

**Summit County Fiscal Office
Auditor Division
Tax Settlement and Budget
Follow up Audit Report**

Prepared For:

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Audit Committee**

**Approved by Audit Committee
June 21, 2011**

**Summit County
Internal Audit Department
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**Summit County Fiscal Office
Tax Settlement and Budget Department
Follow up Audit**

Auditors:

Lisa Skapura, Assistant Director, and Ben Franjesevic, Internal Auditor.

Objectives and Methodology:

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

We conducted this follow up audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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 report 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 first Follow up Audit report noting the status of previously noted management actions.

Summary:

Of the six issues and the corresponding management action plans noted in the Preliminary Audit Report, the Summit County Fiscal Office Auditor Division: Tax Settlement and Budget Department fully implemented three issues and did not implement three issues.

Based on the above noted information, IAD believes that the Tax Settlement and Budget Department has made some progress towards the implementation of their corrective management action plans; however, additional work is needed to fully implement the management action plans as stated in response to the issues identified during the preliminary audit. Internal Audit will conduct another follow-up audit to confirm implementation.

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

Management Action Plans Fully Implemented:

- **Issue 4** - Upon review of the Summit County Totals page for the tax year 2008 DTE Form 93, Abstract of Real Property in Summit County, IAD noted that there were negative annexation dollar amounts for Class 2 Commercial Land and Building. Per the State instructions for the completion of the abstract, the net changes of all annexation value changes for the affected taxing districts in the county should equal zero.

Upon review of 2009 and 2010 DTE Form 93, IAD confirmed that annexation amounts were correctly reported. Therefore, IAD deems this management action plan fully implemented.

- **Issue 5** - The TS&B Department is incorrectly calculating Public Utility Personal Property Value Increases for appeals when completing the DTE Form 15B. IAD notes that the miscalculation did not affect 2008 reporting; however, a miscalculation could affect reporting in the future.

Upon review of the 2010 DTE Form 15B, IAD verified that Public Utility Personal Property Value Increases for appeals were correctly calculated. Therefore, IAD deems this management action plan fully implemented.

- **Issue 6** - Two separate CLT reports were utilized to prepare reporting for the DTE Form 4259. When reviewing these reports it was noted that amounts for the same categories, i.e.: Delinquent Real Property and Taxes; Interest on Delinquent Real Property Taxes; Current Special Assessments; Delinquent Special Assessments; and Interest on Delinquent Special Assessments did not agree. Therefore, IAD was not able to ensure that the reporting to the State was correct.

Through discussion with the Software Engineering Administrator, IAD confirmed that the two reports had been compared and reviewed for correctness. Therefore, IAD deems this management action plan fully implemented.

Management Action Plans Not Implemented:

- **Issue 1** - Upon review of the TS&B Department, Departmental Procedures Manual, IAD noted the following:
 - a. There were outdated procedures for the Public Utility Reimbursement Distribution section.
 - b. The Program Budget; Program Objectives; Program Issues, Challenges, and Opportunities were only provided for the year 2004.
 - c. Policies and procedures Section S Political Subdivision Budgets and Section T School District Budgets appeared to incorrectly cross-referenced to Ohio Revised Code (O.R.C.) Section 5705.04.

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- d. There are numerous instances where an employee was referenced by name rather than by title within the manual.
- e. There were no approval signatures contained in the manual by the Fiscal Officer, Chief Deputy Fiscal Officer, or Director of Administration.

Through discussion with the Director of Administration, IAD was informed that the manual had not been completed and has a new target date of December 2011. Therefore, IAD deems this management action plan not implemented.

- **Issue 2** - The TS&B Department does not have formal written policies and procedures that cover numerous day-to-day functions of the department including, but not limited to the following areas:
 - Real Estate Tax Settlement Deductions (e.g., Health District Charges, Election Charges, Emergency Management, Delinquent Ad Costs, Fees, D.R.E.T.A.C, Tax Anticipation Notes, etc.).
 - Real Estate Tax Settlement Advances (e.g., O.R.C. Section, CLT Reporting Screens, Collection Reports & Posting Samples, Wire Transfers, Treasurer's Division ACH Forms, etc.).
 - Budgets-Financial Reporting (e.g., Bulletin 20, IAS Abstract Procedures).
 - Summit County Certification of Tax Levy (e.g., Rates and Amounts, Certificates of Estimated Resources, Amended Certificates of Estimated Resources, Appropriations Do Not Exceed Certificates, etc.).
 - Other Miscellaneous (e.g., Traffic Fines Distribution, 911 Assistant Funds, G.A.A.P. Reports, Motor Fuel Tax, Motor Vehicle Registration, Unclaimed Funds-Personal Property, etc.).

Therefore, the department is unable to ensure that the processes/work flows are being followed consistently, appropriately, or in accordance with policies.

Through discussion with the Director of Administration, IAD was informed that the manual had not been completed and has a new target date of December 2011. Therefore, IAD deems this management action plan not implemented.

- **Issue 3** - Upon review of the personal property tax billing process, IAD noted that the Fiscal Officer 2 is responsible for the following:
 - Entering personal property tax information into the Personal Property application,
 - Collecting payments for the personal property taxes due,
 - Preparing the deposit (pay in) to the Treasurer,
 - Producing subsequent billings to taxpayers for tax amounts due,
 - Applying tax payments in the Personal Property application.

In addition, it was noted that the Office Manager, who is responsible for the processing of delinquent tax contracts, has these same job functions.

Through discussion with the Fiscal Officer 2 and Accountant III as well as the review of personal property tax billing documents and procedures, IAD noted that the Fiscal Officer 2 is responsible for the job functions identified in the preliminary audit. Therefore, IAD deems this management action plan not implemented.