

# SUMMIT COUNTY, OHIO

BERNARD F. ZAUCHA, CPA, MBA, CIA, DIRECTOR

July 6, 2005

Diana Zaleski  
Summit County Clerk of Courts  
53 University Ave., 2<sup>nd</sup> floor  
Akron, OH 44308

**Re: Final Report of the County of Summit Clerk of Court's Preliminary Audit**

Dear Ms. Zaleski:

Attached is the final report of the Clerk of Court's preliminary audit which was discussed with members of senior management on February 17, 2005. In addition, please note that the Clerk of Court's management action plan was incorporated into the final report.

**The report was approved by the Audit Committee at its June 22, 2005 meeting at which time it became public record.**

We appreciate the cooperation and assistance received during the course of this audit. If you have any questions about the audit or this report, please feel free to contact me at extension (330) 643-2655.

Sincerely,

Bernard F. Zaucha  
Director, Internal Audit

cc: Audit Committee

**COUNTY OF SUMMIT  
CLERK OF COURTS**

**Preliminary Audit  
05-Legal.COC-28  
January, 2005**

**Approved by Audit Committee  
June 22, 2005**

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

*Bernard F. Zaucha, Director  
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**SUMMIT COUNTY CLERK OF COURTS  
PRELIMINARY AUDIT  
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**PRELIMINARY REVIEW AUDIT  
EXECUTIVE SUMMARY**

**AUDIT TITLE** Summit County Clerk of Courts: Legal Division (COC)

|              |                                      |     |                 |
|--------------|--------------------------------------|-----|-----------------|
| <b>SCOPE</b> | <u>X</u> Financial                   | ___ | Computer/EDP    |
|              | <u>X</u> Operational/Program Results | ___ | Special Project |

**TEAM MEMBERS** Bernard Zaucha, Director, Lisa Skapura, Assistant Director, Dan Crews, Senior Auditor, Joe George, Senior Auditor (Auditor In Charge), and Jennifer Cuenot, Auditor Intern

**OBJECTIVES** To obtain and review the current policies and procedures and to test the internal control structure and operating procedures through employee interviews and observation.

**HIGHLIGHTS** Major findings and recommendations included:

**COMMENDATION**

➤ **IAD commended the office for the professional and proactive manner in which they provided the requested preliminary documentation and personnel scheduling for audit questions.**

**FINDINGS**

**Objective 1: Policies and Procedures Review**

In Establishing a System of Policies & Procedures, Stephen Page, noted business author, writes:

The successful operation of an organization is dependent on an effective system of internal controls. A valid control system can assure that commands are carried out as required and warn the central decision-making function of changes in circumstances that require new sets of commands...play a decisive role in reducing intentional or unintentional exposure to errors...Policies and procedures are considered internal controls.

A. We identified the lack of an updated Employee Manual in the Clerk of Court's office.

IAD recommended that the COC review and update their employee manual to ensure that it is in line with management objectives as well as local, state, and federal regulations. This will ensure that the COC employees are aware of the most current personnel procedures.

B. IAD noted the lack of any organized, concise, documented, and standardized operational policies and procedures for any division of the department.

We recommended that the COC create a formal policies and procedures manual for all divisions of the COC, taking into consideration all employees, functions and responsibilities to include creation/revision dates on all polices and procedures. It is also recommended that COC administration review the manual, and communicate it to COC staff. Creation of a Policy and Procedures Receipt and Acknowledgment Form for each staff member, indicating receipt of the manual and an understanding and agreement to comply with the policies and procedures in the manual is also recommended.

**Objective 2: Review of Internal Controls**

**Human Resources**

- C. The majority of the COC staff do not have internet or intranet access to allow for access to the Ohio Revised Code and local rules of court for updates and information, Akron Bar Association for attorney contact information, employee benefits information, job postings, County telephone directory or the COC website for customer service purposes.

IAD recommended that the COC provide its staff with internet and intranet access to ensure that they receive the necessary information to perform their jobs in a timely fashion. Network tracking and site filtering by the COC IT department will allow the COC to monitor employee use.

- D. IAD noted that the employee personnel manual was not specific as to the contents of an employee file.

IAD recommended creation of a personnel file checklist, detailing all of the required forms/documents that should be maintained in the employee files.

- E. We noted after personnel file testing and interviews that performance evaluations are not conducted for all employees.

We recommended that all COC employees receive annual performance evaluations.

