

**Summit County Fiscal Office
Treasurer Division
Preliminary Audit Report**

PREPARED FOR:

**John A. Donofrio
Audit Committee**

**Approved by Audit Committee
March 24, 2010**

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Background**

GENERAL BACKGROUND

As Chief Fiscal Officer, John Donofrio is responsible for the custody and disbursement of hundreds of millions in funds received each year by the county. As guardian of all county funds, he maintains the official records of all receipts, disbursements and funds available.

The Treasurer Division of the Fiscal Office is responsible for the collecting of Real Estate Taxes on all properties in Summit County. They mail real estate tax bills semiannually. There are 74 tax districts with approximately 270,000 tax bills mailed each collection.

The largest dollar amounts collected come from real estate taxes. Other taxes collected are mobile home taxes, inheritance, hotel-motel and special assessments.

Fiscal Officer Donofrio has the responsibility for inventorying and recording the contents of a safe-deposit box before it may be released to a properly authorized representative of an estate. Wills found in safe-deposit boxes are taken to Probate Court for safekeeping. The Fiscal Office works with the State of Ohio Department of Taxation to report the transfer of assets and to release the assets of a decedent.

COMMENDATIONS

IAD makes the following commendations for the Treasurer Division:

- There are comprehensive policies and procedures for every department within the Treasurer Division that include ample detail on performing each job function. This helps to ensure that the important job duties of the Treasurer Division can be successfully carried out.
- IAD notes that cross-training has been performed for all job functions within the Treasurer Division. With the recent loss of many employees to the Voluntary Separation Plan in 2009, IAD notes that a proper segregation of duties continues to exist among job functions.
- With the Treasurer Division being such a large division and responsible for the custody of such large amounts of money, there were only three issues and two recommendations for improvement noted in this audit report.

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Objectives and Scope**

AUDIT OBJECTIVES AND METHODOLOGY

The primary focus of this review was to provide the Summit County Fiscal Office Treasurer Division 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 year ended December 31, 2009, unless otherwise specified in the individual test areas. 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 Treasurer Division.

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 and observation.
3. To perform a general overview of the physical environment and security of the facilities, data, records and departmental personnel.

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Scope

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

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:

To gain an understanding of the Treasurer Division, IAD interviewed the following positions throughout the organization:

- a. Chief Deputy Fiscal Officer,
- b. Deputy Fiscal Officer,
- c. Officer Manager,
- d. Fiscal Officer 3,
- e. Support Services Administrator, Cashier,
- f. Director of Administration, Accounting,
- g. Officer Manager, Customer Service,
- h. Director of Administration, Delinquent Tax.

Any issues noted are addressed in the respective sections of the report.

I. Policies & Procedures Review:

IAD obtained and reviewed the following Treasurer Division departmental procedure manuals to gain an understanding of departmental processes and procedures.

1. Treasurer's Division General,
2. Treasurer's Division Accounting Department,
3. Treasurer's Division Escrow Department,
4. Treasurer's Division Refund Department,
5. Treasurer's Division Cashiering Department,
6. Treasurer's Division Customer Service Department,
7. Treasurer's Division Delinquent Tax Department,
8. Treasurer's Division C.T.I.P. Program (Current Tax Installment Plan),
9. Treasurer's Division Military Assistance Program (M.A.P.),
10. Treasurer's Division Hotel Motel Department,
11. Treasurer's Division Reconciliation Department,
12. Treasurer's Division Real Estate Billing Process,
13. Treasurer's Division Quantum NDP200 System (Document Processor).

IAD obtained and reviewed a Treasurer's Division organization chart which was used to judgmentally select ten Treasurer Division employees to test for procedure manual and corresponding revision sign-offs (if applicable). The sign-offs were obtained from the Chief Deputy Fiscal Officer.

No issues were noted during testing.

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II. Internal Control Testing:

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

- Expenditures
- Cashier
- Delinquent tax
- Tax liens
- Tax installment program
- Military assistance program
- Hotel/Motel
- Accounting, escrow and refunds
- Real estate tax billing
- Reconciliation
- Customer service
- Personnel files

EXPENDITURES

IAD passes on testing of expenditures for proper approvals on hard copy paper requisitions in the Fiscal Office, for the following reasons:

- a. The Fiscal Office Purchase Order and Travel procedure changed due to the restructuring of job duties as a result of the recent Voluntary Separation Plan offered by Summit County.
- b. The Fiscal Office will be purchasing a new document management module for Banner that will begin to be utilized in early 2010.

