

SUMMIT COUNTY, OHIO

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

February 1, 2005

Linda Phelps
Director of Finance and Budget
175 S. Main Street, Room 708
Akron, OH 44308

Re: Final Report for the County of Summit Bureau of Office Services Preliminary Audit

Dear Ms. Phelps:

Attached is the final report of the County of Summit Bureau of Office Service's preliminary audit which was discussed with members of senior management on October 15, 2004. In addition, please note that the County of Summit Bureau of Office Service's management action plan was incorporated into the final report.

The report was approved by the Audit Committee at its December 17, 2004 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
James B. McCarthy
David Hickman, Office Services Administrator

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**EXECUTIVE OFFICE OF BUDGET
AND MANAGEMENT: BUREAU OF
OFFICE SERVICES**

**Preliminary Audit
04-OfficeSvcs.OBM.Exec-23
September, 2004**

**Approved by Audit Committee
December 17, 2004**

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

*Bernard F. Zaucha, Director
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**COUNTY OF SUMMIT BUREAU OF OFFICE SERVICES
PRELIMINARY AUDIT
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**COUNTY OF SUMMIT BUREAU OF OFFICE SERVICES
PRELIMINARY AUDIT
BACKGROUND**

Auditors: Lisa Skapura, Dan Crews and Joseph George

Additional Internal Audit Staff: Teri Fretz and Jennifer Cuenot (Intern)

Background:

The County of Summit Bureau of Office Services administers the outgoing and interoffice mail services and provides black and white and color digital photocopying as well as microfilming. The Records Archive and Records Commission programs are also administered under the Bureau of Office Services. The Bureau of Office Services is set up as an internal service fund and bills for its services utilizing journal entries to transfer funds from invoiced departments to theirs.

Copy Centers

Office Services has copy centers in the Ohio Building and the Safety Building.

- The Ohio Building Copy Center provides digital color and high volume digital black and white printing solutions for the various county offices and departments. This staff also provides binding, hole drilling, paper cutting, and tab creation for complicated report copy jobs. They service the Executive, Department of Environmental Services (DOES), Fiscal Office, Child Support Enforcement Agency (CSEA), Veterans Services Commission, Medical Examiner, Animal Control, Juvenile Court, Engineer, and Youth Employment Services.
- The Safety Building Copy Center provides high volume copying for the Clerk of Courts, Common Pleas Courts, Sheriff, CSEA, title agencies and Prosecutor, as well as providing copy services of court records for the public.

Mailrooms

Office Services has mailrooms in the Safety Building and Ohio Building.

- The Safety Building mailroom provides mail services for the Courts, Sheriff and Prosecutor. Mailroom staff picks up and meters outgoing mail, and delivers interoffice mail.
- The Ohio Building mailroom provides the same services for county offices in the Ohio Building. They provide an afternoon mail run by car to various facilities throughout the County as well as mail folding and insertion services.

Microfilm Services

The Bureau of Office Services has three microfilm cameras and microfilm reader-printers in the Ohio Building. Some of the primary users of this service are the Prosecutor, Adult Probation, Juvenile Court and the Medical Examiner.

Records Archive and Records Commission

The Bureau of Office Services works closely with the Summit County Historical Society (SCHS) and a representative from the SCHS who works two (2) days per week at the archive facility. The work revolves around record retention schedules and the storage and destruction of records as they proceed through archival statutory requirements. The offices of the SCHS and the Summit County Records Commission (SCRC) coordinate retention schedules. The Office Services Administrator chairs the SCRC. Documents from various Summit County offices, boards and departments are stored at the 2525 State Road facility and records retention management is accomplished through the cooperation of their offices, the SCHS, SCRC, and the Office Services Administrator.

**COUNTY OF SUMMIT BUREAU OF OFFICE SERVICES
PRELIMINARY AUDIT
OBJECTIVES**

AUDIT OBJECTIVES AND METHODOLOGY

The primary focus of this review was to provide the County of Summit Bureau of Office Services with reasonable assurance, based on the testing performed, on the adequacy of the system of management control in effect for the audit areas tested. 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 County of Summit Bureau of Office Services.

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 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 existing contracts in the department.
4. 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 – CONTRACT REVIEW

11. Obtain and review the current operating contracts, i.e., vendor contracts, union contracts, and service contracts.
12. Determine that contracts are current, properly executed, and applicable.
13. Test the contracts for departmental performance, where appropriate, noting all exceptions.

