

**Summit County
Children Services Board
Countywide Payroll
Second Follow-up Audit Report**

Prepared For:

**John Saros
Audit Committee**

**Approved by Audit Committee
September 28, 2010**

**Summit County
Internal Audit Department
175 South Main Street
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Detailed Comments**

Auditors:

Lisa Skapura, Assistant Director and Mira Pozna, Deputy Director.

Objective and Methodology:

To determine if management has implemented their management action plans as stated in the previously issued Preliminary Audit report.

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 as a result of 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 report and the final First Follow up 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 and the First Follow up Audit.
3. Review any departmental/agency response documentation provided to IAD with management action plan responses following the First Follow up 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 Second Follow up Audit report noting the status of previously noted management actions.

Summary:

Of the seven issues and the corresponding management action plans noted in the Preliminary Audit Report, the Summit County Children Services Board (SCCS) fully implemented five and partially implemented two of the management action plans.

Based on the above noted information, IAD believes that the SCCS has made a positive effort towards implementing the management action plans as stated in response to the issues identified in the preliminary audit and no further follow up is needed.

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

Management Action Plans Fully Implemented:

- **Issue 1** - Per discussion with the Compensation and Benefits Coordinator and the Human Resource Assistant, and review of the SCCS payroll processes, there are no formal written payroll policies and procedures for SCCS.

Review Comments - IAD obtained and reviewed a formal written Human Resources Procedure Manual, and confirmed that they were thorough and concise. Each Human Resources Internal Procedure was signed and dated by the HR Director.

- **Issue 2** - There was one instance where there was no supporting documentation for the termination of an employee.

Review Comments - Through testing IAD has verified that there is supporting documentation for all tested 2008 terminated SCCS employees.

- **Issue 3** - There was one instance where there was no supporting documentation for the salary increase of an employee.

Review Comments - Through testing, IAD confirmed that pay adjustments had the applicable supporting documentation.

- **Issue 5** - The current process for entering, tracking, and monitoring SCCS employee time is inefficient and inconsistent. Upon several discussions with the SCCS Human Resource (HR) Department, each employee enters their own time into Kronos and then their supervisors approve their time in Kronos. This must be completed by the end of the day on Wednesday of each pay period in order for the payroll coordinators to submit the payroll to the Fiscal Office by the following Monday (pay periods end on Sundays). This causes each employee to enter in their time for two days (possibly up to four if they work on the weekend) that have not yet been worked. As a result, the SCCS HR Department has several adjustments to make the following Monday due to changes in employees' schedules that happen after they have already entered their time. Because there are no formal policies and procedures for the tracking of leave time, the SCCS cannot be ensured that all time entered into Kronos reflects what actually occurred.

Review Comments - IAD obtained and reviewed a formal and approved policy and procedure and confirmed that it incorporated guidance for proper approvals and timely submission of payroll records. In addition, detailed testing was performed to confirm that overtime payroll records were not approved for payment prior to being worked.

- **Issue 7** - There is no formal policy and procedure for the securing of SCCS Paid Leave Request forms. Currently, all supervisors (approximately 49) maintain their employees' Paid Leave Request forms in their offices (each supervisor supervises approximately five employees). Upon observation and inquiry of five supervisors' offices, four of the supervisors maintained their employees' forms in unlocked filing cabinets; however, their offices are locked when the supervisor is not present. IAD

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recognizes that the SCCS facility is secured from public access, however, leave forms can contain private information where access should be limited within the agency.

Review Comments - IAD confirmed that there is a formal policy and procedure for the securing of Paid Leave Request forms, and confirmed through testing that all the respective documentation is maintained in the Human Resources Department in locked filing cabinets.

Management Action Plans Partially Implemented:

Issue 4 - Upon discussion with the Compensation and Benefits Coordinator and the Personnel Assistant II, and testing of a sample of leave time entered into Kronos in 2006 as well as Paid Leave Request forms, IAD noted the following:

- a. There is no central location, nor is there a formal policy and procedure for the tracking and storage of SCCS Paid Leave Request forms. Currently, each supervisor is responsible for maintaining their employee's leave forms; however, if an employee changes supervisors or is terminated, there is no procedure in place to ensure the proper tracking of the employee's leave documentation.
- b. There were 14 instances where leave time entered in Kronos was not supported by a Paid Leave Request form.
- c. The hours and/or type of leave per Kronos did not agree to the hours and/or type of leave per the Paid Leave Request form for eight employees.
- d. There were two instances where the hours located on the Paid Leave Request form were not entered into Kronos in the corresponding pay period.

Based on the issues noted above, IAD expanded the scope of leave testing and noted the following:

- e. Two supervisors did not have any Paid Leave Request forms for employees they supervised in 2006. One supervisor could not locate the leave forms and the Compensation and Benefits Coordinator advised IAD that the leave forms for the other supervisor could not be located because all of the HR Department leave forms for 2006 leave time taken were either shredded or not completed. In addition, per the Compensation and Benefits Coordinator and the Administrative Assistant 3, the 2006 leave forms for four individuals who worked in the SCCS Human Resources Department in 2006, but who are no longer employed by SCCS, were inadvertently shredded the day IAD began the SCCS payroll audit. According to the Fair Labor Standards Act & the Age Discrimination in Employment Act, both of these laws require that payroll records be maintained for three years. Additionally, pursuant to the Summit County Children Services Schedule of Records Retention and Disposition (RC-2), payroll records are to be retained two years past an audit conducted by the Auditor of State.

Review Comments – Bullet points a, b, d and e were deemed fully implemented. The following review comments pertain to bullet point c:

IAD obtained Kronos reports for the pay periods 1, 10 and 12 of 2010. IAD randomly selected a sample of 9 employees from the Kronos reports and obtained the corresponding leave form to ensure that the Kronos activity on the report was consistent with the information contained on the leave form. No exceptions were noted.

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IAD then randomly selected 9 employee leave forms for pay periods 1, 10 and 12 and compared the activity on the leave form to the Kronos time reports for those pay periods. It was noted that there was one instance out of 9 where the information contained on the leave form was not consistent with the Kronos activity report. The leave form indicated that 4 days of vacation were taken and the Kronos report indicated that 2 days of PSK, 1 Exchange day and 1 birthday were taken.

- **Issue 6** - Upon review of 15 employees who worked overtime in 2006 (Five bargaining unit employees (excluding caseworkers), five caseworkers, and five non-bargaining, non-exempt (confidentials) employees, IAD noted the following:
 - a. There was no overtime authorization form documenting pre-approval by a supervisor for four of five confidential employees. Per the SCCS Management and Confidential Employee Handbook, overtime hours must be scheduled and pre-approved by the employee's supervisor).
 - b. Overtime worked by five of five bargaining unit employees (excluding caseworkers), was not documented on an overtime roster, as required by the Agreement by and between the Summit County Children Services Board and Local #4546 of The Communications Workers of America (AFL-CIO), Effective January 1, 2006, Section 303.04.

Review Comments - IAD randomly selected a total of six instances of paid overtime from PPs 1, 10 and 12 of 2010 and performed detailed testing to confirm that overtime was approved prior to being worked. Three instances from each pay period were selected from Kronos "Employee Transactions & Totals" reports and traced and agreed to each respective overtime approval form and/or roster if applicable. There were one of nine approvals missing, one of nine where approval was after the time was worked and one instance where a roster was used for overtime approval but was incorrectly noted on a different day.

In addition, three overtime approval forms were randomly selected for the same pay periods and traced and agreed to Kronos "Employee Transactions & Totals" reports. No errors were noted.