

**Summit County Fiscal Office
Personnel Department
Preliminary Audit Report**

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**PREPARED FOR:
John A. Donofrio
Audit Committee**

**Approved by Audit Committee
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**Summit County
Internal Audit Department
175 South Main Street
Akron, Ohio 44308**

*Bernard F. Zaucha, Director
Lisa L. Skapura, Assistant Director
Mira Pozna, Deputy Director
Anthony Boston, Internal Auditor
Meredith Merry, Internal Auditor
Ben Franjesevic, Internal Auditor*

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General Background

The Summit County Fiscal Office recognizes that a personnel system that recruits and retains competent, dependable personnel is indispensable to effective government. It is the policy of the Summit County Fiscal Office to afford equal opportunity to all qualified, or qualifiable, employees and applicants for employment, without regard to race, creed, color, sex, sexual orientation, handicap, national origin, or age. Positive action is taken to insure the fulfillment of this policy. The personnel system shall be administered by the Summit County Fiscal Officer or designee, who is charged with ensuring that all policies are applied in a consistent, objective manner.

Audit Objectives And Methodology

The primary focus of this review was to provide the Summit County Fiscal Office, Personnel Department (Personnel Department) with reasonable assurance, based on the testing performed, on the adequacy of the system of management control in effect for the audit areas tested for the ten months ended October 31, 2009, unless otherwise specified in the individual test area. 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. Specific audit objectives include evaluating the policies, procedures, and internal controls related to the Personnel Department.

Our review 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 policies and procedures.

Based on the results of our review, we prepared specific issues and recommendations for improvement that were discussed with management. These recommendations, as well as management's unaltered written response, can be found in the following sections of this report.

Specific Objectives:

1. To obtain and review the current policies and procedures.
2. To review the internal control structure through employee interviews, observation and testing.
3. To perform a general overview of the physical environment and security of the facilities, data, records and departmental personnel.

Source: Fiscal Office Personnel Policy and Procedure Manual

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Scope

An overview and evaluation of the existing policies, processes, procedures, contracts and internal control structure utilized by the division.

The following were the major audit steps performed:

OBJECTIVE 1 – POLICY AND PROCEDURES REVIEW

1. Obtain and review the current policies and procedures.
2. Meet with the appropriate personnel to obtain an understanding of the current department processes and procedures. Compare those existing processes to the policies and procedures manual for consistency, noting all exceptions.
3. Test procedures for mandatory compliance where applicable.
4. Identify audit issues and make recommendations where appropriate.

OBJECTIVE 2 – REVIEW OF INTERNAL CONTROLS

5. Meet with the appropriate personnel to obtain an understanding of the control environment.
6. Document the existing control procedures in narratives and/or flowcharts.
7. Compare existing processes to the policies and procedures manual for consistency.
8. Test procedures for compliance where applicable, noting all exceptions.
9. Investigate discrepancies and summarize results.
10. Make recommendations where appropriate.

OBJECTIVE 3 – REVIEW OF SECURITY

11. Perform a general overview of the physical environment and security of the department/ agency being audited.
12. Interview various personnel to determine that confidential information is secure and processed only by appropriate parties.
13. Obtain and review the document retention policy and determine if policies and procedures are currently in place and being followed.
14. Test security issues where appropriate.
15. Analyze current policies and make recommendations.

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Interviews:

IAD obtained and reviewed the Personnel Department organization chart, from the Assistant Fiscal Officer, and judgmentally selected 4 of the 5 employees to interview in order to gain an understanding of the internal control procedures for the department. The following individuals were interviewed utilizing the "Preliminary Audit Interview Questionnaire:"

- a. The Chief Deputy Fiscal Officer,
- b. The Personnel Administrator I,
- c. The Assistant Director of Administration,
- d. The Administrative Assistant.

No issues were noted.

