



# SUMMIT COUNTY, OHIO

## INTERNAL AUDIT DEPARTMENT

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March 29, 2007

David Marquard, P.E., P.S.  
Director - Department of Environmental Services  
2525 State Road  
Cuyahoga Falls, OH 44223

Mr. Marquard,

Attached are the results of the second Follow-up Audit regarding the issues that were identified in the Executive Office: Department of Environmental Services (DOES) Preliminary Audit report dated February 1, 2005 and the Follow up Audit report dated September 28, 2005.

### **Second Follow-up Audit Summary**

The primary focus of this follow up was to provide the DOES 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 second Follow-up Audit. If you have any questions about the audit or this report, please feel free to contact me at extension (330) 643-2655.

Sincerely,

Bernard F. Zaucha  
Director, Internal Audit

**Executive Office: Department of Environmental Services  
Second Follow up Audit  
(APPROVED BY AUDIT COMMITTEE MARCH 28, 2007)**

**Auditor:**

Joseph George, Senior Auditor

**Objective:**

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

**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 Preliminary and Follow up Audit process.

**Testing Procedures:**

The following were the major audit steps performed:

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

**Summary**

Of the sixteen issues and the corresponding management action plans remaining in the Follow up Audit Report, the DOES fully implemented two, partially implemented twelve, did not implement two, and one issue was deemed not applicable.

Based on the above noted information, IAD believes that the DOES has not made a sufficient effort towards implementing the management action plans as stated in response to the issues identified in the preliminary audit. Internal Audit will conduct another follow-up audit to confirm implementation based on the new target dates.

**Second 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 §149.433<sup>248</sup>.

**Executive Office: Department of Environmental Services  
Second Follow up Audit  
Comments**

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

**Management Action Plans Fully Implemented:**

- Issue 5 - Review of the Executive's conflict of interest and media policies with DOES employees through departmental meetings and distribution of the policies/procedures to new employees. Obtain acknowledgement of the receipt of these policies and procedures upon distribution to new employees.
- Issue 6 - Administration to develop, distribute, and acquire acknowledgement receipt of a billing and collections policy/procedure indicating that employees within Billing/Collections are not to access his or her own accounts to perform adjustments. Also, creation of an electronic transaction log to record all changes to an account by date, time, user, and activity. In addition, Administration to utilize transaction log to perform periodic audits on noted adjustments.

**Management Action Plans Partially Implemented:**

- Issue 1 - Identification and creation of internal operational procedures for DOES to exist electronically and in hard copy. Acknowledgement signatures will be obtained from applicable employees recognizing proper receipt of procedures and will subsequently be included in the employee's personnel file. Process to be ongoing throughout 2005.

*On 2/5/07, IAD obtained and reviewed a status sheet from the Deputy Director – Administration. Per the status sheet “Organization Policies and Procedures Manual in process. Numerous policies have been completed or are pending review and distribution. The majority of policy development to date has been in the departments of Human Resources, Customer Billing and Information Services.” On 1/25/07, IAD obtained and reviewed various procedures and noted that the majority of the procedures are draft and do not contain dates of revision. On 2/13/07, the Deputy Director – Administration provided IAD with procedures for the billing software application that had modifications made by DOES. However, there are no consolidated procedures for all functions of the DOES. This issue was noted in the preliminary report approved 12/17/04 and the Deputy Director – Administration stated this would be completed by the second quarter of 2005. The same issue was again noted during the Follow up Audit approved 9/28/05 and the date to begin issuing procedures was to be the third quarter of 2005. The Deputy Director - Administration did not provide IAD with any dates of completion. Therefore, this issue continues to be considered partially implemented. On 3/8/07, the Deputy Director - Administration, provided an email indicating that this will be completed by 9/30/07 (w/p A4-11).*

- Issue 2 – (1) Review and updating of various policy and procedure manuals to include: The existing Policies and Procedures Manual, the Safety Policies Manual, SCADA Alarm manual, and Laboratory Standard Operating Procedures sheets. Review and updating to be completed by the end of the second quarter of 2005. (2) Engineering to review and update various policy and procedure manuals to include: Construction Inspection Manual, Public Project Manual, Private

Project Manual, DOES Construction Standards Manual, various Sewer Maintenance manuals. To be completed by the end of 2005. (3) Operations to review and update all Laboratory Standard Operating Procedures (SOP) sheets by the second quarter of 2005. (4) Update or completion of a new SCADA manual.