The information learned in performance evaluations have an effect on:

- Recruitment and hiring by revealing that the wrong people are being hired and the hiring interviews are not properly finding good employees
- Training and development by revealing that employees are being poorly trained and the need for improvement of County training procedures
- The planning process may identify over-staffing or unneeded services
- Compensation and merit systems are directly effected by influencing decisions regarding promotions, demotions, increases and decreases in pay
- Budgeting because all of the above areas require a change in allocation of money and human resources
- Motivational factors for the individual employee

Performance evaluations

- Ensure that employees understand the level of performance necessary to meet the job requirements
- Informs the employee of the quality of work being performed currently
- Helps the employee identify areas to be improved
- Allows the employee to communicate problems and issues of concern to the supervisor to receive proper recognition

For the supervisors, performance evaluations allow them to

- Identify excellent performers
- Promote these individuals to positions where they will be most useful
- Identify poor performers who need additional training and not terminated

Performance evaluations serve as documentation for employers in case legal measures ensue and also identify institutional inefficiencies.

### ***Expenditure Testing***

- F. IAD noted that a terminated employee was still on the bank checking account signature card.

We recommended that terminated employee's names be deleted from any bank signature cards to ensure that only employed and authorized staff have the ability to sign checks. Further, it was recommended that one of the signatures should be upper management personnel, directly involved with the check disbursing process.

- G. IAD found that there are no policies and procedures for the disbursement process.

See recommendation B. above.

### ***Collection Process***

- H. IAD found that the Clerk of Courts is in the process of developing a collection plan to address outstanding court fines, costs, filing fees and other court-related costs after termination of an Agreement for Collection of Unpaid Court Costs with the Fiscal Office.

We recommended that the Clerk of Courts implement a process/system to track past due amounts placed into collections and make every effort to collect these funds. If the office is unable to complete these efforts, a cost benefit analysis should be conducted to consider outsourcing the collection of past due funds.

- I. IAD found that the current accounting software package does not include comprehensive collection tracking capabilities.

IAD recommended that the Clerk of Courts explore alternative accounting software programs to ensure efficient and reliable monitoring of amounts due for collection purposes.

### ***Segregated Cash Accounts***

- J. IAD noted several operational inconsistencies with cash collection, and a segregation of duties issue as they relate to current policies and procedures.

See recommendation B above.

- K. Upon review of the Civil and Appeals Court divisions, we noted reconciliation and segregation of duties issues.

The recommendations were as follows:

#### **Court of Appeals Division:**

- Utilization of the Cashier's Reports comparing receipts generated to money received to ensure all receipts/monies are accounted for in the Appeals Division.
- Separating preparation and signing job duties for the balancing sheets, deposit breakdown sheets and deposit slips.

#### **Civil Division:**

- Modify the bookkeeper's duties to eliminate preparing the deposit breakdown sheets and deposit slips to ensure proper segregation of duties and eliminate reliance on the bookkeeper to perform all of the cash receipting functions.

**TIME FRAME** Start Date: 1-18-05

Completion Date: 2-11-05

**BENEFITS**  Financial Impact  
Directly Recoverable Costs  
 Policy Alternatives

Internal Control Improvements  
 Operational Improvements  
 Other

**INFORMATIONAL MATERIALS** IAD provided the Clerk of Court's office with various websites, checklists, forms and other materials relating to policies and procedures, and human resources. IAD furnished these materials to assist the auditee with addressing the audit recommendations and offer some information on best practices.

**Value Added Scorecard**

| <b>Risk</b>  | <b>Description</b>   | <b>Value</b>   |
|--|--|--|
| Lack of Policies & Procedures for all functional areas of the Clerk of Courts.                           | Through observation and inquiry it was noted that no procedural policies exist for the majority of the departments as well as programs funded by federal, state and grant money. | IAD recommended that policies & procedures be written and implemented to ensure that consistent procedures are followed throughout the department. |
| The current accounting software package does not include comprehensive collection tracking capabilities. | It was noted through inquiry that there are no reports generated for the collection of past due amounts.   | IAD recommended that reports be generated monthly to identify the accounts that are past due so that collection efforts can be pursued.            |

**SUMMIT COUNTY CLERK OF COURTS  
PRELIMINARY AUDIT  
BACKGROUND**

**Auditors:** Lisa Skapura, Joseph George, Dan Crews, and Jennifer Cuenot (Intern)

**Background:**

The Clerk of Courts, Legal Division supports the Summit County Court of Common Pleas-General Division and the Summit County Domestic Relations Court. The Legal Division is divided into three subdivisions: Civil Division, Criminal Division, and Domestic Relations. The responsibilities of the Legal Division include but are not limited to: filing and keeping of the court's records for lawsuits, foreclosures, judgment liens, notarial certificates, divorces and dissolutions, child support and custody matters, domestic violence complaints, criminal felony matters and collection and disbursement of court costs.

The Clerk of Courts also supports the Ninth District Court of Appeals. The responsibilities of the Ninth District Court of Appeals Division include but are not limited to: filing and keeping of all Notices of Appeals for all Summit County Courts, Original Actions and accepts applications for U.S. Passports.



