



SUMMIT COUNTY, OHIO

INTERNAL AUDIT DEPARTMENT

March 29, 2007

Tom Armstrong
Superintendent
CSBMR/DD
89 East Howe Road
Tallmadge, OH 44278

Mr. Armstrong:

Attached are the results of Follow-up Audit regarding the issues that were identified in the County of Summit Board of Mental retardation and Developmental Disabilities (CSBMR/DD) Preliminary Audit report dated March 14, 2006.

FOLLOW-UP AUDIT SUMMARY

The primary focus of this follow up was to provide the CSBMR/DD with reasonable assurance, based on the testing performed, on the adequacy of the system of management control in effect for the audit areas tested. Management controls include the processes for planning, organizing, directing, and controlling program operations, including systems for measuring, reporting, and monitoring performance. Management is responsible for establishing and maintaining effective controls that, in general, include the plan of organization, as well as methods, and procedures to ensure that goals are met.

Our follow up was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States and accordingly included such tests of records and other auditing procedures as we considered necessary under the circumstances. Our procedures include interviewing staff, reviewing procedures and other information and testing internal controls as needed to assess compliance with the stated management action plans.

The follow-up process should monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. Follow-up by internal auditors is defined as a process by which they determine the adequacy, effectiveness, and timeliness of actions taken by management on reported engagement observations.

Factors that should be considered in determining appropriate follow-up procedures are:

- The significance of the reported observation.
- The degree of effort and cost needed to correct the reported condition.
- The impact that may result should the corrective action fail.
- The complexity of the corrective action.
- The time period involved.

We appreciate the cooperation and assistance received during the course of this follow-up audit. If you have any questions about the audit or this report, please feel free to contact me at (330) 643-2655.

Sincerely,

Bernard F. Zaucha
Director, Internal Audit

CSBMR/DD
Follow up Audit
(APPROVED BY AUDIT COMMITTEE 3/28/07)

Auditor:

Joseph George, Senior Auditor

Objective:

To determine if management has implemented their management action plans as stated in the previously issued Preliminary Audit report.

Scope:

An overview and evaluation of policies, processes, and procedures implemented by the department/agency as a result of management actions stated in the management action plans during the Preliminary Audit process.

Testing Procedures:

The following were the major audit steps performed:

1. Review the final preliminary audit 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 Preliminary Audit.
3. Review any departmental/agency response documentation provided to IAD with management action plan responses following the Preliminary 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 follow-up report noting status of previously noted management actions.

Summary

Of the eleven issues and corresponding management action plans noted in the Preliminary Audit Report, the CSBMR/DD fully implemented eleven.

Based on the above noted information, IAD believes that the CSBMR/DD has made a positive effort towards implementing the management action plans as stated in response to the issues identified in the preliminary audit.

Security Follow-Up:

Security follow-up issues noted during fieldwork are addressed under separate cover in the accompanying report in compliance with Ohio Revised Code §149.433²⁴⁸.

**CSBMR/DD
Follow up Audit
Comments**

The Internal Audit Department (IAD) conducted a Follow-up Audit of the CSBMR/DD. The original Preliminary Audit was approved by the Summit County Audit Committee on March 14, 2006.

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

Management Action Plans Fully Implemented:

