

**Summit County Dept. of Jobs & Family Services
Preliminary Audit Final Report**

07-DJFS.Exec-49

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**Summit County Dept. of Jobs & Family Services
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Background**

General Background:

The primary goal of Job and Family Services is to assist citizens in obtaining and maintaining employment (or entering the workforce). The staff emphasizes education and training in the areas that will best suit the clients to find gainful employment. The agency also helps the county's senior citizen community by overseeing Medicaid and other programs.

Children and Adult Services Division

The Children & Adult Services (CAS) Division at DJFS provides a wide variety of services for people of all ages, from the youngest to the oldest. You can qualify for services based on a number of factors, including your income, how old you are, whether you have children, and if you have a disability. They have trained staff who are qualified to help you find out what services might be available to you.

These are just some of the programs and services available through Children and Adult Services in Summit County:

Child Care Programs – These programs help pay for childcare while parents work or go to school. They can also help find the childcare that works best for each family, whether it is traditional care in a licensed facility or care in a certified home setting. Another component of this program involves identification and certification of individuals who want to provide childcare in their own home, including care provided to families by friends/relatives.

PRC Programs – PRC stands for Prevention, Retention & Contingency. These programs help families maintain self-sufficiency in hard times. Some PRC services include counseling, tutoring, employment training and short-term help with such needs as utility bills and car repairs.

Health Insurance Programs – These programs are designed to provide health insurance to people who are age 65 and older or those who are blind or have another disability. The basic health plan covers doctor's visits, prescription drugs, hospital care, dental care, vision care and other services. The long-term care plan provides for care in a nursing home or intermediate care facility. This program also helps some people who qualify for long-term care to stay in the community, either in their own home or in a group home.

Medicare Premium Assistance – This program helps people with Medicare coverage pay for some or all of their Medicare expenses, such as premiums, deductibles and co-insurance payments.

Adult Protective Services (APS) – This program provides assistance to people aged 60 and over who are in danger of harm, unable to protect themselves and have no one else to assist them. Their staff investigates and evaluates reports of suspected abuse, neglect and exploitation of older adults.

Public Guardian Program – This program provides guardianship services to individuals who have no family to serve in this role. Services include securing stable living arrangements, managing finances and insuring burial provisions.

Family Support Services

The main responsibility at Family Support Services (FSS) is to provide temporary assistance and comprehensive services to families in need who may be experiencing short-term difficulties.

They provide help for families through a federal program - Temporary Assistance for Needy Families (TANF), known in Ohio as - Ohio Works First (OWF). Under OWF, case managers have two programs to assist clients: OWF Cash and Prevention, Retention, and Contingency (PRC).

OWF Cash provides temporary, time-limited cash assistance to families in need who are striving for self-sufficiency. PRC assists families to help them attain and retain employment, prevent dependency, and promote family stability within the context of community priorities and needs. Families may also receive additional assistance in the form of food stamps, medical coverage, childcare, and transportation.

Each of these programs has set federal and state eligibility guidelines and requirements. In general, eligibility is based on the family's income, residency, and citizenship.

As you can see, there has been a change in thinking about public support programs. The old view focused on benefits as entitlements. Now they are focusing on personal responsibility and self-sufficiency. They are determined to help the client prepare for employment and self-sufficiency - then to find a job and stay employed.

In Summit County, we are also determined to be more caring and supportive. They are working to see each client's needs more clearly. They are becoming more personally involved in helping each client.

Transportation and childcare are two of the most frequently cited barriers to self-sufficiency. They have streamlined the childcare referral process, which you can read more about under the Children and Adult Services Department section. They have also contracted with Metro Transportation for a brokerage system, which allows us to customize transportation services to match the needs of our clients.

The Family Workforce Development Division of the Summit County Department of Job and Family Services (SCDJFS) assists individuals in the Ohio Works First (OWF) and Food Stamp programs with job skills training, work experience job placement and supportive services. OWF and Food Stamp programs require participation in education, training or work experience to receive benefits. The hope is that through participation clients will become self-sufficient.

Family Workforce Development offers OWF and Food Stamp clients the opportunity to increase or add to their skills, gain valuable work experience, and/or obtain employment. Their programs reflect the expectation of a work environment; this assists in developing successful work habits and job retention.