**SUMMIT COUNTY CLERK OF COURTS  
PRELIMINARY AUDIT**

**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.

**Testing Procedures:**

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 CLERK OF COURTS  
PRELIMINARY AUDIT  
DETAILED COMMENTS**

*It was noted during audit planning, preparation, and fieldwork that the Clerk of Court's staff was very professional and cooperative in providing the requested preliminary documentation and personnel scheduling for audit questions.*

**I. Policies & Procedures Review:**

The Internal Audit Department (IAD) obtained and reviewed the current Policies & Procedures for the Summit County Clerk of Courts' office to ensure that they were up to date and reasonable. The following issues were noted:

1) Issue

Upon review of the COC Employee Manual (personnel procedures), it was noted that the majority of the manual is outdated.

Recommendation

IAD recommends that the COC review and update their employee manual to ensure that it is in line with management objectives as well as local, state, and federal regulations. This will ensure that the COC employees are aware of the most current personnel procedures.

Management Action Plan

**The Clerk of Courts issued a copy of the revised Summit County Ordinance 169 – Summit County Personnel Policy and Procedures to all employees on March 8, 2005. All employees acknowledged, in writing, the receipt of the policy and the acknowledgment was filed in their personnel files. Clerk of Courts will amend and update the current written version of the Clerk of Court Legal Division personnel manual to incorporate the revised version of 169. This will be completed and distributed to all employees by December 31, 2005.**

2) Issue

IAD noted that the majority of the procedures obtained and reviewed were in memo form and were not contained in a concise procedural manual. It was also noted that it did not appear that all of the functional areas of the COC had up-to-date standard documented procedures.

Recommendation

IAD recommends that the COC develop, implement, and update formal operating procedures for all functional areas. IAD recommends that the COC thoroughly review and communicate these policies and procedures to ensure that they are consistent with the mission and goals of the current administration. These policies and procedures should include dates of creation/revision and should be reviewed and signed off by the personnel in their respective departments. The sign off sheet should indicate that the employee accepts, agrees to comply, and understands the specific manual with the date of revision of the manual. This will ensure

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

Management Action Plan

**Many of the functions performed by the Clerk of Courts are stated in the Ohio Revised Code, Rules of Court Procedure, Rules of Superintendence-Ohio Supreme Court Rules, and the Local Rules for each Court. The Clerk will coordinate all written procedures and incorporate them into a concise manual for use by the staff of the clerk's office to insure that all functions are in compliance with the above stated rules and statutes. The Clerk of Courts will issue a copy of the procedure manual to all employees by December 31, 2005.**

**II. Internal Control Testing:**

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

- o Interviews
- o Personnel Files
- o Expenditure Testing
- o Collection Process
- o Fees Testing
- o Segregated Cash Accounts

INTERVIEWS

To gain an understanding of the COC, IAD interviewed the following positions throughout the department:

- A. Clerk of Courts
- B. Chief Deputy Clerk of Courts
- C. Legal Division Manager
- D. Director of Administration
- E. Criminal Division Clerical Supervisor 1
- F. Domestic Relations Division Clerical Supervisor 2
- G. Court of Appeals Division Clerical Supervisor 1
- H. File Room Clerical Supervisor 1
- I. Fiscal Officer 2

The following issues were noted:

3) Issue

IAD noted through interviews that there is no written policy on interaction with the press.

Recommendation

See Policy and Procedure recommendation #2.

Management Action Plan

**The Clerk of Courts developed a written version of the policy and on April 20, 2005 the policy was distributed to all employees. Each employee acknowledged receipt of the policy by signing an acknowledgement. The acknowledgment was filed in each personnel file.**

4) Issue

IAD noted through interviews that it appears employees are unaware of the conflict of interest policy for the COC.

Recommendation

IAD recommends that the COC office communicate the current conflict of interest policy. This will ensure that employees are aware of what is considered a conflict of interest and will be able to identify and avoid these types of situations.

Management Action Plan

**The Clerk of Courts distributed the State of Ohio Ethics Policy to all new and existing employees. COC also distributed the revised version of the codified ordinance that contains the county ethics of public employment policy on March 8, 2005. A required acknowledgment was signed by all staff and placed in personnel files. The Clerk of Courts will incorporate the Summit County ethics ordinance into personnel manual by December 31, 2005.**

5) Issue

Based on interviews it does not appear that the written disaster recovery plan has been communicated with the employees of the COC.

Recommendation

IAD recommends that the COC formally communicate the disaster recovery plan to all employees. This will ensure that employees are aware of the procedures they will need to follow in the event of an emergency to ensure the continuity of the operations.

Management Action Plan

**The current disaster recovery plan and building evacuation procedures were distributed to all staff with a required acknowledgment for the individual personnel files on April 5, 2005.**

6) Issue

It was noted during interviews that the majority of the employees do not have internet or intranet access. Employees have no ability to access internal County information such as insurance information, job postings, the County telephone directory, and other hyperlinks that would connect the employee to other insurance provider information. Additionally the employees have no external access to the following potentially useful information: local court websites that contain the local rules of the court, Akron Bar Association website for an up to

date listing of attorneys, or the ability to access the COC website that can be used for customer service purposes.

