



SUMMIT COUNTY, OHIO

INTERNAL AUDIT DEPARTMENT

November 17, 2006

Diana Zaleski
County of Summit Clerk of Courts
205 S. High St.
Akron, OH 44308

Dear Ms. Zaleski:

Attached are the results of Follow-up Audit regarding the issues that were identified in the County of Summit Clerk of Court's Legal Division Preliminary Audit report dated July 6, 2005.

FOLLOW-UP AUDIT SUMMARY

The primary focus of this follow up was to provide the County of Summit Clerk of Court's Legal Division (COC) 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

County of Summit Clerk of Courts – Legal Division
Follow up Audit
(APPROVED BY AUDIT COMMITTEE DECEMBER 19, 2006)

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 nineteen issues and corresponding management action plans noted in the Preliminary Audit Report, the COC implemented twelve, partially implemented four, did not implement two, and one was implemented during fieldwork.

Based on the above noted information, IAD believes that the COC 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.

County of Summit Clerk of Courts – Legal Division
Follow up Audit
Comments

The Internal Audit Department (IAD) conducted a Follow-up Audit of the County of Summit Clerk of Courts Legal Division. The original Preliminary Audit was approved by the Summit County Audit Committee on July 6, 2005.

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 3 - IAD noted through interviews that there is no written policy on interaction with the press.
- Issue 4 - IAD noted through interviews that it appears that employees are unaware of the conflict of interest policy for the COC.
- Issue 5 - Based on interviews, it does not appear that the written disaster recovery plan has been communicated to the employees of the COC.
- Issue 6 - It was noted during interviews that the majority of the employees do not have internet or intranet access. Employees have no ability to access internal County information such as insurance information, job postings, the County telephone directory, and other hyperlinks that would connect the employee to other insurance provider information. Additionally, the employees have no external access to the following potentially useful information: local court websites that contain the local rules of the court, Akron Bar Association website for an up-to-date listing of attorneys, or the ability to access the COC website that can be used for customer service purposes.
- Issue 7 - Upon review of the personnel files selected for detailed testing of the HR file requirements, that were based on discussion with the Chief Deputy Clerk, the following issues were noted:
 - a. One of nine applicable employee personnel files did not contain a sign off sheet acknowledging the receipt, responsibility and understanding of the Clerk of Court's Employee Personnel Manual. (The sample size was reduced to nine because one of ten employees selected was an elected official and noted as creating the sign-off sheet.)
 - b. Two of ten personnel files did not contain a copy of an Employee State Withholding IT-4 Form. Upon follow up with the Fiscal Office Payroll Department, one of the two IT-4 Forms was located in the Payroll Department. Per the Chief Deputy Clerk, the employee with the missing IT-4 Form was hired in 1973 and it may have been misplaced.
- Issue 8 - Upon comparison of the Clerk of Court's Employee Personnel Manual to the Personnel File Narrative, created through discussion with the Chief Deputy Clerk, the listing of personnel file documentation in the Employee Personnel Manual (Section 9.1 Personnel Records) stated what may be contained in the personnel files but was not detailed in terms of specific forms (i.e. Banner forms, Emergency Contact Sheets, I-9's, etc.).

