking hourly workers time, approval of employee time cards)
- Vacation/sick time/personal time accrual policies and tracking of employee time off
- Time off approval process
- Paid holidays
- Fair Labor Standards Act (FLSA)

Corrective Action Taken Prior to the End of Fieldwork: IAD obtained a draft employee handbook for the Legal Defender's Office and noted it included policies over the payroll process.

Management Action Plan: LDO has instituted time sheets for all employees to be submitted every two weeks by email. LDO is also working with Paychex to implement time keeping within the Paychex products online. LDO policy handbook (Employee Manual) includes policies for sick and vacation time accrual.

LDO will continue to refine the call off and coverage procedures currently handled by email.

IAD Follow-up Comments: *Upon review of LDO policies, IAD noted policies over payroll have been implemented. Additionally, testing was performed to ensure staff sign offs were obtained. No issues were noted.*

Issue 18: Upon discussion and review of payroll documentation, IAD noted there is no formal pay structure (i.e. salaries, hourly rates) that has been implemented or formally approved for employees within the department; therefore, detail testing could not be performed to ensure the accuracy of the payments made to employees. In addition, IAD noted employee pay increases are not documented and formally approved.

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Management Action Plan: LDO will review and approve the current salary structure for attorney and staff. Documentation of raises will be noted in Paychex. Any future raises will be formally tracked with letters placed in employee files. Additionally, performance evaluation committee will draft policy for performance-based raises and LDO will implement cost of living raises annually.

IAD Follow-up Comments: *Upon discussion with LDO personnel and review of the Paychex system, IAD noted salary structures have been implemented for LDO staff.*

Issue 19: Upon discussion and review of biweekly employee payroll, IAD noted employee paychecks are approved prior to hours being worked (i.e. payroll is approved biweekly on Tuesday before the pay period has ended. Employee hours are estimated through Friday of the week payroll is approved).

Corrective Action Taken Prior to End of Fieldwork: IAD obtained a current Legal Defender's Office paystub and noted the process has been corrected and the paycheck date did not occur prior to hours being worked.

Management Action Plan: LDO revised the pay schedule and this is documented in Paychex. Employees are now paid the Friday after the workweek ends.

IAD Follow-up Comments: *Upon discussion with LDO personnel and review of payroll documentation, IAD noted paychecks are no longer being approved prior to hours being worked.*

Issue 20: Upon discussion, IAD noted no policies regarding fringe benefits, including but not limited to:

- Reimbursements of employee expenses (mileage reimbursement, supply/miscellaneous expense reimbursement, travel reimbursements, continuing legal education (CLE) reimbursements, etc.)
- Personal usage for department provided laptops
- Employee eligibility and contribution amounts to Simplified Employee Pension (SEP) plans

Corrective Action Taken Prior to End of Fieldwork: IAD obtained a draft employee handbook for the Legal Defender's Office and noted it included policies over reimbursements of employee expenses and the SEP plan.

Management Action Plan: LDO will address these issues in the policy and procedures document (Employee Handbook). LDO is actively reviewing retirement options with local financial planners to rectify the SEP issues and select a new product for LDO employees.

IAD Follow-up Comments: *Upon review of LDO policies, IAD noted policies over fringe benefits have been implemented. Additionally, testing was performed to ensure staff sign offs were obtained. No issues were noted.*

Additionally, IAD noted the SEP plan was replaced with a 401k plan which is managed by a financial institution.

Issue 21: Upon discussion with Legal Defender's Office personnel, IAD noted the Legal Defender's Office is not reporting monthly to the County Public Defender Commission on the operations of the office, costs, projected needs, and recommendations for legislation or amendments to court rules, in accordance with ORC §120.15 (B)(2).

Corrective Action Taken Prior to End of Fieldwork: IAD obtained the May and June monthly reports and noted that they were sent to the County Public Defender Commission, in compliance with ORC §120.15(B)(2).

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Management Action Plan: LDO now sends and will continue to send monthly reports in a timely fashion in compliance with ORC.

IAD Follow-up Comments: *IAD selected all monthly reports for the period 1/1/23 through 7/31/23 to ensure the reports were sent to the County Public Legal Defenders Commission. No issues were noted.*

MANAGEMENT ACTION PLANS PARTIALLY IMPLEMENTED

Issue 6: Upon review of the March 2021 bank reconciliation, IAD noted outstanding checks from 2006 to 2020, totaling \$12,810.15. In addition, upon discussion with personnel IAD noted there is no process for forwarding outstanding checks to unclaimed funds in accordance with ORC §169.03.

Management Action Plan: LDO Support Staff will forward all outstanding checks to unclaimed funds in accordance with state law and LDO policy.

IAD Follow-up Comments: *Upon review of LDO policies, IAD noted a policy over forwarding outstanding checks to unclaimed funds was implemented. Detail testing was performed to ensure staff sign offs were obtained. No issues were noted.*

Additionally, upon discussion with LDO personnel, IAD noted the outstanding checks noted in the prior audit have not yet been sent to unclaimed funds.

Issue 10: Upon discussion, IAD noted packing slips are not maintained by the Legal Defender's Office; therefore, IAD could not confirm segregation of duties exist over the purchasing and receiving process (e.g., same person not ordering and receiving). In addition, IAD noted no policies and procedures exist over the ordering and receiving functions.

Management Action Plan: LDO Support Staff will submit invoices and associated packing slips to Management for monthly review and maintain a file of invoices according to purchasing policy. Additionally, purchasing policy will provide for segregation of duties for purchasing and receiving.

