

**Summit County Executive Office
Human Resource Department
Preliminary Audit Report**

PREPARED FOR:

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Audit Committee**

**Approved by Audit Committee:
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**Summit County Executive Office
Human Resource Department
Preliminary Audit Report
Table of Contents**

I. General Background.....3

II. Objectives.....3

III. Scope.....4

IV. Detailed Comments.....5-14

**Summit County Executive Office
Human Resource Department
Preliminary Audit Report
Background and Objectives**

GENERAL BACKGROUND

Human Resources is responsible for some key facets of the employment process. Among them are posting employment opportunities, scheduling interviews, conducting orientation sessions for new employees, authoring the Personnel Manual, creating evaluation forms and procedures for all county offices and departments, scheduling and mediating disciplinary hearings and writing job descriptions. In addition, this department facilitates compliance with Federal programs such as Family Medical Leave Act, Federal Labor Standards Act, Equal Employment Opportunity and Americans with Disabilities Act. They are also responsible for the retention of approximately 700 personnel files for all departments under the Executive.

AUDIT OBJECTIVES AND METHODOLOGY

The primary focus of this review was to provide the Summit County Executive Office Human Resource Department (HRD) with reasonable assurance, based on the testing performed, on the adequacy of the system of management control currently in effect for the audit areas. 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 HRD.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Based on the results of our review, we prepared specific issues and recommendations for improvement that were discussed with management. These recommendations, as well as management's unaltered written response, can be found in the following sections of this report.

Specific Objectives:

1. To obtain and review the current policies and procedures.
2. To review the internal control structure through employee interviews and observation.
3. To perform a general overview of the physical environment and security of the facilities, data, records and departmental personnel.

**Summit County Executive Office
Human Resource Department
Preliminary Audit Report
Scope**

Scope

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

The following were the major audit steps performed:

OBJECTIVE 1 – POLICY AND PROCEDURES REVIEW

1. Obtain and review the current policies and procedures.
2. Meet with the appropriate personnel to obtain an understanding of the current department processes and procedures. Compare those existing processes to the policies and procedures manual for consistency, noting all exceptions.
3. Test procedures for mandatory compliance where applicable.
4. Identify audit issues and make recommendations where appropriate.

OBJECTIVE 2 – REVIEW OF INTERNAL CONTROLS

5. Meet with the appropriate personnel to obtain an understanding of the control environment.
6. Document the existing control procedures in narratives and/or flowcharts.
7. Compare existing processes to the policies and procedures manual for consistency.
8. Test procedures for compliance where applicable, noting all exceptions.
9. Investigate discrepancies and summarize results.
10. Make recommendations where appropriate.

OBJECTIVE 3 – REVIEW OF SECURITY

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

**Summit County Executive Office
Human Resource Department
Preliminary Audit Report
Detailed Comments**

Interviews:

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

- a. Director of Human Resources,
- b. Deputy Director,
- c. Equal Opportunity Compliance Administrator,
- d. Deputy Director Labor Relations,
- e. Fiscal Officer 3,
- f. Executive Assistant 1,
- g. Assistant Director of Administration, DJFS,
- h. Human Resource Administrator, DOES.

Any issues noted are addressed in the respective sections of the report.

I. Policies & Procedures Review:

IAD obtained and reviewed the Summit County Employees Policies and Procedures Manual for the Executive's Office, revised 6/9/07, to gain an understanding of personnel policies and procedures.

IAD obtained and reviewed the Summit County Codified Ordinances, Title Five, Executive and Administrative, Chapter 169 Personnel Policies and Procedures to gain an understanding of the ordinances. Additionally, IAD obtained and reviewed the revised Chapter 169 sections (with strikethrough) that will be presented to County Council for approval. IAD reviewed the revised sections as well as the current Chapter 169 for reasonableness.

IAD obtained and reviewed draft department operational procedures that will be incorporated into a Summit County Executive's Office Operations Manual. Upon discussion with the Deputy Director, the goal is to incorporate all HRD policies, procedures (including the procedures that establish the guidelines for the County to administer County Ordinance Chapter 169), and the Summit County Employees Policies and Procedures Manual into one manual.

Per discussions with HRD personnel, Codified Ordinance 169 (169) has been updated and is awaiting approval by County Council. Upon approval, the HRD will then update their policies and procedures to incorporate 169. Based on these facts, IAD passed on review and testing of the outdated policies and procedures related to 169, and will review them during the HRD Follow-up Audit. IAD will, however, review for reasonableness the updates and revisions to 169 to determine compliance with respective laws and regulations (e.g., FLSA, FMLA, ADA, EEO), and provide any recommendations to the HRD.

