

SUMMIT COUNTY, OHIO

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

February 1, 2005

David Marquard, P.E., P.S.
Summit County Department of Environmental Services
2525 State Road
Cuyahoga Falls, OH 44223

Re: Final Report of the Department of Environmental Services Preliminary Audit

Dear Mr. Marquard:

Attached is the final report of the DOES preliminary audit which was discussed with members of senior management on September 15, 2004. In addition, please note that the DOES 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
Mike Weant, Deputy Director of Operations

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**SUMMIT COUNTY
DEPARTMENT OF
ENVIRONMENTAL SERVICES**

**Preliminary Audit
04-DOES.Exec-22
August, 2004**

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

**Summit County
Internal Audit Department
175 South Main Street
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**COUNTY OF SUMMIT DEPARTMENT OF ENVIRONMENTAL SERVICES
PRELIMINARY AUDIT
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**COUNTY OF SUMMIT DEPARTMENT OF ENVIRONMENTAL SERVICES
PRELIMINARY AUDIT
BACKGROUND**

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

Background:

The Summit County Department of Environmental Services (DOES) operates and maintains wastewater collection, transportation, treatment systems, water purification, and distribution systems in the unincorporated areas of the County and in certain incorporated areas. Those areas comprise a district known as the Summit County Metropolitan Sewer District. DOES consists of a Sewer Division and a Water Division. Each division has its own distinct function, employs its own work force, and operates with its own County Council-approved budget. DOES prepares the sewer and water bills and collects the user fees and charges for deposit into the County treasury. The funds managed by DOES are enterprise funds and are not dependent upon the County's general operating funds.

The County Council has the authority and the duty to establish the rates and charges imposed on users of the sanitary sewer and water systems. The County administration, under the County Executive, typically makes recommendations to the Council concerning those rates and charges based on independent consultants' studies and its policy that such systems be "self-supporting."

The Sewer Division is responsible for 12 wastewater treatment facilities, over 100 wastewater pumping stations and approximately 800 miles of sanitary sewers transporting wastewater both to the County-owned treatment plants and to those of the cities of Akron, Barberton and Twinsburg, Village of Lakemore, Northeast Ohio Regional Sewer District and Stark and Portage Counties.

The County-owned wastewater treatment facilities include the Fishcreek and Springfield wastewater treatment plants, each with an operating capacity of eight and four million gallons per day (MGD), respectively. The Fishcreek plant currently operates at 4.1 MGD and an average of 2.1 MGD was processed at the Springfield plant during 2000 and is permitted for 5 MGD, enabling Summit County to serve new users in developing areas of the City of Stow and adjacent areas.

**COUNTY OF SUMMIT DEPARTMENT OF ENVIRONMENTAL SERVICES
PRELIMINARY AUDIT
OBJECTIVES**

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 DEPARTMENT OF ENVIRONMENTAL SERVICES
PRELIMINARY AUDIT
DETAILED COMMENTS**

I. Policies & Procedures Review:

IAD obtained and reviewed the current Policies & Procedures for the County of Summit Department of Environmental Services (DOES). The following issues were noted:

1) Issue

There are no documented internal procedures for a majority of DOES. It was noted however, that there were internal procedure manuals for the Laboratory, Safety, Water Contingency Plan, SCADA Alarm Manual, and Construction Inspection.

On the last date of fieldwork wrap-up, the Maintenance Supervisor 2 provided IAD with a 2004 Policy and Procedure for Proper Operations of Sewer Maintenance. However, this manual indicated no date of revision or completion, nor any indication that it had been distributed to all applicable personnel.

Recommendation

IAD recommends that the DOES develop and implement formal operating procedures for all other areas of the organization. There should also be a sign off sheet indicating that the employee accepts and understands the specific manual with the date of revision of the manual.

Management Action Plan

Over time, employee knowledge, standard agency techniques, EPA compliance rules, and / or vendor's operating instructions have been considered adequate alternatives to formally developed procedures for internal operations. Procedures related to significant software applications, e.g. Customer Billing, and the subsequent processing of data have been described through flow charts instead of specific written instructions or procedures.

Numerous procedures and policies that affect our operation are developed by others in County government and communicated through a variety of ways such as email, memo, letter, resolution and / or ordinance. These many forms of communication are not conducive to a standard format for procedures, complicate the methods for document indexing and control, and cause difficulties in the effective management of procedures throughout a large organization.