Their Job Developers market clients to area employers so they are aware of this untapped resource that potential clients can bring to the workforce. They ask for the support of local businesses in providing; work experience internship opportunities or employment to our clients.

At SCDJFS, they have made a concerted effort to assist in eliminating barriers such as childcare and transportation. These efforts include improving the childcare application process by eliminating the need for a face-to-face interview, and contracting with Metro Transit to work with employers and client in customizing transportation needs.

In addition, our employment Resource Room provides services to clients seeking employment. The Resource Room supplies a number of tools and services to aid persons with their job search effort.

Source: <http://www.co.summit.oh.us/executive/DJAFS/jafs.htm>

**Summit County Dept. of Jobs & Family Services
Preliminary Audit Final Report**

AUDIT OBJECTIVES AND METHODOLOGY

The primary focus of this review was to provide the Summit County Department of Jobs and Family Services (SCDJFS) 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 2007 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 SCDJFS.

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.

Scope:

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

**Summit County Dept. of Jobs & Family Services
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Detailed Comments**

I. Policies & Procedures Review:

IAD obtained and reviewed the following policies and procedures for the SCDJFS:

- a. Summit County Employees Policies and Procedures Manual revised June 9, 2003.
- b. Summit/Medina County Workforce Development Policy Letters 04-01 through 04-15, with the exception of Policy Letter 04-07, which was not provided to IAD.
- c. Review of the Refugee Program.
- d. SCDFJS Non-Emergency Transportation Plan (N.E.T.).
- e. Draft Bus Pass procedures and Draft Photo ID procedures. Additionally, there was a document titled, "Document Imaging Process Front Desk Bldg 1" in this packet of procedures.
- f. On-the Job Training (OJT) Guidelines.
- g. Provider Gateway SCDJFS Title XX Provider Agency Quick Reference Guide 1/13/04 and Provider Gateway SCDJFS Provider Agency Invoicing Quick Reference Guide February 4, 2004. These manuals appeared to have been provided by the Provider Gateway Corp.
- h. Provider Manual FY 2008.
- i. SCDJFS Prevention, Retention and Contingency (PRC) Supportive Services Eligibility Guidelines, effective 7/1/04, 8/1/05, and 8/1/06, respectively.
- j. SCDJFS Prevention, Retention and Contingency (PRC) Plan, effective 10/15/05, 7/3/06, and 7/1/07, respectively.
- k. SCDJFS Title XX Eligibility Guidelines, effective 7/1/04, 7/1/05, and 7/1/06, respectively.
- l. SCDJFS Title XX/TANF Social Services Eligibility Guidelines SFY 2006, effective 7/1/05.
- m. SCDJFS Temporary Assistance to Needy Families/Title XX (TANF/TXX) Social Services Eligibility Guidelines SFY 2007, effective 8/1/06.
- n. A packet that contained the following:
 - i. Hearing Procedures
 - ii. Procedures for Quality Assurance Reviews
 - iii. Procedures for the in-house food stamp review process
 - iv. Tracking referral flow procedures
 - v. Procedures for Implementing Journal Entries for Intention Program Violations from Judicial Decisions
- o. Workforce Development Division Bill Paying Procedure.
- p. County of Summit Department of Human Services Policies and Procedures, Subject: Security, Section: Building Operations and Research & Policy Development, effective date 7/14/00 and Summit County Department of Job and Family Services Policies and Procedures, Subject: Safety for Field Visits, Section: Administration, effective date: 11/01/05. These procedures were also in the SCDJFS manual noted in letter q, below.
- q. SCDJFS Policies and Procedures manual. Numerous sections had effective or revision dates between 1999 and 2001.
- r. Accounts Receivable (Cashier's Office) policies and procedures and Accounts Payable policies and procedures.