I. Policies & Procedures Review:

IAD obtained and reviewed the agreement between the Fiscal Office and the Ohio Council 8 - Local 1229 bargaining unit to gain an understanding of policies and procedures related to bargaining employees. In addition, IAD obtained and reviewed the Fiscal Office Personnel Policy and Procedures Manual to gain an understanding of personnel processes and procedures for the Fiscal Office. Upon review of the manual, IAD noted policies and procedures for the following areas:

- a. Equal Employment Opportunity/Affirmative Action (citing the Civil Rights Act of 1964, Equal Employment Act of 1972, and the 1973 Rehabilitation Act) (p 12)
- b. Immigration Reform and Control Act (p 15)
- c. Ethics (p 16)
- d. Overtime and Overtime Approval (citing the Fair Labor Standards Act) (p 20)
- e. Worker's Compensation (p 22)
- f. Hospitalization Coverage Following Separation (including COBRA) (p 23)
- g. Leave (e.g., vacation, sick, personal, maternity, paternity, etc.) (p 24)
- h. Family and Medical Leave (p 33)
- i. Safety and Health (p 36)
- j. Drug Free Work Place Policy (p 37)
- k. Outside Employment (p 38)
- l. Sexual Harassment (p 41)
- m. American's With Disability Act Policy (p 45)
- n. Personnel Files (which includes P&P for viewing a file) (p 46)
- o. Exit Interview (p 47)
- p. Public Records Policy (p 49)

IAD obtained and reviewed the Personnel Department Policy and Procedures Manual, effective 10/25/05, revised 1/2/07 to gain an understanding of the departmental processes and procedures. Upon review of the departmental manual, IAD noted policies and procedures for the following areas:

- a. Hiring (p 3)
- b. New employee processing (p 8)

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The following issues were noted:

1. Issue:

Upon review of the Fiscal Office Personnel Policy and Procedures Manual and the Personnel Department Policy and Procedure Manual, IAD noted that there is no formal management approval of either manual. A policy and procedures manual with proper management approval helps to ensure that the policies and procedures contained in the manual are accurate and that employees are following the most current policies.

Recommendation:

IAD recommends that the Fiscal Office Personnel Policy and Procedures Manual and the Personnel Department Policy and Procedure manual be reviewed and properly approved by the appropriate person to help to ensure that employees are aware of and following the most current processes, policies and procedures.

Corrective action taken prior to the end of fieldwork:

On 12/2/09, IAD verified that both the Fiscal Office Personnel Policy and Procedures Manual and the Personnel Department Policy and Procedure Manual have been formally approved by the Chief Deputy Fiscal Officer.

2. Issue:

Upon review of the Personnel Department Policy and Procedures Manual, IAD was unable to locate procedures for several functional areas of the Personnel Department. These areas include, but are not limited to the following:

- a. Separation from county employment
- b. Records retention
- c. Personnel file security
- d. Employee review of personnel files

Additionally, IAD noted that the manual refers to outdated procedures (e.g. pre-employment drug screening, obtaining Kronos ID card from Executive's Office Communications Department), and that section numbers were missing and inconsistent. A policies and procedures manual that is complete and current helps to ensure that employees are following the most updated processes, policies and procedures.

Recommendation:

IAD recommends that the Personnel Department review and update the Personnel Department Policy and Procedure Manual to include the most current procedures for all functional areas of the department and that each is labeled in a consistent manner. This will help to ensure that employees are following the most current and complete personnel processes, policies and procedures.

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Corrective action taken prior to the end of fieldwork:

On 12/2/09, IAD verified that the missing sections had been added to the Personnel Department Policy and Procedure manual regarding separation from employment, records retention, personnel file security, and employee review of personnel files. Additionally, IAD noted that outdated procedures in the manual had been updated and that sections were now labeled in a clear and consistent manner.