Improved documentation and formalization of internal procedures is needed and is an initial priority. This effort will be labor intensive and time consuming. This effort will initially focus on procedures where the absence of instructions might result in high risk or liability.

The Deputy Director of Engineering, Deputy Director of Operations and Deputy Director of Administration is responsible for identifying and documenting relevant procedures within their specific areas of responsibilities. The identification and creation of procedures are currently underway and will be an on-going initiative throughout 2005. All internal procedures will conform to a standardized format and will exist electronically as well as in "hard-copy". Administration will become the coordinating department for the maintenance and distribution of procedures. When necessary, signatures acknowledging receipt of the procedure(s) by a specific employee will be obtained. This receipt will become a part of the employee's personnel file.

As previously noted procedures developed outside the organization can be of inconsistent format and therefore pose a problem relevant to indexing and revision control. Often, changes in procedures and / or policy do not have a reference number or revision date. At times, these revisions are provided in "hard-copy" form only and therefore do not allow an easy way to change document format, to readily retrieve, or to accurately cross-reference. Developing and selecting a method for incorporating "externally" developed procedures with our internally developed procedures will be part of this initial effort. The timing for the implementation of the solution is difficult to determine at this time. In the interim, externally developed procedures will be categorized and indexed according to subject.

2) Issue

The following revision date issues were noted:

- a) The "Policies and Procedures Manual" for DOES are memorandums that have revision dates ranging from 1987 to 2000, with the majority of the updates being in the early 1990's. The memorandums appear to be addressing specific issues that have occurred and are not directed at overall processes.
- b) The "Construction Inspection Manual" was last revised in July 1990.
- c) The DOES "Safety Policies" Manual contains emergency contact names of individuals who are no longer employed by DOES. Emergency evacuation procedures are present for the Broadway and Perkins Facilities that are no longer used by DOES, and there are no evacuation procedures for the Sweitzer Road facility. The last up date of these procedures was February 22, 2000, during the administration of the former County Executive.
- d) There are no dates of revision on the Laboratory Standard Operating Procedures (SOP) sheets for chemical analyses and the SCADA Alarm Manual.

Recommendation

IAD recommends that DOES thoroughly review, update, 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.

Management Action Plan

The existing Policies and Procedures Manual will be reviewed by Administration and all documentation that is not procedural in content will be eliminated. During this review, Administration will determine if the content of the memorandum requires the creation of a procedure or policy. If a procedure or policy is needed a request will be directed to the

responsible Deputy Director. Administration will also complete the review and update of the Safety Polices Manual. These tasks will be completed by the second quarter of 2005.

Engineering will formulate and update the following manuals by the end of 2005:

- Construction Inspection Manual,
- Public Project Manual (both internal and for outside use),
- Private Project Manual,
- DOES Construction Standards Manual, and
- Various Sewer Maintenance Manuals to include procedures related to sewer pressure cleaning, rodding, pump station wet well cleaning, sewer video procedures, bypass pumping, and customer complaint procedures and policies. Where applicable, these updates will conform to the Construction Standards Manual.

Operations will research, review and update all Laboratory Standard Operating Procedures (SOP) sheets by the second quarter of 2005.

An upgrade or replacement of our current SCADA system is anticipated by the end of 2005 but is dependent on the approval of our Capital Improvements Program budget. If approved, all documentation will be replaced when the system is upgrade / replaced. In the event SCADA remains unchanged during 2005, the existing Alarm Manual will be updated by the second quarter of 2005.

3) Issue

The “Public Project Manual” which addresses requirements for projects performed by outside entities is in draft form.

Recommendation

IAD recommends that DOES review, finalize, and implement this manual.

Management Action Plan

Reference comments included in (2). Completion and implementation is expected by the second quarter 2005.

II. Internal Control Testing:

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

- Interviews
- Billing and Cash Collections
- Personnel Files
- Employee Termination testing
- Expenditure testing
- C10 Assessments testing

- C12 & C26 Assessment testing
- C50 Assessment testing
- Unmetered Commercial/Industrial accounts
- Mobile Employees
- Revenue Collection

INTERVIEWS:

To gain an understanding of the Department of Environmental Services (DOES), IAD interviewed the following positions within the organization:

- Director
 - Deputy Director Administration
 - Human Resource Manager
 - Safety Coordinator
 - Office Manager (Billing & Collections)
 - Office Manager (Permits)
 - Office Manager (Finance)
 - Deputy Director Engineering
 - Public Works Manager
 - Maintenance Supervisor 2
 - Deputy Director of Operations
 - Plant & Pump Supervisor
 - Environmental Engineer 2
 - Laboratory Manager

The following issues were noted:

1) Issue

There is no formal training program in place for DOES internal procedures.