- s. Maximus User guide for the Advanced Maintenance Screens, which appeared to be policies and procedures. On pages, 20 and 21 of the user guide there were procedures for Discharging Purchase Order in Program Expenditure Tracking (PET) and Accounts Payable-Voiding Checks on PET.
- t. Purchasing Processes and what appeared to be Chapter 177 of the Summit County Codified Ordinances.
- u. A document with form letters, directions for completing a Health Insurance Information Form, etc. that appeared to be policies and procedures.
- v. Policy and Procedures followed under the job title of Buy-In Coordinator and Policy and Procedures followed under the job title of Hospital Referral (JFS 02453) Coordinator. Parts of these procedures were repeated in the SCDJFS Policies and Procedures manual.
- w. SCDJFS Security Information manual. There were procedures included in the manual that were repeated in the SCDJFS Policies and Procedures manual.
- x. External Audit and Compliance E.A.C. Childcare Desk Reviews.
- y. Employee Evaluation Procedure.
- z. Contract Administration Division Policy and Procedures. IAD noted the effective and revision dates were between 7/1/03 through 2/12/07.

The following issue was noted:

1) Issue

Upon review of the SCDJFS policies and procedures that were provided in response to the documents request at the beginning of the audit, IAD noted the following:

- a. The miscellaneous policies and procedures were provided inconsistently and without explanation as to what department they applied. Additionally, these procedures were not appropriately formatted or structured and did not contain approvals by management or indicate effective dates. There were numerous documents that IAD was unable to determine if they were procedures. Therefore, IAD is unable to determine if there were a complete set of procedures for all the functional areas.
- b. The majority of the SCDJFS Policies and Procedures were outdated and appeared to have been revised six to eight years ago.
- c. Procedures for the document imaging process, bus pass issuance, and photo I.D. issuance were in draft form and had dates of 5/22/07 and 5/24/07.
- d. There were procedures contained in the SCDJFS Security Information manual, Policy and Procedures followed under the job title of Hospital Referral (JFS 02453) Coordinator, and Policy and Procedures followed under the job title of Hospital Referral (JFS 02453) Coordinator that were repeated in the SCDJFS Policies and Procedures manual.

Recommendation:

IAD recommends that the SCDJFS develop, implement, and update formal operating procedures for all functional areas as well as create a centralized mechanism for the monitoring of these procedures. Additionally, IAD recommends that the SCDJFS thoroughly review the policies and procedures to ensure that they are consistent with the mission and goals of the agency. These procedures should be communicated, with proof of receipt by the employee, to ensure that employees are aware of the appropriate policies and procedures of the agency. The policies and procedures should include effective/revisions dates, approvals, and indicate the department to which the procedures apply. This

will ensure that procedures are in place to achieve agency goals as well as ensuring that they are being performed consistently.

Management Action Plan

See separate document (SCDJFS AUDIT MANAGEMENT ACTION PLANS.)

II. Internal Control Testing:

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

- o Interviews
- o Expenditures
- o Cash
- o Personnel Files
- o Asset Inventory
- o Scrap Metal
- o Server Access

INTERVIEWS

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

- a. Director
- b. Legal Counsel
- c. Human Resources Deputy Director
- d. Assistant Director Finance & Administration
- e. Assistant Director Programs
- f. Contract Administration Deputy Director
- g. Family Support Services Deputy Director
- h. Training and Professional Development Deputy Director
- i. Children & Adult Services Deputy Director
- j. Workforce Development Deputy Director
- k. Assistant Deputy Director Administrative Services
- l. Building Operations Manager
- m. MIS Manager
- n. Chief Fiscal Officer
- o. Agency Affairs & Development Administrator
- p. Budget & Finance Deputy Director

No issues were noted.

EXPENDITURES

IAD obtained and reviewed the Accounts Payable, Child Care Roster documentation, Contracts Invoice review, and Purchasing Process procedures policies and procedures from the Chief Fiscal Officer to gain an understanding of the expenditure processes. IAD then met with the Chief Fiscal

Officer, utilizing an internal control questionnaire, to gain a further understanding of the DJFS expenditure process. Seven Accounting Specialists were interviewed by IAD and a walkthrough of the expenditure process was performed for each program e.g., OWF, WIA, Title XX, etc. to determine if the Accounts Payable procedures reflected the most current process being followed. A Banner access report was requested showing users who have access to the financial side of Banner from the Fiscal Office Computer Systems Software Analyst 3. He provided IAD with a DJFS Fund and Org security report showing all Banner users who have inquiry and/or update privileges in the Banner Finance module. IAD verified that the employees were active DJFS employees and that their access appeared reasonable based on their position. Additionally, the Fiscal Office Computer Systems Analyst 3, provided a Master Org Security report listing all Banner users with access to view and/or update all County orgs in Banner, which would include DJFS orgs. IAD reviewed the report for reasonableness by reviewing Banner screen PEAEMPL that indicated the employee's department. Thirty expenditures were judgmentally selected for testing.