#### Recommendation

IAD recommends that the COC provide their employees with internet and intranet access. This will ensure that employees have access to County benefits information as well as external information such as the local court rules. IAD further recommends that the COC utilize some form of internet tracking, through their internal IT department, to ensure that employees are utilizing access for its intended purpose.

#### Management Action Plan

**As of April 1, 2005 the Clerk of Courts provided both intranet and internet access to all employees of the Legal Division. Internet access is limited to job related sites as discussed in the audit. The access will allow staff to obtain their personal health benefit information. As more job related sites become available the staff will be instructed in writing as to their availability. Internet and Intranet traffic is controlled from its inception and administered through technologies implemented at the computer, domain and network levels. The Network Manager upon the approval of the Clerk of Courts sets the access capabilities. We feel it is unnecessary to monitor and report on access to sites which compliment the clerk's mission.**

**As each employee received their new PC the IT department staff personally provided training informing them of the ability to use the intranet and internet.**

**The internet usage policy that was developed in 2004 and revised April 20, 2005 was issued to all staff with a required acknowledgment for the personnel file on April 20, 2005.**

### PERSONNEL FILES

IAD obtained and reviewed employee personnel files maintained at the COC to verify that appropriate file documentation is maintained for all COC staff. The COC Policies and Procedures manual states what may be contained in the personnel files; therefore, IAD obtained the specific file documentation requirements per discussion with the Chief Deputy Clerk. A personnel file questionnaire was also utilized to gain a further understanding of the COC's Human Resource function. Ten employees from the COC's current active employee list were haphazardly selected for personnel file testing. IAD then tested the personnel files for the applicable documentation contained in the HR files.

#### 7) Issue

Upon review of the personnel files selected for detailed testing of the HR file requirements based on discussion with the Chief Deputy Clerk, the following issues were noted:

- a) One of nine applicable employee personnel files did not contain a sign off sheet acknowledging the receipt, responsibility and understanding of the Clerk of Court's Employee Personnel Manual. (The sample size was reduced to nine because one of ten employees selected was an elected official and noted as creating the sign-off sheet.)

- b) Two of ten personnel files did not contain a copy of an Employee State Withholding IT-4 Form. Upon follow up with the Fiscal Office Payroll Department, one of the two IT-4 Forms was located in the Payroll Department. Per the Chief Deputy Clerk, the employee with the missing IT-4 Form was hired in 1973 and it may have been misplaced.

Recommendation

IAD recommends that the Clerk of Courts bring all HR personnel files up to the current Clerk of Court's file expectations where applicable. Additionally, IAD recommends that the missing Employee State Withholding Form IT-4 be completed to ensure that the proper amount of tax is being withheld.

Management Action Plan

**The Clerk of Courts obtained a new State Withholding IT-4 form from the employee and forwarded it to Payroll on February 8, 2005. A copy was placed in the employee's personnel file.**

8) Issue

Upon comparison of the Clerk of Court's Employee Personnel Manual to the Personnel File Narrative, created through discussion with the Chief Deputy Clerk, the listing of personnel file documentation in the Employee Personnel Manual (Section 9.1 Personnel Records) stated what may be contained in the personnel files but was not detailed in terms of specific forms (i.e. Banner forms, Emergency Contact Sheets, I-9's, etc.).

Recommendation

IAD recommends that the COC establish/create a detailed checklist of all required forms/documents that are to be maintained in the personnel files. A detailed checklist will ensure that the documentation contained in the personnel files is consistent and complete.

Management Action Plan

**The Clerk of Courts will update and create a detailed checklist of required forms that are to be maintained in the personnel files by December 31, 2005.**

9) Issue

IAD noted that the Clerk of Court's Employee Personnel Manual was outdated (February 1991) and the COC currently refers to Chapter 169 of the Codified Ordinances for personnel matters. Per the Chief Deputy Clerk, all updates of Chapter 169 are distributed to the employees, who are instructed to put the updates in their Employee Personnel Manual. However, it was noted that the COC obtains sign-off sheets from employees in regards to the receipt and understanding of the Employee Personnel Manual and not Chapter 169.

Recommendation

See Policy and Procedure recommendation #2.

Management Action Plan  
**See issue # 1**

10) Issue

Three of nine applicable personnel files did not contain performance evaluations. The sample size was reduced to nine because one of ten employees selected was an elected official and does not receive performance evaluations. Per the Chief Deputy Clerk, two of the three employees are Administrative staff and the Clerk of Courts does not evaluate these employees.

Recommendation

IAD recommends that the Clerk of Courts complete performance evaluations for the Administrative staff. The primary goal of performance evaluations is to provide a process to assess actual performance in relation to goals and expectations. This process should be an ongoing, mutual exchange of information that promotes professional growth and contribution to the Clerk of Courts.