IAD Follow-up Comments: *Upon review of LDO policies, IAD noted a policy was created and includes mention of monthly management review of invoices with attached packing slips and a proper segregation of duties over purchasing and receiving. Detail testing was performed to ensure staff sign offs were obtained. No issues were noted.*

Upon detail testing of office supply purchases, IAD noted ten (10) out of ten (10), or 100%, instances where IAD could not determine if a proper segregation of duties exists since the packing slip was not initialed or maintained.

Issue 12: Upon discussion with personnel, IAD noted the Legal Defender's Office does not maintain a checklist of required documents to be maintained in employee personnel files; therefore, detail testing could not be performed to ensure completeness of employee personnel files. In addition, IAD noted confidential information (medical forms, form I-9, etc.) is not maintained separately in the employee personnel files.

Corrective Action Taken Prior to End of Fieldwork: IAD obtained a draft employee file checklist to maintain in the employee's personnel files.

Management Action Plan: LDO has created a checklist for required documents and confidential information will be removed from personnel files and either shredded or stored separately following the LDO policy.

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IAD Follow-up Comments: *IAD noted a personnel file checklist and list of confidential items to be kept separate from LDO personnel. Additionally, upon detail testing of employee personnel files, IAD noted nine (9) out of ten (10), or 90%, instances where the personnel file was incomplete. IAD noted all nine (9) files were corrected prior to the end of fieldwork.*

Issue 14: Upon discussion with personnel, IAD noted a performance evaluation policy has not been created by the Legal Defender's Office; therefore, detail testing of performance evaluations could not be performed.

Corrective Action Taken Prior to End of Fieldwork: IAD obtained a draft employee handbook for the Legal Defender's Office and noted it included policies over the maintenance of performance evaluations.

Management Action Plan: LDO will convene an employee committee to draft employee evaluations in line with OPD recommendations and practice. That committee will assist management in drafting a policy, including timelines, performance markers and process, for performance evaluations. LDO intends to begin employee reviews in January, 2022.

IAD Follow-up Comments: *Upon review of LDO policies, IAD noted policies have been implemented outlining the employee performance evaluation process. Detail testing was performed to ensure staff sign offs were obtained. No issues were noted.*

Additionally, upon detail testing of employee performance evaluations, IAD noted eight (8) out of ten (10), or 80%, instances where a current employee did not receive a current performance evaluation in accordance with LDO policies and procedures.

Issue 15: Upon discussion with personnel, IAD noted the Legal Defender's Office does not maintain an asset inventory listing; therefore, detail testing could not be performed to ensure proper asset tracking. In addition, IAD noted a policy is not in place regarding the tracking, maintenance and disposal of assets.

Corrective Action Taken Prior to the End of Fieldwork: IAD obtained an asset inventory listing.

Management Action Plan: LDO has conducted an asset inventory which will be maintained. LDO will contract with a tech support company to assist with the maintenance and disposal of assets and develop a policy regarding the asset inventory process. LDO will separately develop a policy regarding the asset inventory process for non-tech assets.

IAD Follow-up Comments: *Upon review of LDO policies, IAD noted policies regarding asset inventory have been implemented. Detail testing was performed to ensure staff sign offs were obtained. No issues were noted.*

Upon detail testing of assets on the asset inventory listing, IAD noted no issues.

Additionally, upon detail testing of assets located at the LDO, IAD noted two (2) out of ten (10), or 20%, instances where the asset was not maintained on the asset listing.

Issue 17: Upon discussion, IAD noted improper approval over the payroll process (e.g. employee approving their own time with no additional review, the same employee is entering and approving employee time with no additional review), creating an improper segregation of duties.

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Management Action Plan: As part of the Paychex implementation LDO will add an approval step by Management and a separate Support Staff member will submit payroll.

IAD Follow-up Comments: *Upon review of LDO policies, IAD noted a policy over the payroll approval process has been implemented. Detail testing was performed to ensure staff sign offs were obtained. No issues were noted.*

Additionally, upon detail testing of payroll approvals, IAD noted one (1) out of nine (9), or 11%, instances where the manager approval did not occur.

Issue 22: Upon detail testing of Summit County Public Defender's Commission requirements, IAD noted the following:

- One (1) instance where the prior chair of the Public Defender's Commission served longer than two (2) year term in accordance with ORC §120.13(D).
- One (1) instance where a quarterly meeting of the Public Defender's Commission was not held in accordance with ORC §120.13(D).

Management Action Plan: LDO will review the terms of all chairs and comply with ORC. LDO will hold required meetings.

IAD Follow-up Comments: *Upon detail testing of quarterly Commission meetings from the 3rd quarter of 2022 to the 3rd quarter of 2023, IAD noted all meetings were held.*

Upon review of the Public Defender's Commission Chairperson's term, IAD noted the chairperson served for longer than a two (2) year term.

MANAGEMENT ACTION PLANS NOT IMPLEMENTED

Issue 8: Upon detail testing of municipal invoices, IAD noted that the Legal Defender's Office did not consistently maintain the affidavit of indigency and financial disclosure forms in the client's case files.

Additionally, IAD noted that a standardized process was not developed to invoice municipalities for their indigent cases.

Management Action Plan: LDO Support Staff and Attorneys will ensure affidavit is in case files and uploaded to OPD online (LDO document retention location) according to LDO policy. LDO will create a policy to standardize the process regarding invoicing municipalities for indigent cases to ensure that the billings are consistent.

IAD Follow-up Comments: *Upon detail testing of municipality billing, IAD noted eighteen (18) out of eighteen (18), or 100%, instances where the affidavit of indigency form was either incomplete or missing. Additionally, IAD noted no policy was created to include the indigency process.*