Recommendation

IAD recommends that DOES implement formal training/orientation training to ensure that employees are aware of procedures that are specific to DOES.

Management Action Plan

A comprehensive training program for our organization is beneficial but costly. In the past, training has been most prevalent in Operations. We have and will continue to utilize positions such as the “Operator-In-Training” and “Lab Technician-In-Training” positions to train individuals for future advancement.

Organizationally, a formalized training effort has been lacking. Given our budgetary constraints, initial training programs will be developed and provided in 2005 that satisfies mandatory requirements, significantly reduces liability, and properly indoctrinates new employees. An initiative to cross-train employees will also be undertaken in several departments, e.g. Finance. In general, Administration will be responsible for the development, delivery and tracking of these training programs.

Mandatory OSHA training and certification for employees is a current priority. Earlier this year the position of Safety Coordinator was created and filled. Much of the mandatory training, e.g. confined space, has been completed and properly documented. This effort will continue throughout 2005.

The Deputy Director of Engineering and the Public Works Manager will teach engineering procedures and techniques to employees involved in the design, construction and inspection of sewer projects throughout 2005.

2) Issue

Based on interviews it does not appear that the DOES staff is aware of the Executive's Policy and Procedure statements on:

- a) Conflict of interest policy
- b) Contact with news media policy / Interaction with the press

Recommendation

IAD recommends that DOES communicate these policies to all DOES staff.

Management Action Plan

Administration will review these policies with all employees through a series of small group / departmental meetings during the first quarter 2005. Further, these policies will be distributed and reviewed with all new employees. Acknowledgment of the receipt of these policies will be by signature. Acknowledgement forms will be placed in personnel files.

BILLING AND CASH COLLECTIONS

To gain an understanding of the customer billing, billing adjustment and cash collection processes, IAD performed the following:

- o Reviewed the accuracy of the customer billing data maintained by the Software Solutions (SSI) billing system.
- o Reviewed the process, supporting documentation and reconciliation for adjustments made to customer bills.
- o Observed and evaluated the cash collection procedures.
- o Developed process flow diagrams to document IAD's understanding of the billing, billing adjustment, and cash collection processes.

The following issues were noted:

1) Issue

There is no written policy indicating that an employee cannot access his or her own account to perform adjustments.

Recommendation

IAD recommends DOES develop a written policy that Billing Clerks and Collections Specialists cannot access or adjust their own personal accounts maintained by DOES. They should sign the policy as an indication of their understanding and agreement. IAD also recommends that DOES research the possibility of restricting access through application profiles.

Management Action Plan

Administration will develop, distribute and acquire acknowledgment of receipt of a policy to / from the appropriate personnel. It is unlikely that the right to change data can be restricted to a specific account through a user profile. Any restrictions of rights would have to be applied to all accounts and would be problematic for the billing operations. However, an electronic transaction log is currently created which records all changes to an account by date, time, user and activity / transaction. Accordingly, Administration staff will perform a periodic audit, using this transaction log, for an employee in the position of Billing Clerk or Collection Specialist or for an employee with the necessary rights to allow revisions of customer account data. As a note, those employees in the positions of Billing Clerk or Collection Specialist are not currently a Summit County customer.

2) Issue

The following issues exist with respect to segregation of duties regarding the billing, cash collection, and payment posting processes:

- a. The Computer Systems Analyst III receives all usage data from outside entities and uploads it into the billing system, without prior review of the data by the Office Manager (Billing) before being uploaded.
- b. A Billing Clerk can run payments through the remittance processor and also make adjustments to customer bills.
- c. A Collection Specialist collects cash from the drop box and at the front counter. This same Collection Specialist can also adjust customer bills.

Recommendation

It is recommended that DOES evaluate the segregation of duties over the billing, cash collections, and payment posting processes and redirect certain functions to enhance the security of all procedures.

Management Action Plan

A step currently exists that compares billing data received from outside entities to our customer account master file. During this step an exception report is produced from the billing application that identifies any instance where account data from the outside entity does not have a one-to-one relationship, or exact match, with our customer account master file. These instances are reviewed and reconciled by the Billing Clerk and / or Collection Specialist in order to maintain data integrity. The Office Manager will be immediately added to the review and approval queues. The signatures of both the Office Manager and the Deputy Director of Administration will remain a requirement and will serve as the final approval for adjustments to customer accounts.