*On 2/5/07, IAD obtained and reviewed a status sheet from the Deputy Director – Administration. On 1/25/07, IAD obtained and reviewed various procedures. The following is the status, by the individual areas discussed in the follow up audit, as noted upon review of the status sheet and the obtained procedures:*

- 1) General policies and procedures: See issue one, above, regarding the general policies and procedures.*
- 2) Safety Manual Procedures: The Safety Manual procedures, that per the Preliminary Audit report were to have been completed by the second quarter of 2005, and then per the Follow up Audit report by the third quarter of 2005, has been completed but has not been distributed. Upon review of the safety procedures it was noted that the majority of the procedures were created after May 10, 2006.*
- 3) Engineering manuals: The Engineering manuals that were to have been completed by the end of the second quarter of 2005, and then by the end of 2005 per the Follow up Audit report, have not been completed. IAD was not provided with any manuals. Per the status sheet, these manuals have again been slowed by personnel issues and reorganization of the engineering department.*
- 4) Laboratory Procedures: The Laboratory Standard Operating Procedures that were to have been completed by the end of the second quarter of 2005, and then by end of 2005 per the Follow up Audit report, have not been completed. Upon review of the procedures it was noted that the majority of the procedures for the laboratory are in draft form and the Quality Assurance Manual was revised March 4, 2006. Per the status sheet “various procedures are developed and are pending distribution.”*
- 5) SCADA system manual: Per the preliminary report, the SCADA system manual was to have been replaced with a new system and then the new system manual would be the replacement. This was dependent upon funds being approved through the Capital Improvements Program (CIP). If the SCADA systems remained unchanged during 2005 then the existing manual was to be updated by the second quarter of 2005. The Follow up Audit report had a revised date of completion by the end of 2005. Per the status sheet, all but one Purchase Order (P.O.) was established for the purchase and the final P.O. will be established pending the appropriation of CIP carryover funds. On 2/13/07, IAD was provided with various purchase orders for the SCADA system replacement.*

*The Deputy Director – Administration did not provide IAD with dates of completion for the above procedures. This issue continues to be considered partially implemented. On 3/8/07, the Deputy Director - Administration, provided an email indicating that this will be completed by 9/30/07 (w/p A4-11).*

- Issue 3 - Engineering department update, review, finalization, and implementation of the “Public Project Manual”.

*On 2/5/07, IAD obtained and reviewed a status sheet from the Deputy Director – Administration. Per the status sheet “Emphasis has changed from “Public Project Manual” to Construction Standards Manual and to Design Standards Manual. Both are being reviewed by Engineering staff; Construction Standards Manual completed, Design Standards Manual in review process*

*with expected completion of June 2007.” On 1/25/07, IAD obtained and reviewed various procedures from the Deputy Director – Administration. IAD reviewed a “Standard Construction Drawings and Procedures” manual which had a date of 6/24/03. IAD was unable to confirm that the “Design Standards Manual” was in process because IAD was not provided with a draft version. On 3/8/07, the Deputy Director - Administration, provided an email indicating that this will be completed by 5/31/07 (w/p A4-11).*

- Issue 4 - Develop and provide initial training programs to satisfy mandatory requirements, reduce liability, and indoctrinate new employees. Undertake an initiative to cross-train employees in various DOES departments. Complete mandatory OSHA training and certification for employees. Update and teach engineering procedures and techniques to employees involved in system design, construction, and inspection.

*On 2/5/07, IAD obtained and reviewed a status sheet from the Deputy Director – Administration. Per the status sheet “Cross training was completed in the 4<sup>th</sup> quarter of 2006 for all employees in the classification of Laborer. Due to this cross training all laborers are now treated as a resource pool instead of resources assigned to a specific location, e.g. Springfield WWTP, Fishcreek WWTP, etc. Cross training for the classifications of Plant Operator and Systems Operator is currently stalled due to concerns / objections by the Union. This topic is currently being addressed in Labor-Management Committee meetings. Training in engineering procedures and techniques relative to pump station design were initiated in the 3<sup>rd</sup> quarter of 2006 through worksessions and field reviews between Operations and Engineering.” Originally the target date for completing the training for the engineering procedures was to have been completed throughout 2005 and the date noted during the initial follow up audit was by the end of the fourth quarter of 2005. On 2/13/07, the Deputy Director – Administration provided IAD with memos sent to four laborers assigning them temporarily to other locations. This issue is considered partially implemented because all cross training has not been completed. On 3/8/07, the Deputy Director - Administration, provided an email indicating that training in engineering procedures will be completed by 6/30/07; the continued cross training of union positions/employees is dependent on discussions and acceptance by AFSCME (w/p A4-11).*

- Issue 8 - Development and completion of written policies and procedures for the billing and collections processes.