OBJECTIVE 4 – REVIEW OF SECURITY

14. Perform a general overview of the physical environment and security of the department/ agency being audited.
15. Interview various personnel to determine that confidential information is secure and processed only by appropriate parties.
16. Obtain and review the document retention policy and determine if policies and procedures are currently in place and being followed.
17. Test security issues where appropriate.
18. Analyze current policies and make recommendations.

**COUNTY OF SUMMIT BUREAU OF OFFICE SERVICES
PRELIMINARY AUDIT
DETAILED COMMENTS**

It was noted during audit fieldwork that the Bureau of Office Services was very willing and proactive in implementing IAD recommendations and suggestions as presented. As a result, a large amount of IAD recommendations had been addressed or implemented prior to the end of fieldwork.

I. Policies & Procedures Review:

The Internal Audit Department (IAD) obtained and reviewed the current Policies & Procedures for the County of Summit Bureau of Office Services. IAD noted that the Bureau of Office Services Policies & Procedures Manual was comprehensive and well organized. The policies and procedure manual contained significant detail regarding the department's daily operations. However, the following issues were noted:

1) Issue

The Bureau of Office Services Policies and Procedures does not contain a creation/revision date.

Recommendation

IAD recommends that the Bureau of Office Services include a date of revision/creation on their policies and procedures. This will ensure that Office Services employees utilize the most current version of the procedures.

IAD confirmed that the Administrative Assistant added the creation date to the manual on 9/15/04.

Management Action Plan

Per noted, action completed.

2) Issue

The Policies and Procedures contain the names of the employees along with the position titles of the employees performing the functions.

Recommendation

IAD recommends that only position titles be utilized. This will ensure that the correct individual is performing the noted procedures if an employee changes job positions.

IAD confirmed that the Administrative Assistant removed the names of the employees from the manual on 9/15/04.

Management Action Plan

Per noted, names were removed.

3) Issue

Chapter One – General section of the Policies and Procedures manual includes some items that are covered in the Executive’s Personnel Policy and Procedure Manual.

Recommendation

IAD recommends that the overlapping areas be removed from the manual and that the manual be reviewed to ensure that it does not conflict with the Executive’s Personnel Policy and Procedure Manual or the Collective Bargaining Agreement (CBA).

IAD observed that the Administrative Assistant removed those areas of the General section from the manual on 9/15/04.

Management Action Plan

Per noted...Items were removed from general section.

4) Issue

Upon policy and procedure review and inquiry of the Office Services Administrator, it was determined that employees have not signed a form agreeing that they have received, read, and understand the Bureau of Office Services Policies and Procedures.

Per the Office Services Administrator, the Bureau of Office Services considered this document to be in draft form until IAD reviewed the manual.

Recommendation

IAD recommends that the Bureau of Office Services review, approve, and finalize their Policies and Procedures. IAD also recommends, after final review and approval, that the Bureau of Office Services have their employees sign off that they have received, read, and understand the policies and procedures. This will ensure that all employees are aware of the internal policies and procedures of the department.

Management Action Plan

Copies of the P+P manual are being distributed on December 1, 2004 with a form stating they had been read and understood. The signed forms will be placed in their personnel files.

II. Internal Control Testing:

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

- Interviews
- Customer Satisfaction Surveys
- Records Archive
- Monthly Charge backs
- Expenditure testing
- Inventory

INTERVIEWS

To gain an understanding of the Bureau of Office Services, IAD interviewed the following positions within the department:

- Director of Finance and Budget
- Office Services Administrator
- Office Manager
- Technical Print Systems Operator
- Office Machine Operator
- Administrative Assistant

The following issues were noted:

1) Issue

It does not appear that employees are aware of the Executive's Personnel Policy & Procedure regarding conflict of interest.

Recommendation

All employees should be made aware/reminded of the conflict of interest policy in the Executive's Office Personnel Policy & Procedures Manual.

Management Action Plan

All employees were informed of the conflict of interest policy in the Exec. P+P manual.

2) Issue

No instances of abuse were noted during audit testing, however, the Bureau of Office Services Policies & Procedures Manual does not address the issue that County machines, equipment and supplies are not be used for personal use.

Recommendation

A policy and procedure should be incorporated into the Bureau of Office Services Policies & Procedures Manual addressing personal use of equipment and supplies.