The following issues were noted:

4. Issue

Upon review of the "Accounts Payable", "Child Care Roster," and "Contracts Invoice review" policies, and procedures, IAD noted the following:

- a. There was no effective or approval dates from management located on the Accounts Payable policies and procedures. Therefore, IAD is unable to determine when the procedures were created and became effective.
- b. During the walkthrough of the Accounts Payable process for various programs with the seven Account Specialists, three indicated the Accounts Payable procedures were somewhat current but there have been minor changes, one wasn't sure because she was new, two had never seen them before and/or didn't have a copy of them, and one had a copy of the procedures. Per the Chief Fiscal Officer, all Accounts Specialists were issued a copy, however, when the procedures are updated, all Account Specialists will sign for a copy.
- c. References to employees' names, as opposed to titles, were located in the "Accounts Payable-Contracts Payment Procedures". This makes it difficult to determine who is responsible for the function when employees change jobs or terminate.
- d. There were unapproved miscellaneous procedures for the processing of administrative invoices that were not included in the Accounts Payable policies and procedures. Per the Accounts Specialist, the prior Accounts Specialist created these procedures, which include who is authorized to approve administrative invoices for payment as well as other procedures followed by the Accounts Specialist. These should be included in the Accounts Payable policies and procedures or included in a separate manual for administrative billing.
- e. During IAD's walkthrough of the Accounts Payable process, the Accounts Specialists send their voucher recap sheets and voucher packets to the Internal Auditor for his review. Additionally, during the expenditure interview, the Chief Fiscal Officer indicated the Internal Auditor reconciles the Accounts Payable balances between the Program Expenditure Tracking (PET) system and Banner. IAD did not locate these procedures in the Accounts Payable policies and procedures. Per discussion with the Chief Fiscal Officer, these procedures will be changed effective 11/7/07. The Accounts Manager will review the voucher recap sheets and the Internal Auditor will pull a sample of invoices for verification and reconcile the balances in Banner to PET.

Recommendation

IAD recommends that the DJFS review, update, and communicate the Accounts Payable policies and procedures where applicable to reflect the most current processes. This will ensure that the processes are performed consistently and appropriately.

Management Action Plan

See separate document (SCDJFS AUDIT MANAGEMENT ACTION PLANS.)

5. Issue

There were two employees in the Executive Office Human Resource Department with update access to seven DJFS Orgs in Banner that did not appear reasonable. Per discussion with the Chief Fiscal Officer on 8/24/07 and 9/6/07, these employees should not have update access to the DJFS orgs.

Recommendation

IAD recommends that the DJFS remove the employees' access to the DJFS orgs and review the Banner Financial Access levels for all employees to determine that employee update and inquiry access to DJFS orgs are reasonable. This will ensure that only appropriate employees have the ability to modify financial data in Banner.

Management Action Plan

See separate document (SCDJFS AUDIT MANAGEMENT ACTION PLANS.)

CASH

IAD obtained and reviewed the Summit County DJFS Accounts Receivable (Cashier's Office) policies and procedures from the Chief Fiscal Officer. The Accounts Manager was interviewed, utilizing an internal control questionnaire, to gain an understanding of the cash collections process for the SCDJFS Cashier's Office. IAD verified with the Accounts Manager that the Cashier's Office procedures were the most current procedures being followed. IAD then met with the Accounts Manager to gain an understanding of the following State systems and how they are utilized by the Cashier's Office:

- a. Abacus (Automated Budgeting and Claims Updating System). This is a State system that allows the Investigation Unit to investigate and track welfare fraud. Only restitution payments are recorded in the system by the Cashier's Office.
- b. CRIS-E (Client Registry Information Systems Enhanced). This is a State Mainframe System for Client Eligibility Determination. Only restitution payments are recorded in the system by the Cashier's Office.
- c. PET (Program Expenditure Tracking). All daily monies received by the Cashier's Office are inputted in this Maximus general ledger system. Additionally, grant monies from the State, that are transferred by wire, and other wire transferred monies were recorded in the PET system (information was inputted from PET from the Summit County Cash Receipt Report).