- Issue 1 - IAD observed the CSBMR/DD intranet on the computer of the Human Resource Director and the Assistant Superintendents' Executive Administrative Assistant and noted that the procedures and regulations were not present. Policy #1300, "Subject: Formulation, Application and Dissemination of New or Amended Policy" states that "all Agency policies, regulations and procedures will be accessible by Agency computers on the intranet".
- Issue 2 - The following issues were noted with regard to the procedures/regulations provided by the CSBMR/DD:
 - a) The table of contents indicates that several procedures exist but they were not located in the binder of procedures.
 - b) Several regulations and procedures were located in the binders but they were not located on the table of contents.
- Issue 3 - Upon review of the CSBMR/DD policies, procedures, and regulations, it was noted that there are no formalized IT disaster recovery procedures.
- Issue 4 - Upon review of the personnel files selected for detailed testing of the HR file requirements, the following issues were noted:
 - a) Two out of the 25 personnel files selected did not contain a PERS or STRS membership application in the personnel file. IAD followed up with the Payroll Supervisor to confirm that, in fact, the employees were receiving the appropriate payroll deductions.
 - b) Four out of the ten personnel files selected from the Weaver Workshop Support Association did not contain a current performance evaluation form. There were 25 personnel files selected, however, 15 employees were from the other three bargaining units, and the evaluations were completed.
 - c) Nine out of the 25 personnel files selected did not contain a receipt of the acknowledgment of an Electronic Communications policy and regulations.
 - d) Three out of the 25 personnel files selected did not contain a receipt of Sexual Harassment or other harassment policies and regulations.
- Issue 5 - Upon review of the Drug Free Workplace Procedure, "All employees shall receive at least two hours of annual training covering the Employer's written policy and dangers of, and signs and symptoms associated with, substance abuse. Each employee shall receive and sign an acknowledgment of the receipt of the Employer's written policy and the required training annually." Per the Director of Human Resources (HR), CSBMR/DD employees received Drug- Free Workplace training in 2003, but not in the year 2004.

- Issue 6 - Upon review of the listing of required documents to be maintained in the personnel files, IAD noted that there were individual sign off receipt forms for the following:
 - a) Acknowledgement of Outside Employment/Conflict of Interest Policy
 - b) Receipt of Dress Code policy, procedure, and regulation
 - c) Receipt of Drug Free workplace policy and regulation
 - d) Receipt of Electronic Communication policy and regulation
 - e) Receipt of HIPAA notice and Receipt of the Sexual Harassment and Other Harassment policy and regulation.

IAD noted that all of these policies are located in the CSBMR/DD Policies and Procedures manual. However, there is no employee sign off on the acknowledgment and receipt of the CSBMR/DD Policies and Procedures manual.

- Issue 7 - Upon review of the management action plan for the Payroll Department, draft Payroll Policies and Procedures were created on 8/16/04, however, they were still in draft form as of 9/12/05 and not included in the CSBMR/DD Policy and Procedure Manual. In addition, the Payroll Policies and Procedures did not include procedures for unclaimed checks, per the management action plan.
- Issue 8 - Upon review of the In- Network expenditures selected for detailed testing, the following issues were noted:
 - a) One of the 19 invoices selected for testing did not contain the signature of the Billing Collector, indicating that the invoice was reviewed, and that all amounts agreed and were correct.
 - b) One out of the 19 invoices selected for testing was not signed off by the Director of Medicaid and Contract Services, to acknowledge the review and approval for payment.
- Issue 9 - IAD noted that the CSBMR/DD Regulation and Procedure 3200 “Purchase Requisitions/ Purchase Orders” and Regulation and Procedure 3300 “Accounts Payable” do not specifically define the process of In-Network expenditures. The Regulations and Procedures cover a majority of the expenditure process, but not the specific approvals for network expenditures.
- Issue 10 - Upon review of the Accounts Payable (A/P) regulations and procedures located in the CSBMR/DD Policy and Procedure Manual, IAD noted that they were effective 5/21/96. Per discussions with the Financial Officer and Fiscal Services Manager, these procedures do not reflect the most current process followed for expenditures. Therefore, IAD obtained and reviewed draft A/P regulations and procedures created on 1/26/05 and 2/9/05, respectively, from the Fiscal Services Manager, however, IAD noted that they were not included in the CSBMR/DD Policy and Procedure Manual.
- Issue 11 - Upon review of the 25 selected general expenditures for testing, IAD noted the following:
 - a) The employee who signed the “Requested by” line on a purchase requisition also signed the “Department Administrator” line for one of 25 expenditures. This employee is an Executive Administrative Assistant. In addition, the same employee also signed and approved the invoice for payment.