The Bureau of Office Services drafted a policy and provided it to IAD by the end of fieldwork.

Management Action Plan

As noted... The County machine use is addressed in Chapter 1 Section 1-7.

3) Issue

Based on the interviews performed, it was noted that the Bureau of Office Services employees do not sign confidentiality statements, however, the department's employees have regular access to confidential documents.

Recommendation

IAD recommends that all employees of the Bureau of Office Services sign confidentiality agreements to ensure that employees uphold the confidentiality of all documents in their possession.

Per the Office Services Administrator prior to the audit closing conference, he has contacted the legal department for advisement.

Management Action Plan

A copy of the Confidentiality Agreement will be given to employees for signature on December 1, 2004. Copies of the signed form will be placed in their personnel files.

CUSTOMER SATISFACTION SURVEY

IAD compiled and analyzed the charge back data from a three-month sample of 2004 Monthly Statements of Services. From the compiled data, IAD subsequently selected individuals to survey from the County departments reflecting the top ten highest total costs and an additional five randomly selected departments. IAD then developed a customer satisfaction survey of standardized questions relating to the following service areas provided: copy center, mail services, production/printing services, and records archive. Interviews were then conducted with twenty-five individuals from the selected departments utilizing the customer satisfaction survey questions. Based on the accumulated

data, IAD developed charts and a summary report, analyzing the results of the survey. (*SEE Attachment A for the Customer Survey Results*)

Internal Audit noted that the results of the Customer Satisfaction Survey were a positive reflection overall on the services provided to the county by the Bureau of Office Services. In addition, the ability to complete the tasks accurately and timely was a constant theme throughout the report.

The following issues were noted:

1) Issue

The Bureau of Office Services does not provide information on the services available and corresponding pricing information to County departmental customers.

Recommendation

IAD recommends that the Bureau of Office Services develop and distribute marketing materials to inform its clients of the services it can provide along with a price listing of the corresponding costs.

IAD further suggests that the Bureau of Office Services, on a regular basis (*possibly quarterly or semi-annually*), take advantage of marketing opportunities such as open houses, brochures, tours, fliers, emails, and County intranet website to continually update its clients of current services provided and request any needs for additional services.

Management Action Plan

We are working with David Kish and Xerox on developing this...a current draft copy is available for review. Estimated completion and distribution date is January 15, 2005. The brochure will be distributed county-wide.

2) Issue

The Bureau of Office Services does not provide customer service training for its employees.

Recommendation

IAD recommends developing a customer service standard applicable to all Bureau of Office Services employees whose job responsibilities include contact/interaction with customers. Staff should be informed of the standard and a sign-off form should be used to verify that all staff have been informed of and understand the policy. The City of Akron, in conjunction with the Summit County Human Resources Department, offers a customer service training course. IAD suggests that the Bureau of Office Services contact the Human Resource Compliance Administrator to discuss this course for its employees. *Per the HR Compliance Administrator, the only cost associated with this course is for the materials.*

Management Action Plan

HR was contacted and Roger Johnson will let us know when a Customer Service Training will be available.

3) Issue

The Bureau of Office Services does not monitor customer satisfaction and complaints.

Recommendation

IAD recommends that the Bureau of Office Services track its customer satisfaction and complaints in order to address staffing levels, services provided, equipment required, and staff performance evaluations. The Bureau of Office Services should also solicit input from its clients on services that would be beneficial to their operations and to further expand the services offered.

The use of an Excel spreadsheet or preferably an Access database to accomplish this tracking and reporting would be most the effective and beneficial to the department. Levels of complaints (*i.e. high, medium, low*) should be identified for resolution priority. Policies and procedures should be developed for this system to ensure standardized measures for addressing and resolving customer complaints. For each complaint the tracking system should document the below information including any and all other pertinent data that the department would find useful.

- Complainant
- Date the complaint was made by customer
- Description of complaint
- Level of priority
- Staff member identified, if applicable
- Building location identified in the complaint
- Management efforts to resolve the complaint
- Response time
- Management efforts in notifying the customers of the resolution

Management Action

A form has been created and we will begin using it on 11/22/04.

4) Issue

The Bureau of Office Services does not maintain supervisory personnel at its Safety Building location.

Recommendation

Based on several complaints about the staff at the Safety Building, IAD recommends that additional monitoring efforts be performed to oversee the operations and customer service provided by its staff.