II. Internal Control Testing:

Internal control testing and/or observations were performed in the following areas:

- Personnel files
- Expenditures
- Security

PERSONNEL FILES

IAD obtained and reviewed the Fiscal Office Personnel Policies and Procedures manual, and the Fiscal Office Personnel Department Policies and Procedures manual to gain an understanding of the policies and procedures followed regarding personnel files. Upon review of the Personnel Department manual, IAD noted a list of items that are to be maintained in each employee personnel file. IAD interviewed the Personnel Administrator 1, utilizing a standard Personnel File questionnaire, to gain a further understanding of procedures followed. IAD obtained and reviewed the following documents to gain an understanding of the effective dates governing the completion and collection of the corresponding forms:

- a. Form SSA-1945 and accompanying instructions,
- b. Form I-9 and accompanying instructions (OMB No. 1615-0047),
- c. General information from the Ohio Department of Homeland Security regarding the Declaration of Material Assistance form.

IAD obtained and reviewed the “Maintenance of Personnel Files and Records” white paper from the Society of Human Resources Management (SHRM), to gain an understanding of best practices regarding personnel files.

IAD generated a listing of all Fiscal Office employees, utilizing WebFOCUS (tables SPRIDEN, PEBEMPL), and tested for personnel file and Form I-9 existence for each employee. IAD then randomly selected a sample of 50 active Fiscal Office employees and 18 terminated employees for detailed testing of personnel file contents.

IAD obtained and reviewed a listing of personnel authorized to drive county vehicles, from the Deputy Director – Insurance, and verified that license and insurance information was maintained in each personnel file.

IAD confirmed that a tracking devise for employee evaluations was maintained by the Personnel Department to help facilitate that employee evaluations are performed in timely manner.

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The following issues were noted during testing:

3. Issue:

Upon review of the Form I-9's maintained by the Personnel Department for all Fiscal Office employees, IAD noted 4 instances where an employee's Form I-9 was not present. Per the Department of Homeland Security OMB No. 1615-0047, "All employees (citizens and noncitizens) hired after November 6, 1986, and working in the United States must complete Form I-9."

Recommendation:

IAD recommends that the Personnel Department review employee Form I-9's to ensure that a form is maintained for each employee hired after November 6, 1986. This will help to ensure that the Fiscal Office is in compliance with the Department of Homeland Security OMB No. 1615-0047.

Corrective action taken prior to the end of fieldwork:

On 11/17/09, IAD observed that a Form I-9 had been obtained for the 4 missing Fiscal Office employees.

4. Issue:

Upon review of the 50 personnel files selected for detailed testing, IAD noted the following:

- a. 1 out of 50 personnel files did not contain a Personnel Policy and Procedure manual sign-off,
- b. 1 out of 50 personnel files did not contain a Computer Policy and Procedure sign-off,
- c. 2 out of 50 personnel files did not contain an Ethics Policy sign-off,
- d. 1 out of 50 personnel files did not contain Kronos access documentation,
- e. 26 out of 50 personnel files did not have confidential information segregated,
- f. Of the 50 personnel files selected for testing, 36 belonged to employees who were on the Authorized Driver list, and therefore required a copy of the employee's license. Of these 36 files, there was 1 instance where a license was not present.

The Personnel Department Policy and Procedure manual indicates that policy and procedure sign-offs, Kronos documentation, and driver's license checks, performed by the Department of Insurance, are to be maintained for employees. Additionally, the Society of Human Resource Management best practices indicate that confidential information should be segregated from employees' personnel file.

Recommendation

IAD recommends that the Fiscal Office Personnel Department conduct a review of employee personnel files to verify that all required documents are maintained in the files as well as that confidential information is segregated. This will help to ensure compliance with the Fiscal Office Personnel Department Policy and Procedure manual as well as best practices.

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Corrective action taken prior to the end of fieldwork:

IAD observed that the following forms had been obtained and added to the corresponding employee's personnel file:

- a. 1 Personnel Policy and Procedure manual sign-off,
- b. 1 Computer Policy and Procedure sign-off,
- c. 2 Ethics Policy sign-offs,
- d. 1 Kronos access document,
- e. 1 driver's license check report.

Furthermore, IAD verified that confidential information had been segregated in the 26 identified personnel files.

5. Issue:

Upon review of 18 terminated employee personnel files, IAD noted the following:

- a. 7 out of 18 personnel files did not contain exit interview documentation,
- b. 8 out of 18 personnel files did not contain confirmation of the return of county assets,
- c. 2 out of 18 personnel files did not contain a Personnel Action Form for the employee's termination of employment.