IAD recognizes that proper approvals for Fiscal Office wide expenditures, including the Treasurer Division, were tested during the Fiscal Office-Accounts Payable Audit. Furthermore, IAD notes that upon implementation of the new processes, IAD will perform an audit of the new system to test internal controls.

CASHIER

IAD obtained and reviewed the Treasurer Division Cashiering Policy and Procedure manual and the Quantum NDP manual, from the Chief Deputy Fiscal Officer, to gain an understanding of the processes regarding cash collection and receipting. In addition, IAD obtained and reviewed the following Ohio Revised Code (O.R.C.) sections to gain a further understanding of regulations regarding the collection of revenue:

- a. O.R.C. § 321 “Treasurer,”
- b. O.R.C. § 323 “Collection of Taxes.”

An observation of the cash collection and receipting procedure was performed with the Support Services Administrator and the Clerk 2.

An observation of the operation of the DP machine was performed with the Accountant 1 to gain an understanding of the scanning, documenting, and transmitting of bills and checks.

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IAD met with the Accountant 2 and performed an observation of the processes performed regarding end of day closing. Additionally, an observation of the end of day balancing of a cash drawer was performed with the Clerk 2.

IAD generated the following process flowcharts utilizing Microsoft Visio:

- a. Overview of the cash collection process,
- b. Cashier Department collection process,
- c. DP machine process,
- d. Cashier Department balancing process,
- e. Cashier Department closing and deposit process.

IAD obtained and reviewed six Form 6's and performed detailed testing to verify that the amounts reported on the Forms agreed with actual amount reported in RCS and Banner.

No issues were noted during testing.

DELINQUENT TAX

IAD performed a walkthrough of the following areas within the Delinquent Tax Department with the Chief Deputy Fiscal Officer, Deputy Fiscal Officer and Director of Administration:

- a. Delinquent tax contracts,
- b. Bankruptcies,
- c. Foreclosures.

IAD created a flowchart of the delinquent tax process as well as one for each function within the department.

IAD Obtained and reviewed the following legislation to gain an understanding of the various functions of the Delinquent Tax Department:

Delinquent Taxes (General):

- a. O.R.C. § 323.01 Collection of taxes definitions,
- b. O.R.C. § 323.121 Penalty and interest for failure to pay real estate taxes and installments when due,
- c. O.R.C. § 323.132 Paying of delinquent taxes,
- d. O.R.C. § 323.29 Partial payment of delinquent taxes,
- e. O.R.C. § 5721.02 Collection of delinquent taxes,
- f. O.R.C. § 321.261 Delinquent tax and assessment collection fund.

Delinquent Tax Contracts:

- g. O.R.C. § 323.31 Delinquent tax contract with treasurer.

Tax Lien Foreclosures:

- h. O.R.C. § 5721.16 Judgment of foreclosure and forfeiture – findings – order of sale,
- i. O.R.C. § 5721.25 Redemption of delinquent land,
- j. O.R.C. § 5721.37 Filing request for foreclosure,
- k. O.R.C. § 5721.38 Right to redeem,
- l. O.R.C. § 5721.39 Judgment of foreclosure,
- m. O.R.C. § 5721.40 Forfeiture of parcel remaining unsold after two sales.

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IAD confirmed that the Treasurer Division is in compliance with the above O.R.C. sections, and verified that they were incorporated in the policies and procedures.

IAD obtained The Ohio Department of Taxation Annual Certified Interest Rates from the tax.ohio.gov website in order to recalculate interest on delinquent tax contracts. Thirty-seven delinquent tax contracts were randomly selected to verify contract accuracy through the following detailed testing:

1. Verified existence of taxpayer signature on the contract,
2. Recalculated total delinquent tax, interest, penalties, and contract balance,
3. Traced contract balance to the balance as it appears in PAWS (the county website).