Management Action Plan

**Effective March 1, 2005 the Clerk of Courts revised her policy and completed performance evaluations for all administrative staff.**

EXPENDITURE TESTING

IAD interviewed and created a narrative with the Chief Deputy Clerk to gain an understanding of the expenditure cycle for the segregated cash accounts during 2004 to ensure that proper authorization and approvals are in place. Expenditure reports were obtained to determine the complete population. IAD then haphazardly selected fifty expenditures from the month of September 2004 for testing. The sample was tested to ensure that expenditures were processed in accordance with the current operating procedure. The following issues were noted:

11) Issue

Upon review of the check duplicates in each division, IAD noted that the Administrative Assistant signed 28 of 28 checks in Civil, 1 of 13 checks in Criminal, 7 of 8 checks in Domestic, and 1 of 1 check in Appeals. Per the Chief Deputy Clerk, it was noted that the following positions have authorization to sign checks: Account Clerk 3 (Bookkeepers), Fiscal Officer 2, Legal Division Manager, Chief Deputy Clerk, and the Clerk of Courts. Per the Chief Deputy Clerk, the Administrative Assistant retired in December 2004, however her name is still on the signature card until the current Administrative Assistant's probationary period is over (120 days). At that time, the signature card will be changed to the new Administrative Assistant's name.

### Recommendation

IAD recommends that the Clerk of Courts remove the retired Administrative Assistant's name from the signature card. This will ensure that only currently employed and authorized staff have the ability to sign checks. IAD also recommends that the Clerk of Courts require one of the signatures (there are two required on each check) to be from an upper level management position, as the Administrative Assistant is not directly involved with the check disbursing process.

### Management Action Plan

**As of March 16, 2005 COC removed administrative assistant's name from signature cards on bank accounts. New administrative assistant will not have authority to sign checks. The Clerk of Courts, Chief Deputy Clerk, Legal Division Manager, Fiscal Officer, Division Supervisors and the Department Bookkeeper/Account Clerk have the authority to sign checks. The Department Bookkeeper/Account Clerk and the Department Supervisor have authority to sign for their departments only.**

## 12) Issue

Upon discussion and review with the Chief Deputy Clerk, IAD noted that there are no written internal policies and procedures for the Clerk of Court's disbursement process.

### Recommendation

See Policy and Procedure recommendation #2.

### Management Action Plan

**The current disbursement procedure is automated, but written procedures will be developed and distributed to bookkeepers as part of issuance of the new procedures by December 31, 2005.**

## COLLECTION PROCESS

In order to gain an understanding of the cost collection process the COC Cost Collection Program dated April 2004 (*policies and procedures*) was obtained and reviewed. An "Agreement for Collection of Unpaid Court Costs" between the Fiscal Office and the COC was also obtained from the Chief Deputy Clerk to gain an understanding of the agreement between the two parties. This agreement was for the performance of collection efforts for delinquent court costs, for the Civil and Domestic division, by the Fiscal Office for the COC. The effective date of the agreement was 8/25/03 and per the Chief Deputy, was ended on 12/31/04. Several reports in relation to the collection process were also obtained and reviewed.

## 13) Issue

It was noted in discussions with the Chief Deputy Clerk and the Director of Administration during the audit that the COC is currently in the process of developing their own collection plan to address collection efforts subsequent to the termination of the Fiscal Office collection agreement. However, upon review and discussion with the Chief Deputy Clerk and the



Director of Administration concerning the current Excel spreadsheets used to track collections activity from August 2003 to the present revealed the following:

- a) The total court costs placed into collections over the noted period are not represented in their entirety. Per the Chief Deputy Clerk and Director of Administration, the Fiscal Office collections representative inconsistently removed some of the original court costs and/or collection charges placed into collections as payments were received by the COC.
- b) The spreadsheets do not include a balance due column so that the current amount due can be noted when payments are made on the collections amounts.
- c) The current spreadsheets have not been updated in relation to adding new cases placed into collections by the costing clerks or the addition of judgment liens since the termination of the collections agreement with the Fiscal Office on 12/31/04.
- d) The collection spreadsheets do not address collections of court costs due from the Criminal and Court of Appeal divisions, nor from any divisions' cases ending in years prior to 2003.
- e) No reconciliations were completed by the COC of cases noted for collections by the costing clerks and subsequently sent to the Fiscal Office representative for inclusion into the tracking spreadsheets.

#### Recommendation

IAD recommends that a process/system be implemented to track past due amounts placed into collections. This process should incorporate a system for tracking current balances due as new cases are added and payments are made on existing cases. IAD also recommends that the current tracking spreadsheet be reviewed and updated to include all original collection amounts and charges incurred so that an accurate assessment/analysis can be made of the collections efforts to date since the implementation of the Clerk of Courts' collections efforts in 2003. If the COC is unable to complete these recommendations on a timely basis, the COC should consider obtaining the services of an outside vendor specializing in the collections process.