The Fiscal Office Personnel Policy and Procedure manual indicates that personnel files are to contain exit interview documentation as well as confirmation that county assets have been returned.

Recommendation:

IAD recommends that the Personnel Department begin including an exit interview, confirmation of the return of county assets, and the termination of employment Personnel Action Form in the personnel files of all employees who are separating from the county. This will help to ensure compliance with the Fiscal Office Personnel Policy and Procedure manual as well as the return of county property.

Management action plan:

Effective December 1, 2009, exit interviews will be attempted to be performed on all Fiscal Office employees and documentation placed in the employees personnel file. Confirmation shall be placed in the employees personnel file that all equipment has been return to the Fiscal Office. Employees who refuse the exit interview, the Personnel Department will place documentation in the employees personnel file that they refused the exit interview.

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EXPENDITURES

IAD obtained and reviewed the Fiscal Office Personnel Policy and Procedures Manual and the Fiscal Office Purchasing Department Operations Manual, to gain an understanding of any purchasing procedures for the Personnel Department. IAD reviewed the expenditure process flowcharts, approved by the Fiscal Office Chief of Staff on 4/23/09, which reflect the expenditure process in place from 1/1/09-10/31/09 (scope). Additionally, IAD reviewed the expenditure interview conducted on 3/16/09 with the Fiscal Office Purchasing Agent, during the Fiscal Office Recorder Division (Recorder Division) Preliminary Audit, in order to become familiar with the purchasing process. IAD noted during the Recorder Division Preliminary Audit that the Fiscal Office purchasing function is centralized, and that the Fiscal Office Purchasing Agent (Purchasing Agent) makes purchases for all Fiscal Office Divisions and Departments.

Through discussions with the Deputy Fiscal Officer of Finance, it was noted that all Personnel Department expenditures are processed through a fund and organizational account that is shared by the other Fiscal Office Divisions and Departments, therefore, IAD was unable to run a Banner report for expenditures specific to the Personnel Department.

Per discussions with the Purchasing Agent and the Chief Deputy Fiscal Officer, IAD noted that the Personnel Department's responsibilities, with regard to purchasing, are limited to submitting the paper requisition form and receipting the goods or services. IAD recognizes the Personnel Department is not responsible for entering requisitions into Banner and obtaining their respective approval, preparing the purchase order, placing the order, or approving the invoice(s) for payment (with the exception of the Assistant Director of Administration). Therefore, IAD limited the testing to the requisition form signatures on behalf of the Personnel Department.

IAD interviewed the Chief Deputy Fiscal Officer and the Personnel Administrator I, utilizing a standard expenditure questionnaire, to gain a further understanding of Personnel Department involvement in the expenditure process (e.g., who completes the requisition form, who the form is submitted to, etc.). Additionally, IAD met with the Assistant Director of Administration to gain an understanding of his involvement in the expenditures function (e.g., approving Shred-it invoices, etc.). IAD notes that the Personnel department utilizes the following vendors:

- a. Corporate Express (for office supplies),
- b. Harbor Freight (for Tools/equipment utilized by the Utility Clerk),
- c. Shred-it (for document destruction),
- d. Akron Bar Association (for the Chief Deputy Fiscal Officer dues),
- e. Supreme Court of Ohio (for the Chief Deputy Fiscal Officer dues),
- f. Various conference registration payments (for the Chief Deputy Fiscal Officer).

IAD reviewed 2009 voucher packets, including requisitions, on the Fiscal Office shared drive for Personnel Department expenditures, paying special attention to the aforementioned vendors, to locate Personnel Department vouchers and their respective requisition forms. IAD then selected all requisition forms and tested for proper approvals.

IAD passed on procurement card testing because the Personnel Department is not responsible for making procurement card purchases or approving these purchases.

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No issues were noted during testing.

III. Security:

Security issues noted during fieldwork are addressed under separate cover in the accompanying report in compliance with Ohio Revised Code §149.433.