The following issue was noted during testing:

1. Issue:

During testing of 42 delinquent contracts, IAD noted the following:

- Four instances where the contract did not accurately reflect the correct penalties, interest, and/or payments made by the taxpayer,
- Four instances where PAWS did not accurately calculate and/or reflect the correct penalties, interest, and/or payments made by the taxpayer,
- One instance where both the contract and PAWS did not accurately calculate and/or reflect the correct penalties, interest, and/or payments made by the taxpayer.

Recommendation:

IAD recommends that personnel responsible for completing the Delinquent Tax Agreements be more diligent in calculating the total amounts due. Additionally, IAD recommends the implementation of a review process to periodically test the accuracy of delinquent tax contracts and amounts reported in PAWS. This will help to ensure that any errors are identified and corrected as soon as possible, and that the total delinquent amount due is correctly billed to the respective property owners and are correctly reflected on the contracts and in PAWS.

Management Action Plan:

A policy for the quarterly review of delinquent tax contracts, will become effective March 31, 2010. The process will include quality testing of newly established delinquent tax contracts, to ensure the accuracy of all calculations pertaining to penalties, interest, and or payments.

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TAX LIENS

IAD obtained and reviewed the following legislation to gain a better understanding of tax certificate liens:

- a. House Bill 371 – Real Estate Tax Certificate Liens,
- b. O.R.C. § 5721.03 County auditor to compile delinquent tax list and delinquent vacant land tax list–publication,
- c. O.R.C. § 5721.06 Form of notice,
- d. O.R.C. § 5721.11 Notice to purchasers of delinquent lands,
- e. O.R.C. § 5721.30 Tax certificate definitions,
- f. O.R.C. § 5721.31 Selecting parcels for tax certificate sales,
- g. O.R.C. § 5721.32 Sale of tax certificates by public auction,
- h. O.R.C. § 5721.34 Void certificate where delinquency previously satisfied,
- i. O.R.C. § 5721.36 Transferring tax certificate,
- j. O.R.C. § 5721.42 Issuing additional tax certificate upon satisfaction of subsequent delinquency.

IAD confirmed that the Treasurer Division is in compliance with the above O.R.C. sections, and verified that they were incorporated in the policies and procedures.

IAD met with the Chief Deputy Fiscal Officer and Director of Administration to gain a better understanding of the tax certificate lien/lien sale process, and to observe the exclusion of properties in VADAR (system used for the tax lien function) and IAS (system used for tracking property information). A flowchart was created of the process

IAD attended and observed the Summit County Tax Certificate Lien Sale, conducted in Council Chambers, on 10/30/09. Only one registered purchaser attended and delinquent taxes for 727 parcels, in the amount of \$3,646,530.29, were sold at an interest rate of 18%.

IAD obtained a listing, from the Chief Deputy Fiscal Officer, of all tax certificates that were sold at the base lien sale and randomly selected 50 parcels for detailed testing. IAD verified that the proper treasurer code appeared in PAWS, and that the delinquent tax due and the delinquent tax sold at the lien sale agreed for each of the respective 50 parcels.

IAD obtained and reviewed bank reports for 10/29/09 and 11/4/09 and confirmed that 10% of the purchase price was received by the close of business on the day of the sale, and that the remaining balance was received within the next five business days in accordance with O.R.C. § 5721.32. Additionally, IAD obtained the pay-in sheet, from the Director of Administration, outlining the allocation of funds, and traced and agreed each amount to the respective Banner fund and organization accounts.

IAD performed a walkthrough of the Subsequent Tax Lien Sale process with the Chief Deputy Fiscal Officer, Deputy Fiscal Officer and Director of Administration, and created a flowchart documenting the process.

No issues were noted during testing.

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TAX INSTALLMENT PROGRAM

IAD obtained and reviewed ordinance number 2009-050, which enacted Chapter 174 of the Summit County Codified Ordinances, to gain an understanding of the laws and regulations regarding the Tax Installment Program (T.I.P.). In addition, IAD obtained and reviewed a copy of the T.I.P. Enrollment Agreement to gain an understanding of the terms and conditions of the agreement entered into to enroll in T.I.P.