A walkthrough was performed on the cash collection process to gain an understanding of the receipting, depositing and reconciliation process. Forty-three days, where transactions occurred, were randomly selected for testing. IAD randomly selected five days from the sample of forty-three daily transactions to

perform detailed testing of individual receipts to the Public Assistance Pay-In reports and to the Summit County Department of Human Services Check Received (Restitutions) reports. IAD also tested all twenty-one voided Cashier's Office receipts from 1/1/07 through 8/31/07.

The following issues were noted:

6. Issue

Upon review of the Accounts Receivable (Cashier's Office) policies and procedures, and discussion with the Accounts Manager on 9/11/07 and 9/20/07, IAD noted that the following procedures need updated:

- a. EBT/Ohio Direction Card Procedures.
- b. Entry of Information from State/Federal Intercept Report procedures.

Additionally, polices and procedures need to be created for the following:

- a. Cash Overage/Underage. Per the Accounts Manager, if there was a cash overage/underage it would be reported to Chief Fiscal Officer and the \$69 start-up money would be adjusted to compensate for the overage/underage. Additionally, the Accounts Manager stated that if there was a large overage/underage (i.e., \$100) each Accounting Specialist would be investigated and the employee responsible would be held liable.
- b. The reconciliation process performed by the SCDJFS Internal Auditor on a daily basis.
- c. The receipting, reimbursement, and reconciliation of agency-wide fundraiser funds.
- d. Allocation of restitution payments.

Recommendation

IAD recommends that the SCDJFS update and create policies and procedures for the above-mentioned Accounts Receivable (Cashier's Office) policies, procedures, and processes. Furthermore, IAD recommends that the SCDJFS communicate these procedures to the SCDJFS Cashier's Office employees. This will ensure that employees are aware of the policies and procedures and that they are accurately followed.

Management Action Plan

See separate document (SCDJFS AUDIT MANAGEMENT ACTION PLANS.)

7. Issue

Twenty of the twenty-one voided receipts selected for detailed testing did not contain a supervisor's signature of approval. Per the Accounts Receivable (Cashier's Office) policies and procedures, "all voided receipts will be approved by a supervisor".

Recommendation

IAD recommends that a SCDJFS Cashier's Office supervisor review and sign off on all voided receipts in accordance with the SCDJFS Accounts Receivable (Cashier's Office) policies and procedures. This will ensure that a supervisor is reviewing voided receipts for reasonableness and that the SCDJFS Cashier's Office complies with the Accounts Receivable (Cashier's Office) policies and procedures

Management Action Plan

See separate document (SCDJFS AUDIT MANAGEMENT ACTION PLANS.)

8. Issue

Upon observation of client restitution payments inputted into the Abacus system, IAD noted that the correct allocations of client restitution payments were not being followed. Per the Accounting Specialist, she performs a “rough estimate in her head” of the amount to apply based on the outstanding balances of each restitution amount owed. Per the payment formula, a weighted formula is to be utilized in determining the applicable percentages, unless other guidelines supersede (i.e., court orders for Intentional Program Violations).

Recommendation

IAD recommends that the Accounting Specialists’ begin to utilize the payment formula when allocating client restitution payments. This will ensure that State guidelines are followed accurately, consistently and could reduce possible audit findings. Additionally, this will ensure that DJFS is receiving the appropriate amount of incentive monies from the State.

Management Action Plan

See separate document (SCDJFS AUDIT MANAGEMENT ACTION PLANS.)

PERSONNEL FILES

The Summit County DJFS Policies and Procedures, Subject: Personnel Files, Section: Administrative Services and Research & Policy Development, effective 2/12/01 was obtained and reviewed to gain an understanding of the SCDJFS personnel file requirements. IAD also obtained and reviewed the Agreement between the County of Summit for the Department of Job and Family Services and the American Federation of State, County, and Municipal Employees, (AFSCME) AFL-CIO, Local #2696 and Ohio Council 8, effective 1/1/06 through 12/31/08. The Union Agreement was reviewed to gain an understanding of when and how often performance evaluations are to be conducted for bargaining employees. IAD met with the Human Resource Deputy Director, utilizing a personnel file questionnaire, to gain an understanding of the SCDJFS Human Resource (HR) function. The HR Deputy Director provided IAD with an updated list of standard content to be included in each employee’s personnel file. Twenty-five personnel files were chosen for testing.