Position duties and primary functions will be reviewed for each position in the Billing Department during the first quarter of 2005 with the purpose of fulfilling the objective of

increased segregation. Any significant changes will be subject to discussion with the Union through the Labor Management Committee process prior to change / implementation. Implementation of any significant changes will likely occur during the second quarter or 2005.

3) Issue

There are no approved, written policies and procedures for the billing and collections processes.

Recommendation

DOES should develop, approve and distribute to the appropriate personnel, written policies and procedures for the billing and collection processes. These procedures should include detail such as who may approve adjustments and any limits for approvals, who may approve credits, how to create an account number for a new customer, etc.

Management Action Plan

As noted earlier, over time employee knowledge and vendor's operating instructions have been considered adequate alternatives to formally developed procedures for internal operations. This is the case with the Billing Department. The Department has used the same vendor and billing software for 18 years. Consequently, many of the procedures relevant to customer account details are driven by specific screens and / or options in the software and have not been formally written. Given that a new version / major update of the software is scheduled for February 2005, written procedures for customer account management will follow the design and functionality of the new software. It is expected these procedures will be developed concurrent with user training in February. Other procedures peripheral to the actual software application, such as who may approve adjustments, will be developed by the end of the first quarter of 2005.

4) Issue

The Computer Analyst III is the only employee at DOES who is fully trained and functional regarding the production of the monthly utility bills.

Recommendation

DOES should train a backup employee on the monthly utility billing procedure. It was noted by IAD that management was aware of this situation and is currently working with the Computer Analyst III to document processes and procedures through a series of detailed flowcharts. DOES has already established communications with SSI for a contingency plan to address this situation as well. In the event of a sudden departure by the Computer Analyst III, DOES could complete a billing cycle using resources provided by SSI.

Management Action Plan

Training for several employees will occur over the first and second quarters of 2005 that will focus on the operational and technical aspects of the billing software. The deployment of the new billing system will eliminate the dependency on specialized, supplemental programming

produced by the Computer Analyst III as well as move all customer and billing data to a Sequel server.

5) Issue

No reconciliation of adjustments between the number (or dollar amount) of adjustments to customer bills in SSI and the forms that authorize those adjustments is performed.

Recommendation

DOES should perform a monthly reconciliation of adjustments completed in SSI to the authorization forms signed by the Office Manager (Billing and Collections) to ensure that all adjustments in the system are supported by adequate, authorized documentation.

Management Action Plan

The necessary procedure will be developed and implemented by the end of January 2005.

6) Issue

Utility Billing Clerks that set up new customers determine the rate type that applies to the customer from the application. IAD noted during testing of billing data maintained in SSI that there is no master listing of account number prefixes used to indicate the customer's district and billing type (unmetered residential, metered residential, etc). The district and rate type codes have been memorized, therefore no reference lists are utilized by the Utility Billing Clerks that set up new accounts. The two clerks responsible for creating new accounts also use different methods to create the body of the account number.

Recommendation

IAD recommends that DOES maintain a master list of account number prefixes for ease of assigning an account number to a new account. Procedures for setting up a new customer and creating the account number should be incorporated into a policies and procedures manual for the department to ensure consistency and proper entry into the billing system.

Management Action Plan

A detailed review has been initiated. The initial focus of this review is Industrial and Commercial accounts. Procedures will be completed by Administration during the first quarter of 2005 that address the above recommendation and also better define the methodology for determining the type of customer accounts, e.g. metered water, metered sewer or flat rate.

PERSONNEL FILES:

IAD tested employee personnel files maintained by the Department of Environmental Services Human Resources Department to verify that appropriate file documentation was included for all

DOES personnel. Attributes were determined per discussion with DOES' Human Resource Manager. DOES maintained that their files were a duplicate of those contained in the Executive's Human Resource Department. File testing revealed numerous deficiencies in the DOES personnel files. Therefore, testing was expanded to include follow-up in the Executive's Human Resource, Insurance and Risk Management, and the Fiscal Payroll departments. This follow-up testing revealed that all files contained deficiencies.

An article received from the Society for Human Resource Management (SHRM) www.shrm.org, stated the following:

What type of information should I keep in an employee's personnel file?

An employee's personnel file should contain any pertinent information related to:

- The hiring process;
- Compensation;
- Benefits;
- Performance appraisals; and
- Employee conduct.

