

**Summit County Fiscal Office
Auditor Division
Tax Settlement and Budget
3rd Follow-up Audit Report**

Prepared for:

**Kristen M. Scalise
Audit Committee**

**Approved by Audit Committee
September 19, 2012**

**Summit County
Internal Audit Department
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*Lisa Skapura, Director
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**Summit County Fiscal Office
Tax Settlement and Budget Department
3rd Follow-up Audit**

Auditors:

Lisa Skapura, Director; Meredith Merry, Deputy Director; and Jaime Vedrody, Internal Auditor

Objectives and Methodology:

To determine if management has implemented their management action plans as stated in the previously issued Preliminary and Follow-up Audit reports.

We conducted this follow up audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Scope:

An overview and evaluation of policies, processes, and procedures implemented by the department because of management actions stated in the management action plans during the Preliminary and Follow-up Audit process.

Testing Procedures:

The following were the major audit steps performed:

- Review the final Preliminary report to gain an understanding of IAD issues, recommendations, and subsequent management action plans completed by the audited department/agency;
- Review the work papers from the Preliminary Audit;
- Review any departmental/agency response documentation provided to IAD with management action plan responses following the Preliminary Audit;
- Identify management actions through discussions/interviews with appropriate departmental personnel to gain an understanding of the updates/actions taken;
- Review applicable support to evaluate management actions;
- Determine implementation status of management action plans;
- Complete the second Follow up Audit report noting the status of previously noted management actions.

Summary:

Of the three (3) issues and the corresponding management action plans requiring follow-up, as noted in the 2nd Follow-up audit report, the Tax Settlement and Budget Department fully implemented the three (3) issues.

Based on the above noted information, IAD believes that no further work is needed in response to the issues identified during the 2nd follow-up audit.

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Listed below is a summary of the issues and their status. Each issue number is in reference to the Preliminary Audit report:

Management Action Plans Previously Implemented:

- **Issue 4** – Upon review of the Summit County Totals page for the tax year 2008 DTE Form 93, Abstract of Real Property in Summit County, IAD noted that there were negative annexation dollar amounts for Class 2 Commercial Land and Building. Per the State instructions for the completion of the abstract, the net changes of all annexation value changes for the affected taxing districts in the county should equal zero.
- **Issue 5** – The TS&B Department is incorrectly calculating Public Utility Personal Property Value Increases for appeals when completing the DTE Form 15B. IAD notes that the miscalculation did not affect 2008 reporting; however, a miscalculation could affect reporting in the future.
- **Issue 6** – Two separate CLT reports were utilized to prepare reporting for the DTE Form 4259. When reviewing these reports it was noted that amounts for the same categories, i.e.: Delinquent Real Property and Taxes; Interest on Delinquent Real Property Taxes; Current Special Assessments; Delinquent Special Assessments; and Interest on Delinquent Special Assessments did not agree. Therefore, IAD was not able to ensure that the reporting to the State was correct.

Management Action Plans Fully Implemented:

- **Issue 1** - Upon review of the TS&B Department, Departmental Procedures Manual, IAD noted the following:
 - a. There were outdated procedures for the Public Utility Reimbursement Distribution section.
 - b. The Program Budget; Program Objectives; Program Issues, Challenges, and Opportunities were only provided for the year 2004.
 - c. Policies and procedures Section S Political Subdivision Budgets and Section T School District Budgets appeared to incorrectly cross-referenced to Ohio Revised Code (O.R.C.) Section 5705.04.
 - d. There are numerous instances where an employee was referenced by name rather than by title within the manual.
 - e. There were no approval signatures contained in the manual by the Fiscal Officer, Chief Deputy Fiscal Officer, or Director of Administration.

IAD was provided with an approved policies and procedures manual and confirmed that they were updated accordingly and employee sign-offs were present.

- **Issue 2** - The TS&B Department does not have formal written policies and procedures that cover numerous day-to-day functions of the department including, but not limited to the following areas:
 - Real Estate Tax Settlement Deductions (e.g., Health District Charges, Election Charges, Emergency Management, Delinquent Ad Costs, Fees, D.R.E.T.A.C, Tax Anticipation Notes, etc.).

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- Real Estate Tax Settlement Advances (e.g., O.R.C. Section, CLT Reporting Screens, Collection Reports & Posting Samples, Wire Transfers, Treasurer's Division ACH Forms, etc.).
- Budgets-Financial Reporting (e.g., Bulletin 20, IAS Abstract Procedures).
- Summit County Certification of Tax Levy (e.g., Rates and Amounts, Certificates of Estimated Resources, Amended Certificates of Estimated Resources, Appropriations Do Not Exceed Certificates, etc.).
- Other Miscellaneous (e.g., Traffic Fines Distribution, 911 Assistant Funds, G.A.A.P. Reports, Motor Fuel Tax, Motor Vehicle Registration, Unclaimed Funds-Personal Property, etc.).

Therefore, the department is unable to ensure that the processes/work flows are being followed consistently, appropriately, or in accordance with policies.

IAD was provided with an approved policies and procedures manual and confirmed that the above-noted policies were included in the manual.

- **Issue 3** - Upon review of the personal property tax billing process, IAD noted that the Fiscal Officer 2 is responsible for the following:
 - Entering personal property tax information into the Personal Property application,
 - Collecting payments for the personal property taxes due,
 - Preparing the deposit (pay in) to the Treasurer,
 - Producing subsequent billings to taxpayers for tax amounts due,
 - Applying tax payments in the Personal Property application.

In addition, it was noted that the Office Manager, who is responsible for the processing of delinquent tax contracts, has these same job functions.

IAD was provided an approved policy and procedure manual and confirmed that policies and procedures for personal property tax pay-ins were included in the manual.