IAD conducted an interview with the Deputy Fiscal Officer, utilizing a standard questionnaire, to gain an understanding of the T.I.P. process, and met with the Office Manager to gain an understanding of the day to day functions in the T.I.P. process.

IAD obtained an Excel spreadsheet, from the Deputy Fiscal Officer, listing all parcels enrolled in T.I.P. and verified that the fees charged per the spreadsheet were equal to the fees re-calculated by IAD. IAD selected a sample of 32 T.I.P. files from the spreadsheet to test for the existence of documentation that is to be maintained for each file per the T.I.P. policy and procedure manual.

The following issues were noted during testing:

2. Issue:

Upon review and testing of the 32 T.I.P. files selected for testing, IAD noted the following:

- a. Two instances where a T.I.P. file did not contain a T.I.P. agreement or PAWS information,
- b. Four instances where a T.I.P. agreement was not signed and dated.

Per the T.I.P. Policy and Procedure manual, T.I.P. files are to contain a signed and dated T.I.P. agreement, PAWS information, a copy of the bottom portion of the T.I.P. agreement and a copy of the check for the application fee.

Recommendation:

IAD recommends that the Treasurer's Division ensure that proper documentation is contained in T.I.P. files in accordance with the T.I.P. Policy and Procedure Manual. In addition, IAD noted that the bottom portion of the T.I.P. agreement and/or a copy of the check were being kept in the cashiering office instead of the T.I.P. files.

Prior to the end of fieldwork,:

The Chief Deputy Fiscal Officer sent an email to all cashiering personnel to advise them that copies of all T.I.P. checks as well as the bottom portion of the T.I.P. application should be sent to the appropriate personnel in charge of the T.I.P. files.

Management Action Plan:

To ensure that proper documentation is contained in the T.I.P. files, the program has been reassigned to a Support Services Administrator. All files are to contain proper documentation as listed in the T.I.P. policy and procedures manual.

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3. Issue:

Upon review of the T.I.P. Enrollment Agreement and Codified Ordinance 174.06, IAD noted that there is a conflict in the language as to when an agreement shall be determined to be in default. The Enrollment Agreement makes a T.I.P. participant in default only after December 15th. The Codified Ordinance makes them in default after failure to make their monthly payment.

Recommendation:

IAD recommends that the T.I.P. Enrollment Agreement or the Codified Ordinances be changed so that they are not in conflict with one another.

Prior to the end of fieldwork:

On December 14, 2009, an Ordinance amending Resolution no. 2009-050 was passed stating that T.I.P. payments must be received timely, no later than November 15, to be considered current. In addition, the T.I.P. Enrollment Agreement was changed to state that final payment is due no later than November 15. The language on both the T.I.P. Agreement and Codified Ordinance agree.

MILITARY ASSISTANCE PROGRAM

IAD obtained and reviewed the Military Assistance Program (M.A.P.) Policy and Procedure Manual to verify that policies and procedures existed for the administration of the program. Per discussion with the Chief Deputy Fiscal Officer, IAD noted that the M.A.P. currently has only three participants. Due to the existence of policies and procedures for the M.A.P. as well as the low participation in the program, IAD deems the M.A.P. to be a low risk area and therefore passes on further review.

HOTEL/MOTEL

IAD conducted an interview with the Deputy Fiscal Officer to gain an understanding of the process for the collection of Hotel/Motel bed taxes. In addition, IAD obtained and reviewed Chapter 703 of the Codified Ordinances to gain an understanding of the requirements with regard to a 1980 Ohio law permitting counties to enact an excise bed-tax of up to 3%.

IAD obtained and reviewed the Hotel-Motel Information Quick Reference Sheet, which is a current listing of all hotels/motels registered with the Fiscal Office. This reference sheet includes the Business Name, Physical Address, Parcel #, Owner's Name, Contact Phone, Contact Person, Legal Name/Prop. Record, RM and Mailing Address.

IAD obtained and reviewed the hotel/motel Land Utilization Codes for the IAS4 system from the Deputy Fiscal Officer and a current IAS4 report from the Network Client Systems Manager listing parcels with the Land Utilization Codes (LUC) 410, 411 and 413. IAD prepared an excel spreadsheet to compare the total number of parcels listed on the IAS4 report to the Quick Reference sheet to verify the following:

- a. A complete population of hotels/motels are paying lodging tax through the Treasurer Division,
- b. The number of parcels listed as hotels/motels are in the real estate system.