- Issue 10 - Three of nine applicable personnel files did not contain performance evaluations. The sample size was reduced to nine because one of ten employees selected was an elected official and does not receive performance evaluations. Per the Chief Deputy Clerk, two of the three employees are Administrative staff and the Clerk of Courts does not evaluate these employees.
- Issue 11 - Upon review of the check duplicates in each division, IAD noted that the Administrative Assistant signed 28 of 28 checks in Civil, 1 of 13 checks in Criminal, 7 of 8 checks in Domestic, and 1 of 1 check in Appeals. Per the Chief Deputy Clerk, it was noted that the following positions have authorization to sign checks: Account Clerk 3 (Bookkeepers), Fiscal Officer 2, Legal Division Manager, Chief Deputy Clerk, and the Clerk of Courts. Per the Chief Deputy Clerk, the Administrative Assistant retired in December 2004, however her name is still on the signature card until the current Administrative Assistant's probationary period is over (120 days). At that time, the signature card will be changed to the new Administrative Assistant's name.
- Issue 16 - Upon review of the most current policies and procedures dated 9/3/96 for receipt writing and balancing, there appears to be conflicts with the current process noted during discussion and observation with Clerk of Court personnel in the Civil Division, which was reviewed and approved by the Chief Deputy Clerk. The following issues were noted:
 - a) Currently, all balancing of receipts is performed the following morning at 7:30 A.M. The policies and procedures state the balancing should be performed at 3:30 P.M. the day monies are received and at 7:30 A.M. the following day.
 - b) During IAD's observation, the Fiscal Officer 2 was observed reviewing the checks and money orders to make sure they were completed properly and that all checks were endorsed properly. The Clerical Supervisors normally perform this function; however, the position is currently vacant in the Civil Division. This was noted as a proper segregation of duties; however, the policy and procedure dated 9/3/96 states that the bookkeepers are to perform this function, which is not a proper segregation of duties.
 - c) It was noted in the policy and procedure dated 9/3/96 item #1 under "Receipt Writing", that the Clerk of Courts is enforcing a "no check policy" in the Criminal Division. However, IAD noted during review of the Criminal Division's Receipts that the Criminal Division was receiving checks. Per the Criminal Division Clerical Supervisor 1, the Criminal Division does not accept personal checks from the defendants. However, they will accept checks from attorneys for expungement and restitution fees and companies. Occasionally, a company where the defendant is employed will receive a Court Order for a wage assignment to deduct a specified amount of money from the defendant's wages and pay the Clerk of Courts. The Criminal Division accepts checks in these instances as well. Per the Criminal Division Clerical Supervisor 1, there is no updated written check policy for the Criminal Division.
- Issue 17 - IAD noted that the Court of Appeals Division does not utilize the system-generated Cashier's Reports to compare to the receipts and balancing sheets.
- Issue 18 - Upon review of the Receipts, Balancing Sheets, Cashier's Reports, Deposit Breakdown Sheets, Deposit Slips, and Bank Statements for the Court of Appeals Division for September 2004 (21 business days) the following issues were noted:
 - a) There was one instance where the Clerical Division Supervisor prepared and signed both the balancing sheet and the deposit breakdown sheet. Per the narrative, the Clerical Division Supervisor can perform both functions; however, a lack of segregation of duties exists.

- b) The balancing sheets, deposit breakdown sheets, and deposit slips were prepared and signed by the same Clerk in the Appeals Division in 19 of 21 instances. These functions should be separated.
- Issue 19 - Upon review of the Receipts, Balancing Sheets, Cashier's Reports, Deposit Breakdown Sheets, Deposit Slips, and Bank Statements for the Civil Division for September 2004 (21 business days) the following issues were noted: The Account Clerk 3 (Bookkeeper) prepared and signed the Deposit Breakdown Sheets and prepared the deposit slips in 16 of 21 instances. Per the observation/narrative, the Clerical Division Supervisor, Fiscal Officer 2, Legal Division Manager, Chief Deputy Clerk, or the Clerk of Courts can prepare the Deposit Breakdown Sheets and the deposit slips. Furthermore, the bookkeeper is responsible for generating the Cashier's Reports and comparing them to the receipts and also comparing balances on the Cashier's Report with the Cashier's/Clerk's Balancing Sheets. The bookkeeper also receives the monthly bank statements and prepares the bank reconciliations. Per the Fiscal Officer 2, the bookkeeper can prepare the Deposit Breakdown Sheets and deposit slips if all of the authorized personnel are unavailable.

Management Action Plans Partially Implemented:

- Issue 1 - Upon review of the COC Employee Manual (personnel procedures), it was noted that the majority of the manual is outdated.

On 9/25/06 IAD obtained and reviewed the personnel files for three employees. It was noted that all of these personnel files contained an acknowledgement that they received Summit County Ordinance 169. Per discussion with the Chief Deputy Clerk, the Personnel Policies and Procedures have not yet been completed. IAD obtained a draft version of the policies on 9/27/06. Per the Chief Deputy Clerk, on 9/25/06, the Personnel Policies and Procedures will be completed by the end of December 31, 2006.