Management Action Plan

The Supervisor will be spending more time at the Safety Building in the future and will be making unannounced visits as well

RECORDS ARCHIVE

In order to gain an understanding of the Records Archive function and process, IAD completed the following:

- Discussed the procedures for monitoring the records archive process with the Office Services Administrator.
- Observed the records archive facility at 2525 State Road.
- Obtained and reviewed the contract between the Summit County Historical Society and the County of Summit.
- Obtained and reviewed the 2003 and 2004 Operating Budget for the Records Archive.

Note:

Upon review of the documents obtained, observation of the facility on State Road, and discussion with the Office Services Administrator and the Director of Budget and Management, it does not appear that there is a clearly documented process that is followed for the County Records Archive. A review of the 2003 and 2004 Operating Budget for the Records Archive also revealed that there have been no funds allocated or staff positions indicated on the Records Archive budget for those years. IAD noted that the contract between the County of Summit and the Summit County Historical Society was for \$60,000 to provide record retention services. Based on these facts, it appears that the Records Archive is functioning as a storage facility and not a fully functioning archive. Therefore, IAD was unable to perform specific audit testing on this area. This was communicated to the Director of Budget and Management.

However, the following issue was noted:

1) Issue

The Interim Manual for the County Records Archive Policy and Procedures, as included in the Bureau of Office Services Policies and Procedures, are in draft form.

Recommendation

IAD recommends that these policies and procedures be reviewed and approved by the Summit County Records Commission. In addition, these policies and procedures should be distributed to any department that could utilize the Bureau of Office Services. This will ensure that all departments are aware of the current procedures being utilized by the County Records facility.

Management Action Plan

These issues will be discussed at the December Records Commission meeting. We will offer the Interim manual for approval.

MONTHLY CHARGE BACKS

IAD reviewed the monthly compilation of the Bureau of Office Services charge back and invoicing process with the Office Manager. IAD then haphazardly selected three months of Office Services charges for review from year 2003. We obtained Monthly Invoice Summaries and individual Monthly Statement of Services invoices for the selected test months and the accompanying back up support (*i.e. Microfilm Services Receipts, Paper Requisitions, Book Binding Logs, Microfilm Print Logs, Print Services Request forms, Xerox Copy Logs, and Job logs for copies requested through the Network*). IAD traced the Monthly Invoice Summaries to the individual Monthly Statement of Services invoices (*agreeing Account Numbers, Departments, Fund, Org, and Total monthly charges*). Also traced and agreed one-month's worth of Monthly Statement of Service invoices to the accompanying back up support to ensure charge back accuracy. IAD also obtained and reviewed work papers from the Department of Finance and Budget supporting the establishment of charge back rates utilized by the Bureau of Offices Services on the Monthly Statement of Services.

1) Issue

Per the information received from the Department of Finance and Budget, the last formally documented calculation / evaluation of billing rates for services provided by the Bureau of Office Services was completed in 1999.

Recommendation

IAD recommends that the Bureau of Office Services or the Department of Finance and Budget evaluate the billing rate charges on a regular basis and if necessary, make appropriate changes to better account for operational expenses.

Management Action Plan

Currently working with Xerox on the business plan and a thorough review of our pricing structure. A meeting was held with Linda Sowa and Xerox on 11/18/04 to discuss the above. Any policy updates or pricing changes will be made prior to January 15, 2005.

2) Issue

It was revealed from discussion with the Office Manager that two copies of microfilm jobs are created, one for the customer and one to be sent to vault storage with Allied Storage. It was noted that the Bureau of Office Services does not charge back the various departments for the creation or for the long-term storage of the second copy of microfilm.

Further discussion also revealed that the Bureau of Office Services does not regularly charge back customers for other services provided such as: specialty paper for copy jobs (*i.e. heavy weight copy paper, colored paper*), tabs, laminating, folding/inserting projects, and the storage costs incurred for the records facility on State Road.

Recommendation

IAD recommends that all appropriate charges be assessed to the departmental customers utilizing the Bureau's services.

Management Action Plan

Currently reviewing all charge backs.

3) Issue

The following issues were noted upon review of the Monthly Statement of Services invoices:

- a. The invoice notes a unit price of \$1.10 for postage, however, per Office Services management, the cost of postage charged to the customer is the actual cost of postage incurred by the Bureau of Office Services + 10%.
- b. The invoice notes a quantity amount for postage, however, per Office Services management, the quantity shown is the actual cost of postage registered when items were processed through the postage machines. Therefore, no quantity of mail processed is noted, only costs amounts.