Any information related to medical or health information of the employee (e.g., notes from doctors, etc.) should be kept in a separate medical file that's kept locked in a separate place. It shouldn't be kept in the employee's regular personnel file. As a rule of thumb, it's good policy to allow employees to view any information in the file and have a copy of any information that contains their signatures. In fact, in some states, this is required.

Even if your state law requires it, companies should establish clear procedures in which an employee may request to view their files, schedule a time for the review, and prepare a written request for copies of specific documents. Under no circumstances should an employee be allowed to remove, handle, or examine a file without the presence of a manager or human resource representative.

When establishing a personnel file for a new employee, the file should contain the following data:

- Resume and references;
- Employment application;
- Copy of signed offer letter (if applicable);
- Salary or scheduled compensation;
- Special exceptions (e.g., pre-approved scheduled vacation as a condition of hire);
- Employee's emergency contact information; and
- Employee's signed receipts of company policy information (e.g., sexual harassment policy, workplace violence policy).

For Existing employees:

- Personnel files for current employees should contain all of the above information, plus:
- Performance appraisals;
- Employee conduct documentation;
- Performance training plans;
- Previous training records (e.g., training certificates or diplomas);
- Benefit enrollment documents (e.g., health insurance, life, disability insurance forms); and
- Special Compensation (e.g., stock options or executive perks).

Ten employees were randomly selected from a listing provided by the Deputy Director of Administration for testing. The following issues were noted:

1) Issue

Two of 10 personnel files reviewed did not contain a Summit County Executive Office sign off sheet acknowledging the receipt, responsibility, and understanding of the Personnel Policy & Procedures Manual. The remaining eight personnel files reviewed contained old sign off sheets dated November 2001. The Executive Office Personnel manual, dated 6/9/03, should have been signed off by the employees acknowledging recent the personnel manual changes.

Recommendation

IAD recommends that all personnel files contain the most current personnel manual sign off sheets acknowledging receipt and review of the most recent Personnel Policy & Procedures manual.

Management Action Plan

The size and complexity of the organization requires a dedicated effort within the organization for the effective management of human resources and labor relations. There are obvious and necessary overlaps between our Agency and the Executive's Department of Human Resources. However, in some instances, this overlap causes inconsistency and redundancy. For example, a new employee will be interviewed and recommended by DOES but the Human Resource Department directs and collects the results of pre-employment requirements, such as drug testing, employee identification picture and badge, etc. thereby creating two possible locations for necessary employee data. Once an employee starts, documentation is administered and maintained by DOES. In order to decrease and hopefully eliminate these inconsistencies, a checklist of common items is in development by Administration. This list will be used immediately for new employees. An audit of all current personnel files will begin in the first quarter of 2005, but due to limited resources, will not be completed until the third quarter of 2005. Seasonal / summer help will be utilized to complete the audit and acquire missing documentation.

2) Issue

Various file documents were not found in the personnel files as expected per discussion with the DOES HR Manager:

- a. Time and Attendance/Security ID entry forms were not present in 8 of the 10 personnel files tested. IAD follow-up located all eight of the missing forms in the Executive's Human Resource Department.
- b. Eight of 10 personnel files reviewed did not contain a copy of the Medical Enrollment forms/Change forms. IAD follow-up located all eight of the missing forms in the Executive Department of Insurance and Risk Management.
- c. Seven of 10 personnel files reviewed did not contain a copy of the employee W-4. IAD follow-up located all eight of the missing W-4 forms in the Fiscal Office Payroll department.
- d. Annual performance evaluations present in the personnel files for the past 3 yrs was tested. Four of the eight applicable employee files did not contain all 3 yrs of performance evaluations

as expected. IAD follow-up revealed that only one employee file did not contain applicable evaluations.

- e. Eight of 10 personnel files did not contain a copy of the State Tax withholding form. IAD follow-up located six of the missing withholding forms in the Fiscal Office Payroll department.
- f. 7 of 10 personnel files did not contain a Resume or application. IAD follow-up did not locate any additional resumes.

Recommendation

IAD recommends that all personnel files contain the applicable file documentation as required by the DOES HR Manager.

Management Action Plan

Reference comments Personnel Files (1)

3) Issue

The following noted file documents were not found in all the DOES personnel files because the HR Manager only recently began including the documentation in the personnel files (within the last four years or less):

- a. A copy of the employee's Social Security card and Driver's License was not present in 7 of the 10 files.
- b. Acknowledgement Form for Ethics policy was not present in 10 of 10 files reviewed, even though 2 of the 10 reviewed were new hires.