#### Management Action Plan

**The Clerk of Courts will continue to collect court costs. The cost clerks will continue to perform the current 90 day billing cycles on a daily basis. Billings are issued daily and receipts for costs are written daily. We don't feel that the absence of the contract with the Fiscal office for collection has hindered the collection of costs in our office. The only step not performed currently is the final step of placing a judgment lien against the party in default of paying the costs. It is the Clerk's intention to place liens against the accounts once the accounts are reconciled with the collection spreadsheets.**

**The collection spreadsheets mentioned in the audit were developed by our IT staff to provide collection statistics such as the number of cases sent to collection and the total amount of court costs sent to collection. The Clerk of Courts relied on the Text & Data application and receipt records to monitor and track payment of costs while in the collection phase. The combination of both the Excel spreadsheets and the data base receipt records provided data to inform the Clerk of the progress in the cost collection.**

**The Clerk of Courts will reconcile the current spreadsheet with the case dockets and receipt transactions and update it for use in the collection of costs. Once the reconciliation is completed the Clerk of Courts will institute the new cost collection**

program written by the IT Department. We have just ended the first quarter of 2005 and the cost clerks have been instructed to start a file of all cases that have completed their 90 day billing cycle. This information will be used to update the new cost collection tracking software. The Clerk of Courts will begin to place judgment liens against parties in default by June 30, 2005.

The Clerk of Courts Office and the Court of Common Pleas Administrator have been meeting to discuss new methods of enforcing the collection of criminal court costs. Currently the collection of court costs is the probation department's responsibility due to the fact that the Court orders reflect that the court costs are to be paid as a term of probation. Some ideas have been presented and are waiting for the judge's approval before instituting new procedures.

The Clerk has been collecting costs in the Ninth District Court of Appeals cases using the same cost collection methods as stated above.

The Clerk of Courts will consider cost collection functions as one of the main priorities when selecting a new case management program. The Clerk of Court's goal is to have a new case management system implemented before December 31, 2006. This of course depends on the availability of capital improvement funding.

#### 14) Issue

The current accounting software package used by the Clerk of Courts does not have comprehensive collection tracking capabilities.

#### Recommendation

IAD recommends that the COC research alternative accounting software programs as an alternative to present tracking methods to ensure efficient and reliable monitoring of collection amounts due.

#### Management Action Plan

**Same plan as in #13.**

### FEES TESTING

The Fiscal Officer 2 was interviewed to gain an understanding of the costing process and to create a narrative of the process. IAD obtained and reviewed the schedule of fees from the COC website. The Total Cash Received Report was then obtained to determine the audit population and to choose a testing sample. Twenty receipts from the month of September 2004 for a single day were chosen to agree to the fee schedule from the COC website or to supporting documentation, such as the Ohio Revised Code, to ensure that the fees collected were properly assessed.

15) Issue

Per review and discussion with the Fiscal Officer 2, IAD noted that the Criminal Division website for the Clerk of Courts listed an additional State of Ohio mandated fee of \$41.00 that is charged on all bonds. Per the Fiscal Officer 2, the current mandated fee is \$45.00. Upon follow-up, this fee had changed in September 2003. Our review noted that the correct amount of \$45.00 was collected for the 2004 test month.

Recommendation

IAD recommends that the Clerk of Courts update their Criminal Division website to include the correct fee amount represented to the public.

Follow up

Prior to the completion of our audit, IAD noted that the additional mandated fee of \$45.00 had been updated.

Management Action Plan

No management action plan necessary.

SEGREGATED CASH ACCOUNTS

The cash receipts process was reviewed to ensure that cash receipts are properly documented, accounted for, and reconciled. The following policies and procedures were obtained and reviewed from the Chief Deputy Clerk to gain an understanding of the cash receipt process: Receipt Writing Procedures dated 9/3/96, Cashier/Clerk Positions dated 6/9/94, Money Orders dated 1/15/04, Overage/Underage Boxes dated 1/16/91, and Office Procedures dated 10/20/93. IAD also met with and performed a walkthrough with three Clerks (Cashiers), Account Clerk 3, and the Fiscal Officer 2. A listing of all bank accounts was obtained from the Chief Deputy Clerk to determine the total number of segregated bank accounts utilized by the COC. The audit population was determined through review of the 2004 Cash Cook Activity- Close Month Reports for the four divisions. The month of September 2004 was haphazardly selected for detail testing of the Court of Appeals, Civil, Criminal, and Domestic Divisions.