Recommendation

The Bureau of Office Services should correct Monthly Statement of Services invoices to reflect a more accurate representation of postage charges and number of items processed.

Management Action Plan

The correct invoicing will begin with the October billing. Rosie Butler worked with Rich Strain, Tech Service, Data Center to correct the problem.

4) Issue

IAD could not agree the monthly copier usage readings obtained and utilized by the Bureau of Office Services to the Print Service Request Forms completed to initiate and document customer copy request jobs. The following reasons were noted:

- The Print Service Request Forms do not contain a specific line for recording the number of copies in the original document being requested for copy. Therefore, Request Forms do not consistently indicate the total number of prints (sheets of paper) to be used to complete the job.
- The Print Service Request Forms are not consistently completed with all the required data utilized in the billing process (*i.e. Fund and Org numbers are not always completed*).
- The Print Services Request Forms do not contain a specific choice indicating a request for either Black & White or Color copies. Therefore, Request Forms do not consistently indicate the type of copies requested.

Recommendation

IAD recommends that the Print Service Request Forms be revised and updated to include additional detail and that the Bureau of Office Services personnel review requests upon receipt to ensure all pertinent data is completed on all forms. This will assist department managers in reconciling monthly invoices received from the Bureau of Office Services.

Management Action Plan

David Kish, Deputy Director, Department of Communications is updating the current form which we expect to have December 1, 2004.

5) Issue

Monthly Office Services Book Binding Logs were not completely filled out for the three months reviewed in 2003 - the Fund and Org numbers were not completely filled in.

Recommendation

IAD recommends that Bureau of Office Services consistently complete the Fund and Org numbers on the Book Binding Logs to assist in the efficient and correct billing process.

Management Action Plan

The fund, org and account codes has been logged on all binding forms beginning with October, 2004 billing.

6) Issue

The monthly billing process utilized by the Office Manager to create the Monthly Statement of Services is largely a manual process of creating a number of hand written and manually totaled summaries derived from usage reports and readings from the various machines and logs utilized to track monthly charges.

Recommendation

IAD recommends that the Office Manager utilize a spreadsheet format to compile monthly usage readings. This will eliminate the need for manual summaries and will enable usage totals and billings rates to be automatically calculated. It will also assist in the accuracy and efficiency of the process and create monthly totals that can be used to analyze monthly inventory usage.

IAD assisted in the creation of Excel spreadsheet tools that eliminate the need for manual summaries and calculates monthly totals. This will help insure accurate and efficient calculations and assist management in reconciliations with source data reports and inventory levels. (SEE Attachment B, C, & D for Monthly Billing Spreadsheet Tools)

Management Action Plan

The Excel spreadsheets are already in use and will be reflected on the October 2004 billing statement.

EXPENDITURE TESTING

The objective was to gain an understanding of the expenditure cycle at the Bureau of Office Services and to review the purchasing, receiving, and payment processes for proper authorization and accuracy. IAD reviewed policies and procedures and met with the Bureau of Office Services

Administrator and Administrative Assistant to discuss the expenditure cycle. We also employed the use of an internal control questionnaire to gain a further understanding of the process. As a result, IAD wrote a narrative of the process. Thirty purchase transactions were haphazardly selected from the year 2003 for review. The following were noted:

1) Issue

According to the Bureau of Office Services Policies and Procedures Manual, prior to making any payments to vendors, it is necessary to make sure that the goods or services are in accordance with the purchase order parameters and satisfactory to the departments needs. Per the Administrative Assistant, in order to fulfill this, Office Services had implemented a new policy approximately one month prior to this audit that requires whomever received the order to sign and date the invoice (*someone other than the Administrative Assistant who does all the ordering*), indicating that it was correct and accurate. However, this new policy was not located in the Policies and Procedures Manual.

Recommendation

IAD recommends that Office Services include this new policy in their Policies and Procedures Manual. This will support the original policy even further by explaining how Office Services verifies that goods or services are in accordance with purchase order parameters and satisfactory to department needs prior to making any payments to vendors.

It was noted by IAD that the Administrative Assistant included the new policy in the Bureau of Office Services' Policies and Procedures Manual on 9/29/04.

Management Action Plan

As noted... This policy was added to the manual on 9/29/04.