Recommendation

IAD recommends DOES bring all HR personnel files up to the current DOES file expectations where applicable.

Management Action Plan

Reference comments Personnel Files (1)

4) Issue

Only four of 10 employee personnel files reviewed would have required an Internet & E-mail access requisition form as expected per discussion with the DOES HR Manager. Of the 4 files reviewed:

- a. One of four personnel files contained an old out dated form that did not cover E-mail access.
- b. One of four personnel files did not contain an Internet & E-mail access requisition form.

Recommendation

IAD recommends that all applicable files be brought up to current DOES standards for file documentation.

Management Action Plan

Reference comments Personnel Files (1)

Internet and email access is now under the direct administration of the Network Client Systems Manager in DOES and will result in timely creation and deletion of accounts and in improved monitoring of internet usage.

5) Issue

Only five of the 10 employees sampled had applicable medical files set up in the file cabinet. Of the five applicable files reviewed, four files contained personnel file documentation of non-medical nature.

Recommendation

IAD recommends that all non-medical file documentation be removed from the medical files and filed appropriately in the general personnel files.

Management Action Plan

Reference comments Personnel Files (1)

6) Issue

A copy of the Employee's I-9 were reviewed for inclusion into either the employee's personnel files or a separate I-9 file in the HR department. I-9's are required to be completed for all employees hired after November 6, 1986. Therefore, only seven employees of the ten sampled were applicable because their hire dates were subsequent to the filing requirement. The following I-9 issues were noted:

- a. Five of the seven applicable personnel file records did not contain a copy of the employee required I-9. IAD follow-up located three of the five I-9's in the Executive Human Resource Department.
- b. Two of the seven applicable personnel file records contained a copy of the required I-9, however, the I-9 forms were not completely filled out.

Recommendation

IAD recommends that all applicable I-9 copies be obtained if possible to ensure that the DOES Human Resource files meet Federal regulations.

Management Action Plan

Reference comments Personnel Files (1)

EXPENDITURES:

The objective of this testing was to gain an understanding of the expenditure cycle at DOES and to review the purchasing, receiving, and payment processes for proper authorization and accuracy. IAD met with the Office Manager (Purchasing) on 8/27/04 to discuss the expenditure cycle. Employed the use of an internal control questionnaire to gain an understanding of the process. As a result, IAD

wrote a narrative of the process. Thirty purchase transactions (20 from fund 55001 [sewer] and 10 from fund 55002 [water]) were randomly selected from the year 2003 for review. The purchase requisitions, purchase orders, receiving reports, and invoices were obtained and reviewed from the Finance Office Manager. Amounts on the Purchase Order and Requisition were verified that they agreed. Amounts on the Invoice and Voucher Back-Up sheet were verified that they agreed. IAD also verified that the invoice amount was less than or equal to the PO amount. The Requisitions were also tested to ensure that they contained the following: correct signatures of approvals, the invoices located in the voucher packets were correctly stamped and signed with an approval to pay. In the situation of goods received, that the packing slip or receiving document was attached to the invoice with an indication from the receiver that the goods were received and accepted as ordered.

1) Issue

The following exceptions were noted:

- a) There was not a packing slip for two of 18 expenditures tested giving indication from the receiver that the items ordered were correctly received as ordered.
- b) For one of the 18 expenditures tested, a receiving slip was located, however there was no signature by the person who received the order indicating that the order was complete and correct.

Recommendation

When orders are received, IAD recommends that the DOES obtain and sign all packing slips and keep them for their records. This will ensure that all of the items were received and that DOES accepted the order.

Management Action Plan

Procedures have been implemented by Administration to ensure that receiving slips are properly collected and signed.

C-10 ASSESSMENTS

IAD obtained and reviewed the 2003 C10 Assessments for sewer maintenance to verify that they were certified to the County Fiscal Officer as provided by Codified Ordinance 923.08 "Sewer Maintenance Fee and placed on the tax list and duplicate, without interest, and collected as other taxes are collected". Fifty assessments were haphazardly selected for 2003 from the bundle of C10 Assessment worksheets for testing. IAD verified that the C10 Assessments were placed on the property owner's tax bill by comparing the amount from the worksheet with the amount on the real estate website.