The following issues were noted:

9. Issue:

It was noted upon review of the Summit County DJFS Policies and Procedures, Subject Personnel Files, Section: Administrative Services and Research & Policy Development, effective 2/12/01, and after speaking with the HR Deputy Director, that the Personnel Files Policies and Procedures are not up-to-date. The HR Deputy Director provided IAD with an updated list of the standard content to be included in each employee’s personnel file on 9/6/07.

Recommendation:

IAD recommends that the SCDJFS review the Personnel Files Policies and Procedures for outdated information, update accordingly, and communicate the procedures to employees. IAD obtained and reviewed a rough draft of the updated Personnel Files Policies and Procedures from the HR Deputy Director on 9/12/07.

Management Action Plan

See separate document (SCDJFS AUDIT MANAGEMENT ACTION PLANS.)

10. Issue:

It was noted during interviews with the HR Deputy Director, that the Summit County DJFS Policies and Procedures, Subject: Performance Appraisal, Section: Administrative Services and Research & Policy Development, effective 2/12/01, is not current due to the fact that it does not reflect the changes that occurred as a result of the implementation of electronic evaluations for bargaining employees. After a follow-up discussion with the HR Deputy Director, IAD obtained the Employee Evaluation Procedures to be used for bargaining employees, effective June of 2004.

Recommendation:

IAD recommends that SCDJFS incorporate the Employee Evaluation Procedures to be used for bargaining employees, effective June of 2004, into the existing Performance Appraisal Policies and Procedures, effective 2/12/01, review the entire manual for any inaccuracies, update accordingly, and communicate the procedures to employees. IAD obtained a rough draft of the updated Performance Appraisal Policies and Procedures from the HR Deputy Director on 9/12/07.

Management Action Plan

See separate document (SCDJFS AUDIT MANAGEMENT ACTION PLANS.)

11. Issue:

Upon review of the personnel files selected for detailed testing of the HR file requirements, the following issues were noted:

- a. Two out of the twenty-five personnel files selected did not contain an acknowledgement receipt for the AFSCME Union Agreement, effective 1/1/06 through 12/31/08. Per the HR Deputy Director, all employees, regardless of whether they are bargaining or non-bargaining, receive and sign an acknowledgement receipt for the AFSCME Union Agreement, with the exception of part-time and temporary employees.
- b. Twenty-one out of the twenty-five personnel files selected did not contain a current performance evaluation form.

Recommendation:

IAD recommends that SCDJFS bring all HR personnel files up to the current SCDJFS file expectations where applicable. This will ensure that appropriate file documentation is present in the personnel files.

Management Action Plan

See separate document (SCDJFS AUDIT MANAGEMENT ACTION PLANS.)

ASSET INVENTORY

IAD obtained and reviewed the following documents to determine the accuracy of the asset inventory accounting system and that inventory disposals were adequately documented and approved in accordance with policies as of 8/31/07.

- a. The "County Audit Report" dated August 2006, completed by the Ohio Department of Job and Family Services (ODJFS) Office of Research, Assessment and Accountability Bureau of Audit. Specifically, IAD reviewed the section on Inventory and Equipment.
- b. The SCDJFS Purchasing Process procedures to gain an understanding of purchases of inventory and equipment.
- c. The SCDJFS Annual Physical Inventory procedures, to gain an understanding of the SCDJFS procedures for tracking inventory.
- d. Codified Ordinance 177.18: "Sale or Disposal of Personal Property Not Cumulatively Exceeding \$15,000" and 177.19: "Sale or Disposal of Personal Property Cumulatively Exceeding \$15,000".
- e. Ohio Administrative Code (O.A.C.) § 5101: 9-4-15: "Disposal of Assets".
- f. Ohio Revised Code (O.R.C.) § 305.18: "Annual Inventory" to gain an understanding of the requirements for the performance of annual inventories for County governments.
- g. Office of Management and Budget Circular A-87 "Cost Principles for State, Local, and Indian Tribal Governments" to gain an understanding of Attachment B: Selected Items of Cost that is referenced in O.A.C. § 5101: 9-4-15. Circular A-87 applies to governments who receive federal funding and acquire assets with those federal funds.