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IAD obtained and reviewed a Banner Activity Report for Fund 91226 (Undivided Motel Tax Fund), reflecting the year to date balances for Revenues, Administrative Fees, Convention Bureau and the Port Authority. Additionally, IAD obtained and reviewed a Banner detailed activity report for Fund 91226 to confirm that total revenue collected for Account 19003 (Tax Revenue) from January 1, 2009 ties to the year to date activity number.

Per discussion with the Chief Deputy Fiscal Officer of Finance and the Deputy Fiscal Officer, it was noted that the amount of revenue that is received from the Summit County hotels/motels does not have a direct impact on the Summit County General Fund. The only item that is received by the General Fund is the Administrative fee, which is collected quarterly and is based on actual cost for one full time employee as well as any incidental expenses incurred in the collection of the lodging tax. In addition, this administrative fee is the first item deducted from revenue collected by Summit County Fiscal Office for the tax. Therefore, IAD passes on further review and testing of this area.

The following recommendation is made by IAD:

Recommendation:

IAD recommends that a report be generated annually from the IAS4 system and compared to the Fiscal Department's Quick Reference Sheet which includes all hotels/motels that are subject to the bed tax, to ensure that all parcels that are listed on the real estate system are paying their share of the hotel/motel tax.

ACCOUNTING, ESCROW AND REFUNDS

IAD performed an observation, with the Director of Administration, of the daily cash receipts balancing and reconciliation process. In addition, IAD performed an observation, with the Accountant I, of the daily process for loading and posting cash receipts.

IAD obtained detailed cash receipts reports for each of the following types of payments received on 7/16/09, and randomly selected a sample of 78 payments received to confirm that they were accurately posted to the IAS4/PAWS system:

1. Document Processor (DP),
2. Lock box,
3. Cashier,
4. Credit Card/E-check.

IAD randomly selected 15 NSF payments out of the 45 processed in 2010 and performed testing to confirm that the original payment was removed in PAWS.

IAD obtained and reviewed O.R.C. § 321.45 Agreements for payment of current taxes to gain an understanding of the prepayment program, and traced and agreed the applicable portions of the O.R.C. section to policy and procedure, testing, and/or narratives for compliance.

IAD performed a walkthrough, with the Accountant 2, of her daily Escrow/R.E.D. functions. A copy of a Real Estate Discount Program (R.E.D.) Agreement was obtained and reviewed to gain a further understanding of the agreement. In addition, the Accountant 2 generated a report of all parcels, approximately 12,300 currently enrolled in the Escrow Program.

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IAD obtained and reviewed the following reports:

- All parcels, approximately 12,300 currently enrolled in the Escrow Program,
- All parcels that enrolled in the Escrow Program in 2008-2010,
- All parcels that were enrolled in the Escrow Program in 2008-2010, but are currently closed,
- 2008 and 2009 first and second half detail escrow payments,
- Effective interest rates for 2008 and 2009 first and second half escrow payments.

IAD randomly selected 19 parcels to test for the existence of a signed agreement, and to confirm that the interest earned and deducted from taxes due was calculated correctly using the applicable interest rates.

IAD randomly selected 10 parcels from the report listing parcels currently enrolled in the escrow program, to verify that interest earned was deducted from taxes due only when the taxes were paid in full and on time, per the Escrow Department Policy and Procedure Manual.

Per the Chief Deputy Fiscal Officer, real estate tax refunds will no longer be processed by the Treasurer Division. Going forward, they will be processed in the Fiscal Office Real Estate Division and any overpayments will be credited to the respective parcels rather than refunded. IAD passes on testing of refunds during the Treasurer Division Audit and will address them in the future, during the appropriate audit.

The following recommendation is made by IAD:

Recommendation:

During testing for the existence of signed escrow agreements, IAD noted that the agreements maintained in the Accounting Department are inconsistently organized in file cabinets, boxes or binders. The agreements are filed by year; however, for some years, they are categorized by parcel owner and for others by district number making it difficult and time consuming to locate specific agreements if needed. IAD recommends that, going forward, the Accounting Department file all escrow agreements in a more organized and consistent manner, which will help to ensure that escrow agreements exist and can be located if necessary.