16) Issue

Upon review of the most current policies and procedures dated 9/3/96 for receipt writing and balancing, there appears to be conflicts with the current process noted during discussion and observation with Clerk of Court personnel in the Civil Division, which was reviewed and approved by the Chief Deputy Clerk. The following issues were noted:

- a) Currently, all balancing of receipts is performed the following morning at 7:30 A.M. The policies and procedures state the balancing should be performed at 3:30 P.M. the day monies are received and at 7:30 A.M. the following day.
- b) During IAD's observation, the Fiscal Officer 2 was observed reviewing the checks and money orders to make sure they were completed properly and that all checks were endorsed properly. The Clerical Supervisors normally perform this function; however, the position is currently vacant in the Civil Division. This was noted as a proper segregation of duties; however, the policy and procedure dated 9/3/96 states

that the bookkeepers are to perform this function, which is not a proper segregation of duties.

- c) It was noted in the policy and procedure dated 9/3/96 item #1 under “Receipt Writing”, that the Clerk of Courts is enforcing a “no check policy” in the Criminal Division. However, IAD noted during review of the Criminal Division’s Receipts that the Criminal Division was receiving checks. Per the Criminal Division Clerical Supervisor 1, the Criminal Division does not accept personal checks from the defendants. However, they will accept checks from attorneys for expungement and restitution fees and companies. Occasionally, a company where the defendant is employed will receive a Court Order for a wage assignment to deduct a specified amount of money from the defendant’s wages and pay the Clerk of Courts. The Criminal Division accepts checks in these instances as well. Per the Criminal Division Clerical Supervisor 1, there is no updated written check policy for the Criminal Division.

Recommendation

See Policy and Procedure recommendation #2.

Management Action Plan

**The Clerk of Courts revised current procedures for daily balancing and issued written procedures to all staff with an acknowledgment receipt on April 22, 2005. A copy of the procedures is attached (Attachment A, B.)**

**The Clerk of Courts revised current check policy and issued a copy of the policy to all staff with an acknowledgment receipt on April 22, 2005. A copy of the policy is attached (Attachment C.)**

17) Issue

IAD noted that the Court of Appeals Division does not utilize the system-generated Cashier’s Reports to compare to the receipts and balancing sheets.

Recommendation

IAD recommends that the Court of Appeals Division utilize the Cashier’s Reports to compare receipts generated to money received. This will ensure that all receipts and monies are accounted for in the Appeals Division. This will ensure that all divisions are consistently performing the same functions.

Management Action Plan

**Effective March 14, 2005 the necessary program changes were completed to allow the Ninth District Court of Appeals clerks to utilize the computer generated cashiers report. The Ninth District staff was instructed by memo form on March 14, 2005.**

18) Issue

Upon review of the Receipts, Balancing Sheets, Cashier's Reports, Deposit Breakdown Sheets, Deposit Slips, and Bank Statements for the Court of Appeals Division for September 2004 (21 business days) the following issues were noted:

- a) There was one instance where the Clerical Division Supervisor prepared and signed both the balancing sheet and the deposit breakdown sheet. Per the narrative, the Clerical Division Supervisor can perform both functions; however, a lack of segregation of duties exists.
- b) The balancing sheets, deposit breakdown sheets, and deposit slips were prepared and signed by the same Clerk in the Appeals Division in 19 of 21 instances. These functions should be separated.

Recommendation

IAD recommends that the Court of Appeals Division separate the functions of balancing and depositing to the best of their abilities. IAD is aware that there are currently two employees in the Court of Appeals Division, however separating the functions will ensure a segregation of duties.

Management Action Plan

**On February 2, 2005 the Clerk of Courts issued a copy of the new cash balancing procedures for the 2 person Court of Appeals Office. The Court of Appeals staff was directed not to have the same person balance the cash box and prepare the bank deposit. The staff was also instructed in the absence of one of the deputy clerks in Appeals the deposit is to be brought to the main office to be prepared by Fiscal Officer, Division Manager or Chief Deputy.**

19) Issue

Upon review of the Receipts, Balancing Sheets, Cashier's Reports, Deposit Breakdown Sheets, Deposit Slips, and Bank Statements for the Civil Division for September 2004 (21 business days) the following issues were noted: The Account Clerk 3 (Bookkeeper) prepared and signed the Deposit Breakdown Sheets and prepared the deposit slips in 16 of 21 instances. Per the observation/narrative, the Clerical Division Supervisor, Fiscal Officer 2, Legal Division Manager, Chief Deputy Clerk, or the Clerk of Courts can prepare the Deposit Breakdown Sheets and the deposit slips. Furthermore, the bookkeeper is responsible for generating the Cashier's Reports and comparing them to the receipts and also comparing balances on the Cashier's Report with the Cashier's/Clerk's Balancing Sheets. The bookkeeper also receives the monthly bank statements and prepares the bank reconciliations. Per the Fiscal Officer 2, the bookkeeper can prepare the Deposit Breakdown Sheets and deposit slips if all of the authorized personnel are unavailable.

Recommendation

IAD recommends that the bookkeeper's duties not include preparing the Deposit Breakdown Sheets and deposit slips. This will ensure a proper segregation of duties. Furthermore, it will eliminate the reliance on the bookkeeper to perform all of the cash receipting functions with the exception of preparing the Balancing Sheets, which is performed by the Cashiers/Clerks.