1) Issue

The following were noted:

- a) Upon review of the C10 Assessments, it was noted that there is no log/listing of C10's completed and maintained by the DOES. Because there was no log/listing, IAD was unable to ensure a complete population of C10 Assessments.

- b) It was noted during testing that there is no reconciliation process performed by the DOES to ensure that the Fiscal Office entered all C10's onto the property tax bills.

Recommendation

IAD recommends that the DOES maintain a log/listing of C10 Assessments that contains item numbers and dollar amounts. To verify that the assessments are placed on the tax bill, IAD recommends that the DOES reconcile their listing to the Fiscal Office Public Access Web Service (PAWS) system. This will ensure that all of the information sent from the DOES to the Fiscal Office is accurately inputted into the PAWS system.

Management Action Plan

A reconciliation procedure has been developed and implemented by Administration. Members of the Permitting Department are currently performing this reconciliation. Additional procedures will be developed by Administration during the first two quarters of 2005 that will result in the production and maintenance of a listing, or possible database, of C10 assessments.

C-12 & 26 ASSESSMENTS

IAD verified that charges to users for sewer and water deemed to be delinquent by the DOES are certified by being placed on the real property tax list and duplicate by the County Fiscal Officer against the property served by the sewer or water connection for the tax year 2003. IAD obtained and reviewed the Certification Reports for 2002-2003. Fifty parcel numbers were haphazardly selected from 2003 for testing from the DOES Certification Reports.

Issue

No issues were noted.

C-50 ASSESSMENTS

IAD obtained and reviewed C50 Assessments for sewer improvements which have been deferred for collection for 2003 and to verify that they were certified (applied to the property owner's tax bill) to the County Fiscal Officer for collection pursuant to Ohio Revised Code Section 6117.33 "Certification of Assessments". Obtained and reviewed a working file from the Computer Systems Analyst 3, on 8/26/04 created by the Finance and Planning Department, which listed who was to receive final assessments and who qualified for the Community Development Block Grant. IAD compared this working file with the 2003 Legislation to ensure a complete population. IAD selected the total population of 2003 deferred assessments for testing, which totaled 48. Verified that the C50 assessment was placed on the owner's property tax bill and that the semi-annual amount agreed with the amount on the 2003 Legislation.

Issue

No issues were noted.

UNMETERED COMMERCIAL / INDUSTRIAL ACCOUNTS

IAD interviewed/discussed the monitoring and auditing of Unmetered Commercial /Industrial accounts with the Deputy Director of Engineering and the Research Analyst to gain an understanding of the procedures utilized by DOES to monitor unmetered commercial and industrial sewer customers.

1) Issue

There is no formal policy or procedure for the monitoring of commercial/industrial unmetered sewer customers on a consistent basis. Therefore, if a customer changes the use of a building from an office to a restaurant, which does not require the need to change the lateral pipes, and the water usage increases, there is no process to adjust the sewer usage charges. Based on this, it is possible for these customers to increase their flow of wastewater without paying an increase in their flat fee.

Recommendation

IAD recommends that DOES create and implement a formal policy and procedure for ensuring that the Unmetered Commercial and Industrial accounts are audited on a yearly basis to ensure that they are paying the correct flat rate amount based on the total amount of benefit that they are receiving.

Management Action Plan

Engineering, Operations and Administration will formulate and implement an audit procedure during the first quarter of 2005. Members of Engineering and Operations will survey and / or audit these accounts annually. Members of Administration will review these surveys and make necessary changes to the customer account. Changes to a customer account will follow the earlier recommendation / procedure for proper approval / sign-off.

MOBILE EMPLOYEES

IAD interviewed the Deputy Director of Engineering and the Deputy Director of Operations to gain an understanding of how mobile employees (those DOES employees that are out in the field at various locations during their normal shift and do not work out of one static location for their entire shift) are accounted for in their daily duties. The accounting for an employees' time in the cost accounting system was also reviewed with the Accountant 1 responsible for inputting the time into the cost system. The following were noted:

2) Issue

Certain DOES Operations and Engineering department employees utilize county assigned vehicles in the completion of their daily work duties. The majority of these employees also utilize the assigned vehicles to travel between work and home. There is no management reconciliation of the mileage placed on county vehicles assigned to a DOES employee and the assigned and documented activities/tasks performed by each employee on a daily basis.

Recommendation

IAD recommends that DOES management periodically review a sample of county assigned vehicles and employee time and costing records for agreement to mileage usage to complete the daily tasks assigned.