*On 2/5/07, IAD obtained and reviewed a status sheet from the Deputy Director – Administration. Per the status sheet this was “completed 4<sup>th</sup> quarter 2006”. On 1/25/07, IAD obtained and reviewed various procedures from the Deputy Director – Administration. IAD reviewed procedures for the SSI software application that were provided with the application, which had modifications made by DOES. Per an email from the Deputy Director – Administration, on 2/13/07, the modified SSI software application manuals are accessible by all billing employees via the billing server. IAD also reviewed the following procedures created by DOES: “New Account Setup”, “Customer Acct Adjustment/Refund” and “Employee Acct. Access”. Two of the three procedures did not contain effective dates and there were no other procedures for the billing department functions such as collections. Therefore, IAD is unable to determine if the procedures are effective, if they have been communicated to the staff or that they cover all of the functions of the billing department. Therefore, this issue continues to be considered partially implemented. On 3/8/07, the Deputy Director - Administration, provided an email indicating that acknowledgement forms with signatures will be obtained from employees to verify communication, distribution, and receipt of policies by 3/31/07 (w/p A4-11).*

- Issue 10 - Development/implementation of a procedure for the reconciliation of adjustments between the number or dollar amount of adjustments to customer bills in the billing software system and the forms that authorize those adjustments.

*On 1/25/07, IAD obtained and reviewed various procedures from the Deputy Director – Administration. Upon review, the “Customer Account Adjustment Policy” did not have an effective date or policy number. IAD was not provided with any documentation to demonstrate that the procedure was communicated to employees. Therefore, IAD is unable to determine when the procedure was implemented or if it was communicated to employees. This issue continues to be considered partially implemented. On 3/8/07, the Deputy Director - Administration, provided an email indicating that acknowledgement forms with signatures will be obtained from employees to verify communication, distribution, and receipt of policies by 3/31/07 (w/p A4-11).*

- Issue 11 - Initiation of a detailed review of the Utility Billing Clerks creation of new customer accounts, with the initial focus on Industrial and Commercial accounts. Completion of procedures by Administration that address assigning account numbers, setting up new customer accounts, and the methodology for determining the type of customer accounts.

*On 1/25/07, IAD obtained and reviewed various procedures from the Deputy Director – Administration. Upon review, the “New Account Setup” procedure does not have an effective date or policy number. IAD was not provided with any documentation to demonstrate that the procedure was communicated to employees. Therefore, IAD is unable to determine when the procedure was implemented or if it was communicated to employees. This issue continues to be considered partially implemented. On 3/8/07, the Deputy Director - Administration, provided an email indicating that acknowledgement forms with signatures will be obtained from employees to verify communication, distribution, and receipt of policies by 3/31/07 (w/p A4-11).*

- Issue 19 - Development and implementation of a reconciliation procedure to be performed by members of the Permitting department to ensure that the C10 assessments are placed on the property owner’s tax bill. Development of additional procedures that will result in the production and maintenance of a listing, or possible database, of C10 assessments.

*IAD was not provided with the procedures that were to have been completed by the end of the third quarter of 2005. The Deputy Director – Administration did not provide IAD with any dates of completion. Therefore, this issue continues to be partially implemented. On 3/8/07, the Deputy Director - Administration, provided an email indicating that this will be completed by 4/30/07 (w/p A4-11).*

- Issue 22 - Development and testing of an electronic work order system with the field personnel to help ensure the location, direction, and efficiency of assigned mobile employees. Relocation of all employees assigned to Pump Station 6 (*Pump Station Operators, Maintenance Mechanics, Electricians and Electronic Instrument Technicians*) to the Fishcreek Plant.