Fifty current inventory items were judgmentally selected from the "CAP 198" access database table, further referred to as the SCDJFS inventory database, and compared to the inventory tag on the item. Fifty tagged items throughout buildings 1, 2, & 4 were selected and compared to the SCDJFS inventory database. Fifty disposed inventory items were chosen from the SCDJFS inventory database and compared to an Executive Order.

IAD then met with the MIS Manager, utilizing an internal control questionnaire, to gain an understanding of the process for tracking the computer and MIS-related inventory. IAD compared the total number of personal computers on an SCDJFS MIS inventory listing to the total number of personal computers on an ODJFS inventory listing. Twenty-five personal computers were judgmentally selected from the SCDJFS MIS inventory listing and agreed to the tag number on the personal computer.

The following issues were noted:

12. Issue

The SCDJFS inventory database has not been updated since the end of 2005/beginning of 2006. The information in the database was incomplete and insufficient (e.g., not all columns were completed where applicable, several columns were not utilized, and definitions of column headers were unclear, etc.). Furthermore, there is no central database for tracking all SCDJFS inventory. The MIS department keeps a detailed inventory of SCDJFS MIS-related equipment (e.g., laptops) which was not included in the SCDJFS inventory database obtained from the Purchasing

Manager. IAD also noted similar issues regarding the agency's inventory list and performance of an annual inventory in the ODJFS Office of Research, Assessment and Accountability Bureau of Audit, County Audit Report, dated August 2006. Specific comments in the report stated that the agency's inventory list did not include useful life, applicable program code(s), vendor names and that the database is only updated at the end of each year. Additionally, of the eight items selected for verification using the inventory list, three were unable to be located on the inventory list and one did not have a tag to reference back to the inventory list. Two items purchased in 2005 and selected for audit were not found on the inventory list. As a result, a noncompliance finding under O.R.C. § 305.18 was noted, including a comment that this was a follow up to the recommendations from the prior audit in 2003. According to O.R.C. § 305.18 "Annual Inventory": Each county officer or department head shall make an inventory, on the second Monday in January of each year, of all the materials, machinery, tools, and other county supplies under the jurisdiction of such county officer or department head. Per discussion with the Purchasing Manager on 9/11/07, an inventory was performed at the end of 2006; however, she has not updated the database since 2005 because the SCDJFS purchased and installed a new inventory database and barcode scanner called Intellitrack in August of 2007. Per the Purchasing Manager, Intellitrack should be up and running by the end of this year and the MIS department will have access as well. Additionally, the "Annual Physical Inventory" procedures that are currently followed will probably change once the new inventory tracking system is in place, per the Purchasing Manager. Because the current Access Database has not been updated, this increases the risk that inventory and equipment could be lost, stolen, or utilized improperly.

Recommendation

IAD recommends that the SCDJFS create and communicate policies and procedures to reflect the new process of scanning and tracking inventory. The procedures should enforce that the inventory database be updated perpetually as opposed to only once per year. Furthermore, IAD recommends that the SCDJFS reconcile the inventory items in the current inventory database to the newly purchased inventory database. This will make the process of updating the inventory more efficient and provide a more accurate reflection of the SCDJFS inventory.

Management Action Plan

See separate document (SCDJFS AUDIT MANAGEMENT ACTION PLANS.)