Management Action Plan

The policy regarding the use of County vehicles / equipment will be re-issued by Administration. Signatures acknowledging receipt will be obtained and properly filed. Operations and Engineering will implement a procedure and reporting form to track employee use of assigned vehicles. Periodic review of a representative sample of those employees assigned county vehicles will be conducted and documented.

An evaluation of vehicle location / tracking technology is currently in progress for two primary reasons:

- Employee safety
- Vehicle utilization

Implementation of this technology, if viable and justified, is planned for 2006.

3) Issue

All work schedules are not set by management/supervision for all pump station employees. Pump Station Operators and Pump Station Electricians/ Instrument Technician set their own work schedule or a portion of their own work schedule on a regular basis.

Recommendation

IAD recommends that all work schedules are determined, assigned, and monitored by the applicable supervisory personnel. This will help ensure the location, direction, and efficiency of the assigned workers.

Management Action Plan

An electronic work order system has been developed and is currently being tested by Operations with field personnel. This system manages the assignment and completion of job tasks and is expected to improve the accountability of individual work schedules.

In order to facilitate planning and improve job task coordination, all employees assigned to Pump Station 6 (Pump Station Operators, Maintenance Mechanics, Electricians and Electronic Instrument Technicians) will be relocated to the Fishcreek Plant by the end of 2004. This relocation will centralize the planning, assignment, and communication of task progress for all field personnel in Operations.

4) Issue

Pump Station Operators are to utilize pump station logs to enter the time in/out and to note what tasks were performed/completed. However, Operations Electricians/Technicians and Mechanics do not consistently utilize the logs at the pump stations to indicate time in/out, and work performed during the visits.

Recommendation

IAD recommends that all operations employees which visit pump stations utilize the pump station logs to indicate all the tasks performed at each respective pumping station. This will provide management and with the most comprehensive maintenance/repair data on pump station operation.

Management Action Plan

Operations will revise and improve the pump station logs in order to improve the recording and accounting of maintenance tasks performed in pump stations. Implementation of these revisions will be completed by the end of the first quarter. Assessment of the effectiveness of these revisions will be ongoing and will be accomplished by Operations through random audits of pump station logs. These audits will include a comparison / reconciliation with time sheet information as well as with tasks assigned through the work order system.

5) Issue

There are no management reconciliations/comparisons currently completed to ensure the times and activities entered into the pump station logs are in agreement to the timesheets that are also completed by the employees detailing their daily activities for cost accounting purposes.

Recommendation

IAD recommends that a procedure be implemented whereby the pump station logs are periodically compared to the employee timesheets to ensure the accurate completion of employee time and cost accounting data.

Management Action Plan

Reference comments Mobile Employees (4)

III. Contract Review:

CONTRACTS AND COMPETITIVE BIDDING

IAD obtained and reviewed a sample of the Department of Environmental Service's current operating contracts, union contracts, and/or vendor agreements for 2003. IAD also obtained and reviewed a sample of the Department of Environmental Services construction contracts for 2003 that were required to be competitively bid to ensure that the DOES was in compliance with Chapter 177 of the Codified Ordinances on Board of Control-Construction Contract Procedures. The following were noted:

1) Issue

The Department of Environmental Services does not maintain one complete and consistent listing for all contracts entered into. Therefore, IAD was unable to ensure the completeness of the population during contract testing.

Recommendation

- 1) IAD recommends that DOES create and maintain a comprehensive listing of contracts that is consistent in structure and form. This will ensure that contracts can be more easily tracked and documented.
- 2) IAD also recommends that DOES develop one central source for their Agreements with other Governmental Agencies that is kept current. This will provide for one reliable, easily referenced location for the agreements for DOES.

Management Action Plan

A database application has been developed and is currently being tested by Engineering. This application will be a shared database and will be the central repository for construction contracts subject to competitive bidding and for intergovernmental agreements. Engineering will be responsible for the update and maintenance of data.

Issue

No compliance issues were noted concerning the Competitive Bidding process.

REVENUE RECAPTURE

IAD met with the Tax Settlement Department to gain an understanding of the revenue capture process for DOES. Obtained and reviewed the ST107 report, for the second half of 2003, broken down by district, which is generated from the Real Estate data base. Obtained and reviewed the ST101 balancing sheet which is kept in the CLT system and tied to the ST107 report. Obtained and reviewed the Transfer Sheet listing amounts to be distributed to DOES broken down per fund.

Issue

No exceptions were noted.

V. Security:

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