INVENTORY

To gain an understanding of the inventory function in the Bureau of Office Services, IAD:

- Obtained and reviewed Office Services Policies and Procedures Manual.
- Met with the Administrative Assistant and the Office Manager to gain an understanding of how Office Services follows their policies and procedures for ordering and receiving paper and also where and how the paper is stored, distributed, and replenished. IAD also gained an understanding of the documentation process followed by Office Services when performing inventory counts and how often they are performed.
- Obtained and reviewed the 2002 and 2003 Comprehensive Annual Financial Report (CAFR) Information for Office Services Department to verify that the procedures for taking inventory of materials and supplies at the end of the year, outlined by the Fiscal Department, were followed. This is stated in Office Services Policies and Procedures Manual.
- Observed the Office Services copy room located in the Safety Building to view where the inventory of paper is stored. Most of the supplies used on a daily basis are stored in the copy room. Additional storage of approximately 20-25 cases of paper was also observed

in a maintenance room down the hall from the copy room, some of which was old and rarely used.

- Observed the County Warehouse located on 180 South Street where the majority of the paper is stored. IAD spoke with the Grounds Crew Supervisor to gain an understanding of how paper inventory is stored and distributed.

The following issues were noted:

1) Issue

IAD noted that the method followed by the Bureau of Office Services for periodically tracking inventory of paper prevents them from knowing exactly what is on hand and what has been used on a constant basis. Under the current method, when the supply gets low, the Grounds Crew Supervisor for Physical Plants notifies Office Services what needs to be ordered, or Office Services will ask the Grounds Crew Supervisor what colors and types are getting low. When occasional inventories are taken to see what is on hand versus what has been used, a “Warehouse Paper Inventory” sheet is completed by hand and compared to the requisitions. If no problems occur, the sheet is thrown away, and there is no documentation of the reconciliation performed. As a result, IAD was only able to obtain an inventory sheet dated 09/08/04. The only instance when inventory is documented and saved is for the year-end inventories, which are used for the CAFR.

Recommendation

IAD recommends that Office Services develop a formalized method for tracking paper inventory used and on hand (*i.e. a perpetual inventory*). This monthly reconciliation will allow Office Services to be more aware of the exact amount of paper in storage and paper distributed to departmental customers. This will in turn allow Office Services to know when paper needs to be ordered and the amount. This will also eliminate the reliance on the Grounds Crew Supervisor.

IAD assisted in the creation of an Excel spreadsheet tool for the tracking of the Bureau’s paper inventory at the South Street warehouse. It includes tracking of physical inventories, purchases, and customer requisitions. This will help insure accurate perpetual inventory tracking and eliminate Offices Services’ reliance on maintenance personnel for periodic inventory updates. (SEE Attachment E for the Inventory Spreadsheet Tool)

Management Action Plan

David McCann, Business Administrator for the Purchasing Department has begun an electronic inventory program for the paper at the warehouse facility. This began December 1, 2004.

2) Issue

IAD noted that the Sheriff’s Department fills out requisitions through the Grounds Crew Supervisor at the County Warehouse and not through the Office Manager at the Bureau of Office Services. The Sheriff’s Department picks up their own paper supply from the County Warehouse instead of maintenance delivery for security reasons.

Recommendation

IAD recommends that Office Services require all departments to order their paper supply through the Office Manager. This will help ensure that the Bureau of Office Services has initiated and billed all paper orders.

Management Action Plan

Sheriff's Office will contact the Office Service Manager prior to picking up its own paper. Sheriff's Office has been notified.

III. Contract Review:

IAD obtained and reviewed a sample of the Bureau of Office Services' current operating contracts, union contracts, and/or vendor agreements for 2003. The following were noted:

1) Issue

Upon review of the document titled "Operating Budget Request: Rentals and Lease Agreements and Contract Services" obtained from the Bureau of Office Services, IAD noted that this was a budget expenditure line item. This listing of contracts did not include beginning and ending dates and eight of the vendors listed were not actually contracts.

Recommendation

IAD recommends that Office Services continue to maintain and update the listing of current contracts that was created during fieldwork. This will ensure that Office Services can properly track their contracts, as well as allowing them to monitor their contracts for renewals.

IAD noted during fieldwork that a listing of all current contracts that included beginning and ending dates was created by the Administrative Assistant on 9/17/04, after testing was completed.

Management Action Plan

As noted... A list of current contracts were provided and will be updated as required.

V. Security:

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