- Issue 9 - IAD noted that the Clerk of Court's Employee Personnel Manual was outdated (February 1991) and the COC currently refers to Chapter 169 of the Codified Ordinances for personnel matters. Per the Chief Deputy Clerk, all updates of Chapter 169 are distributed to the employees, who are instructed to put the updates in their Employee Personnel Manual. However, it was noted that the COC obtains sign-off sheets from employees in regards to the receipt and understanding of the Employee Personnel Manual and not Chapter 169.

On 9/25/06 IAD obtained and reviewed the personnel files for three employees. It was noted that all of these personnel files contained an acknowledgement that they received Summit County Ordinance 169. Per discussion with the Chief Deputy Clerk, the Personnel Policies and Procedures have not yet been completed. IAD obtained a draft version of the policies on 9/27/06. Per the Chief Deputy Clerk, on 9/25/06, the Personnel Policies and Procedures will be completed by the end of December 31, 2006.

- Issue 13 - It was noted in discussions with the Chief Deputy Clerk and the Director of Administration during the audit that the COC is currently in the process of developing their own collection plan to address collection efforts subsequent to the termination of the Fiscal Office collection agreement. However, upon review and discussion with the Chief Deputy Clerk and the Director of Administration concerning the current Excel spreadsheets used to track collections activity from August 2003 to the present revealed the following:

- a) The total court costs placed into collections over the noted period are not represented in their entirety. Per the Chief Deputy Clerk and Director of Administration, the Fiscal Office collections representative inconsistently removed some of the original court costs and/or collection charges placed into collections as payments were received by the COC.
- b) The spreadsheets do not include a balance due column so that the current amount due can be noted when payments are made on the collections amounts.
- c) The current spreadsheets have not been updated in relation to adding new cases placed into collections by the costing clerks or the addition of judgment liens since the termination of the collections agreement with the Fiscal Office on 12/31/04.
- d) The collection spreadsheets do not address collections of court costs due from the Criminal and Court of Appeal divisions, nor from any divisions' cases ending in years prior to 2003.
- e) No reconciliations were completed by the COC of cases noted for collections by the costing clerks and subsequently sent to the Fiscal Office representative for inclusion into the tracking spreadsheets.

Per the Chief Deputy Clerk, on 9/25/06, the COC has not had a new cost collection program written by the IT department and continues to use the Excel spreadsheets to track collections. Per the Chief Deputy Clerk, the COC continues to use the 90 day billing cycles and has begun placing liens on overdue costs. IAD performed a search on the COC website using "Summit County Clerk of Courts" as the commercial name and noted several pages where the COC was the creditor. IAD specifically looked at the following judgment liens to determine that they were for fees owed: J2005-4363, J2005-6410, and J2006-2358. IAD also obtained and reviewed the RFP for the Criminal Justice Information System and noted that the "Accounting Module" section of the RFP indicates the need for a cost collection & tracking system. Per the Chief Deputy Clerk, on 9/25/06, this will be implemented when the new case management system is in place. IAD has attended several of the meetings regarding a new criminal justice information system that will include the Prosecutors office, Clerk of Courts, and the Domestic Relations. This has not been submitted to Board of Control.

- Issue 14 - The current accounting software package used by the Clerk of Courts does not have comprehensive collection tracking capabilities.

See notes for Issue 13 above.

Management Action Plans Not Implemented:

- Issue 2 - IAD noted that the majority of the procedures obtained and reviewed were in memo form and were not contained in a concise procedural manual. It was also noted that it did not appear that all of the functional areas of the COC had up-to-date standard documented procedures.

Per the Chief Deputy Clerk, on 9/25/06, policies and procedures have not been completed and they will be completed by the end of June 2007.

- Issue 12 - Upon discussion and review with the Chief Deputy Clerk, IAD noted that there are no written internal policies and procedures for the Clerk of Court's disbursement process.

Per the Chief Deputy Clerk, on 9/25/06, policies and procedures have not been completed and they will be completed by the end of June 2007.