*On 2/5/07, IAD obtained and reviewed a status sheet from the Deputy Director – Administration. Per the status sheet the “Product selected, “VUEWorks”, and all purchase orders / requisitions necessary for implementation are complete. VUEWorks contains a work order system and is*

*integrated with ESRI GIS. Project was delayed due to waiting on ESRI (GIS provider) to complete their new data model for plants/ pumps/ sewer systems. Version 9.2 of ESRI's software which contains this new data model was released last week. Per Jeff Mallison of the Fiscal Office, DOES should receive version 9.2 by 2/9/07." IAD was not provided with documentation to support the purchase of the system that was to have been completed by the end of August 2005. On 2/13/07, the Deputy Director - Administration provided IAD with a purchase order for five licenses for Viewworks. This issue is considered partially implemented. On 3/8/07, the Deputy Director - Administration, provided an email indicating that this will be the pilot project for 2 to 3 departments will be completed by 6/30/07 and will be fully implemented by 12/31/07 assuming a successful pilot project (w/p A4-11).*

- Issue 23 & 24 - Operations to revise and improve the pump station logs in order to improve recording and accounting of maintenance tasks performed in the pump stations. Assessments of the effectiveness of the revisions to be completed by Operations through random audits of pump station logs. Audits to include a comparison/reconciliation with time sheet information as well as with the tasks assigned through the work order system.

*On 2/5/07, IAD obtained and reviewed a status sheet from the Deputy Director – Administration. Per the status sheet this was completed September 2005. On 1/25/07, IAD obtained and reviewed various procedures from the Deputy Director – Administration. Upon review IAD was unable to locate any documentation supporting the modification of the change logs that was to have been completed by the end of August 2005. Therefore, this issue continues to be considered partially implemented. On 3/8/07, the Deputy Director - Administration, provided an email indicating that this will be completed by 6/30/07 (w/p A4-11).*

- Issue 25 - Development of a shared database application for the central repository for DOES construction contracts subject to competitive bidding and for intergovernmental agreements. Engineering to be responsible for update and maintenance of data.

*On 2/5/07, IAD obtained and reviewed a status sheet from the Deputy Director – Administration. Per the status sheet "Intergovernmental agreements database updated and maintained. Intergovernmental database accessible to approved users via network. No progress relative to construction contracts. DOES has not bid / awarded any construction contracts due to budget constraints." The database was to have included contracts by the end of the third quarter of 2005. The Deputy Director – Administration did not provide IAD with any dates of completion. Therefore, this issue continues to be considered partially implemented. On 3/8/07, the Deputy Director - Administration, provided an email indicating that this will be completed by 6/30/07 and that original executed contracts are filed by the executive's Legal Department (w/p A4-11).*

#### **Management Action Plans Not Implemented:**

- Issue 18 - Procedures implemented by Administration to ensure that receiving slips are properly collected and signed.

*This issue was previously considered partially implemented. IAD was not provided with any documentation to support the implementation of this procedure (i.e., email or memo informing staff). Furthermore, the procedure that was to have been completed by the end of the third quarter was not provided. The Deputy Director – Administration did not provide IAD with any dates of completion. Therefore, IAD is unable to confirm and this issue has been deemed not implemented.*

*On 3/8/07, the Deputy Director - Administration, provided an email indicating that this will be completed by 4/30/07 (w/p A4-11).*

- Issue 21 - Re-issuing the policy regarding the use of county vehicles and obtaining documented employee acknowledgement. Implementation of procedures and a reporting form to track employee use of assigned county vehicles to be completed by Operations and Engineering, in association with a periodic review of those employees with assigned vehicles.

*On 2/5/07, IAD obtained and reviewed a status sheet from the Deputy Director – Administration. Per the status sheet “County policy re-issued September 2005. Assigned vehicle listing is maintained and current. The majority of assigned vehicles are to union employees and specific position / job responsibilities. Consequently, these assigned vehicles are large trucks, typically equipped with tool boxes instead of smaller ½ ton trucks or sedans. There are a small number of ½ ton trucks or similar vehicles assigned to Maintenance Supervisors” IAD was not provided with the procedures and reporting form for tracking employee use of county vehicles, or a periodic review of employees with assigned vehicles, that were to have been completed by the end of 2005. IAD was also not provided with any documentation to confirm that the county policy regarding vehicle usage was reissued. Therefore, this issue is still considered not implemented. On 3/8/07, the Deputy Director - Administration, provided an email indicating that this will be completed by 5/31/07 (w/p A4-11).*