Management Action Plan

**On February 4, 2005 the Clerk of Courts issued a written memo instructing bookkeeper in Civil Division to have deposits prepared by Fiscal Officer, or Chief Deputy in the absence of the civil supervisor. This instruction has already been incorporated into the new daily balancing procedures issued on April 22, 2005 to all staff members.**

**III. Security:**

Security issues noted during fieldwork are addressed under separate cover in the accompanying report in compliance with Ohio Revised Code §149.433<sup>248</sup>.

**SUMMIT COUNTY CLERK OF COURTS:  
LEGAL DIVISIONS PRELIMINARY AUDIT**

**ATTACHMENTS**

- Attachment A      Daily Balance Sheet Procedure revised 4/21/2005 (see Management Action Plan, page 20)
- Attachment B      Daily Balancing Procedure revised 4/21/2005 (see Management Action Plan, page 20)
- Attachment C      Check Procedure (see Management Action Plan, page 20)

**ATTACHMENT A**

April 21, 2005 (revised)  
SUMMIT COUNTY CLERK OF COURTS  
LEGAL DIVISION

**DAILY BALANCE SHEET**

Each counter clerk who wrote receipts for the day must complete a daily balance sheet.  
This function is used to reconcile all daily receipts and assist with the preparation of the bank deposits.

Follow the instructions listed on the sample form.

All discrepancies must be listed in the Explanation space on the form.

A date must be entered on each form.

Counter Clerks must sign the form.

The Daily Balance sheet should be given to supervisor along with deposit money in zipper bag.



April 21, 2005 (revised)  
SUMMIT COUNTY CLERK OF COURTS  
LEGAL DIVISION

**DAILY BALANCING**

All cash drawers need reconciled with the daily receipts and bank deposits must be prepared. This is done either at the end of the business day or the start of the next business day depending on how busy the counters are at the end of the day.

All cash drawers are to be counted away from the work counters.

Do not accept phone calls while balancing the cash drawers.

A cashiers report must be run for each business day. This report is run by the bookkeeper. The cashiers report consists of each individual cashier's daily transactions. The report lists a total of all receipts written by cashier. The report generates the total amount of cash receipted and total number of cash receipts written. Also the total number of money orders receipts written along with total amount of money order receipts generated. The same is done for check receipts written.

Each counter clerk should complete a daily balance sheet. The cash breakdown is done by denomination and totaled. Checks and money orders are listed separately and totaled. See instructions to complete daily balance sheet.

Once the daily balance sheet is complete the counter clerk and the bookkeeper must verify the totals of cash, checks and money orders to the cashier reports.

Once amounts are verified the counter clerk must count out the cash to create the bank deposit.

Counter clerk should verify that the cash on hand is correct and place in zipper bag.

All checks and money orders need to have bank deposit stamp on back.

If there is a discrepancy in the cash box balancing it should be reported immediately to your supervisor, who in turn will report it immediately to Legal Division Manager or Chief Deputy.

All efforts to find any overage or shortage should be made with the combined help of the Bookkeeper and Supervisor to check all transactions.

All discrepancy must be noted on the daily balance sheet and also noted on the bookkeeper's daily variance list.

Once the cash box is reconciled the counter clerk is to place the deposit money and all checks and money orders in the clear zipper bag and give to the supervisor.

If the deposit is being prepared the next day the counter clerk should deliver the zipper bag to safe for safekeeping overnight. All cash, checks and money orders must be locked in safe overnight.

**CHECK POLICY**

1. Purpose

To provide a guideline to the Summit County Clerk of Courts Legal Division in regards to receiving bank checks for payment of costs and services performed by the Legal Division.

II. Scope:

This policy applies to all divisions that make up the Legal Division of the Summit County Clerk of Courts Office.

III. Policy:

1. All checks and money orders should be made payable to the Summit County Clerk of Courts, Clerk of Courts or Diana Zaleski Clerk of Courts. No other endorsements will be accepted without approval of division supervisor.
2. Post dated checks are not accepted.
3. Third party checks are not accepted.
4. All checks and money orders must be signed by payee.
5. Checks will be accepted for services provided by the Clerk of Courts Legal Division except for the services listed under the exceptions section of this policy.
6. Exceptions to this policy are listed below:
  - a. Court cost payments drawn on criminal defendant's personal checking accounts.
  - b. Restitution payments drawn on criminal defendant's personal checking accounts.
  - c. Recognizance bonds written by the Summit County Clerk of Courts.
  - d. Guardian ad litem fees in Domestic Relations cases drawn on plaintiff and defendant personal checking accounts.
  - e. New case or post decree filing fees in Domestic Relations drawn on the personal checking accounts of Pro se parties.
  - f. Release of judgment liens drawn on the debtor's personal checking account with the exception of the Clerk of Courts as creditor liens.