REAL ESTATE TAX BILLING

IAD obtained and reviewed the following O.R.C. sections to gain an understanding of the regulations enforcing requirements of the real estate tax bills:

- a. O.R.C. § 323.131 Form and contents of tax bill,
- b. O.R.C. § 5715.30 Tax commissioner shall furnish forms,
- c. O.R.C. § 323.13 Tax bill mailed or delivered-failure to receive bill,
- d. O.R.C. § 323.134 Agreements for information exchanges limited exclusively to purpose of real property tax billing and payment.

IAD judgmentally selected a Real Estate Tax Bill for 1st Half 2009 taxes due 2/19/10 from the PAWS system to gain an understanding of the form and content of the tax bill, and reviewed it against O.R.C. §323.131(A)(3)(b), §323.131(A)(4), and §323.131(B) requirements.

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IAD met with the Chief Deputy Fiscal Officer and the Deputy Fiscal Officer, to gain an understanding of Real Estate Billing process. IAD performed an observation of the FTP file generation process with the Computer System Software Analyst II, and met with the Software Engineering Administrator, to gain an understanding of the billing process and to observe the billing files transmitted to Emdeon (the vendor that generates the tax bills). IAD created a billing process flowchart from discussions and observations of the tax billing process.

IAD met with the Chief Deputy Fiscal Officer to gain an understanding of the tracking mechanism utilized for Real Estate Billing. It was noted that she tracks the billing process from the point that the billing file is transmitted to Emdeon to the point at which the bill is mailed. The following examples of the tracking process were obtained:

- a. An upload confirmation indicating the file was received successfully,
- b. A print confirmation indicating the number of bills that will be printed.

IAD tested bill mailing dates per the tracking sheet to verify that bills were mailed 20 days prior to the due date pursuant to O.R.C. § 323.13.

IAD obtained and reviewed a signed agreement and procedures that the Regional Collection Centers agree to follow to gain an understanding of the procedures they follow when collecting real estate taxes for taxpayers.

No issues were noted during detailed testing.

RECONCILIATION

IAD performed an observation of the daily reconciliation process with the Fiscal Officer 3 to gain an understanding of the process. A narrative of the observation was documented. In addition, IAD obtained three randomly selected month end folders, from the Fiscal Officer 3, reviewed them for content, and performed detailed testing of one month (March 31, 2009). IAD traced and agreed balances to bank statements, and reviewed the reconciliation process to determine if there are any weaknesses in internal controls.

IAD met with the Deputy Fiscal Officer to gain an understanding of the real estate tax collection reconciliation process performed bi-annually immediately following each tax collection period. IAD obtained and reviewed O.R.C. § 321.24 and § 323.17 to gain an understanding of the regulations regarding real estate tax collection, certification and settlement. IAD judgmentally selected the files for the 2nd half 2008 tax collection certification and respective supporting documentation to review process flow. IAD traced and agreed amounts to the supporting documentation, and followed the flow utilizing the Policies and Procedures.

No issues were noted during detailed testing.

CUSTOMER SERVICE

IAD obtained and reviewed O.R.C. § 323.13 “Tax bill mailed or delivered – failure to receive bill” to gain an understanding of the laws regarding mailing address changes. IAD met with the Accountant 3 to gain an understanding of Customer Services processes. IAD randomly selected 20 Conveyance Form address changes, 20 taxpayer-mailed forms, and 10 bank code add/drops to confirm that the

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changes were properly made. An additional 5 conveyance form address changes, 5 taxpayer-mailed forms, and 5 bank code add/drops were randomly selected for testing.

No issues were noted during detailed testing.

PERSONNEL FILES

Based on the fact that the Fiscal Office has a centralized personnel function, and process and procedures are similar for all Fiscal Office Divisions/Departments, IAD passed on personnel file testing. IAD performed detailed testing of Fiscal Office personnel files during the Fiscal Office Personnel Department Preliminary Audit.

III. Security:

Security issues noted during fieldwork are addressed under separate cover in the accompanying report in compliance with O.R.C. §149.433.