13. Issue

Upon review of a sample of fifty judgmentally selected inventory items indicated as present in the SCDJFS inventory database, the following was noted:

- a. IAD was unable to locate twenty-five items with the corresponding "ANUM" (SCDJFS tag number). In the majority of these instances, IAD was unable to locate and/or identify items because there was no further identifying information documented in the database (e.g., serial numbers, specific descriptions, purchase prices, purchase dates, etc.).
- b. IAD was unable to locate six items with the corresponding SCDJFS tag number; however, the items' tag numbers were documented on a "County of Summit Declaration of Surplus Inventory" form or an Executive Order declaring the item surplus.
- c. IAD was unable to locate one SCDJFS item (Dell Laptop Latitude 400) with the corresponding SCDJFS tag number. Upon follow up with the MIS Manager, he indicated that the SCDJFS tag number could not be correct and that the laptop was declared surplus. IAD noted there were only four laptops in the SCDJFS inventory database all

with purchase order (PO) # 7195 and no other identifying information. PO # 7195 was not detailed enough to indentify if laptops were purchased and what laptops they were. Additionally, there were nine Dell laptops that were declared surplus in 2007 per Executive Order #07-290, none of which were located in the SCDJFS inventory database and could not be agreed to the Dell Laptop Latitude 400 because of a lack of additional information. The MIS Manager also provided IAD with a listing of all laptops currently in the SCDJFS inventory, none of which was located in the SCDJFS inventory database. Per the Purchasing Manager, she tracks all SCDJFS inventory with the exception of state-owned personal computers, which laptops are not. Because there was no other identifying information contained in the SCDJFS inventory database for the Dell Laptop Latitude 400 and the SCDJFS inventory database has not been updated since the end of 2005/beginning of 2006, IAD deemed this an exception.

IAD provided the Purchasing Manager with the exceptions on 10/1/07, to allow any exceptions to be cleared. As of 11/7/07, IAD did not receive any updates or corrections from the Purchasing Manager.

Recommendation

See recommendation for Issue #12.

Management Action Plan

See separate document (SCDJFS AUDIT MANAGEMENT ACTION PLANS.)

14. Issue

Upon physical observation of fifty judgmentally selected inventory items located throughout the SCDJFS facility, the following was noted:

- a. The item's tag number was not located in the SCDJFS inventory database for twenty of the fifty items selected.
- b. There were sixteen instances where the item's tag number was located in the SCDJFS inventory database, but listed as "False", indicating the item was already disposed.
- c. There was one instance where the item's tag number was traced to the SCDJFS inventory database, but the description (DESC) column did not correspond with the item observed.
- d. There were two instances where the item's tag number was located in two different entries in the SCDJFS inventory database. One entry indicated the item was present and the other entry indicated the item was traded in.

IAD provided the Purchasing Manager with these exceptions on 10/1/07, to allow any exceptions to be cleared. As of 11/7/07, IAD did not receive any updates or corrections from the Purchasing Manager.

Recommendation

See Recommendation for Issue #12.

Management Action Plan

See separate document (SCDJFS AUDIT MANAGEMENT ACTION PLANS.)

15. Issue

Upon review of fifty judgmentally selected inventory items indicated as disposed in the SCDJFS inventory database, the following was noted:

- a. There were twenty-five instances where IAD was unable to locate an Executive Order declaring the item surplus from Executive Orders created in 1994 and 1996 through 2007.
- b. There were two instances where the SCDJFS tag number was not located on the Executive Order specified in the Authorization column of the SCDJFS inventory database. Nor were they located on any other Executive Order.
- c. Two items selected were still present at the SCDJFS. IAD had randomly selected the items to trace back to the SCDJFS inventory database in an earlier test.

IAD provided the Purchasing Manager with these exceptions on 10/4/07, to allow any exceptions to be cleared. As of 11/7/07, IAD did not receive any updates or corrections from the Purchasing Manager.

Recommendation

See Recommendation for Issue #12.

Management Action Plan

See separate document (SCDJFS AUDIT MANAGEMENT ACTION PLANS.)

SERVER ACCESS

IAD met with the MIS Manager to gain an understanding of who has password access to SCDJFS servers and the job requirements of the MIS staff. The “Network & Server Information Summit County Jobs & Family Services” binder that contains Server Information Data Sheets, which documented who had passwords for the SCDJFS servers was obtained and reviewed. In addition, the position descriptions and questionnaires for all positions within the MIS department were obtained and reviewed. The requirements and duties listed in the position descriptions and in the questionnaires were compared to who had passwords for the SCDJFS servers for reasonableness.

No issues noted.

III. Security:

Security issues noted during fieldwork are addressed under separate cover in the accompanying report in compliance with Ohio Revised Code §149.433²⁴⁸.