The following issue was noted:

1. **Issue:**

The Executive HRD does not have formal written policies and procedures for many administrative processes and day-to-day functions of the department (e.g., expenditures/procurement, Form I-9, etc.). Additionally, there are several policies and procedures that require updating (e.g., incorporating a personnel file checklist into the personnel file policy). Therefore, the HRD is not able to ensure that the administrative processes/work flows are being followed consistently, appropriately, or in accordance with policies.

**Summit County Executive Office
Human Resource Department
Preliminary Audit Report
Detailed Comments**

Recommendation:

IAD recommends that the HRD continue their efforts to create and disseminate formal written administrative/functional policies and procedures for all of the processes of the department and incorporate them into the Operations Manual. These policies and procedures should include effective/revisions dates as well as approvals. This will help to ensure that procedures are in place to achieve departmental goals as well as help to ensure that they are being performed consistently.

Management Action Plan:

Policies, procedures and processes will be revised and developed for the Human Resource Department to be supervised by the Deputy Director of Human Resources with input from all members of the department. Policies, procedures and processes will have effective and revision dates and approvals. Revised manual will be submitted to the Director for approval by August 31, 2010. Date of completion is dependent upon revisions of Section 169 being approved by Chief of Staff and submitted to Council for approval.

II. Internal Control Testing:

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

- Expenditures
- Personnel files
- Family Medical Leave Act
- Americans with Disabilities Act
- Equal Employment Opportunity
- NeoGov Application
- Labor Relations

EXPENDITURES

IAD obtained and reviewed the Executive Office Personnel Policy and Procedures Manual and noted that there were no formal policies and procedures for the processing of expenditures within HRD. IAD obtained and reviewed the following documents to gain an understanding of expenditure requirements:

- a. ORC § 5705.41(D) (2), to gain an understanding of the requirements for the appropriation of money,
- b. Summit County Codified Ordinance § 177.23 Purchases not Exceeding \$1, 000,
- c. Summit County Expenditure flowchart, which shows approval thresholds for Board of Control, County Council, and the IT Board as derived from the Summit County Codified Ordinances.

IAD interviewed the Administrative Assistant, utilizing a standard internal control questionnaire, to gain an understanding of the expenditure process for the HRD, and documented the process in a flow chart.

IAD generated and reviewed a WebFocus report of all expenditures for the HRD fund and organizational account from 1/1/2009 to 2/28/10 and judgmentally selected a sample of twenty-five expenditures and performed detailed testing.

**Summit County Executive Office
Human Resource Department
Preliminary Audit Report
Detailed Comments**

The following recommendation and issue was noted:

Recommendation:

During discussions with HRD personnel and testing, it was noted that there are instances where purchases are made prior to issuing a purchase order. O.R.C. § 5705.41 states that no subdivision or taxing unit is to expend money unless it has been appropriated; therefore, IAD recommends that the HRD receive approval, via a purchase order, prior to purchasing an item or service. This will help to ensure that proper approval is obtained prior to each purchase and that adequate funds are available.

2. Issue:

Upon discussion with the Administrative Assistant, it was noted that the same person places orders, receives the goods ordered and receives vendor invoices causing an improper segregation of duties.

Recommendation:

IAD recommends that the HRD designate duties so that the person responsible for placing orders is not the same person responsible for receiving the goods/services and the vendor invoice. This will help to ensure that a proper segregation of duties is in place for the expenditure process.

Management Action Plan:

Upon receiving the initial recommendations, the process was changed so that the Executive Assistant, Ann Snipes will verify receipt of all ordered goods and services and submit to the Director of Human Resources for signature. The Administrative Assistant will still be responsible for placing orders. Department policy, procedure and process will be updated to reflect this change as outlined in Management Action Plan for Issue 1.

PERSONNEL FILES

IAD obtained and reviewed the Summit County Employees Policies and Procedures Manual for the Executive's Office, and conducted an interview with the Executive Assistant 1, utilizing a standard internal control questionnaire, to gain an understanding of policies and procedures regarding personnel files.

IAD obtained and reviewed a New Hire packet, from the Executive Assistant 1, and the "Maintenance of Personnel Files and Records" white paper, from the Society of Human Resources Management (SHRM), to gain an understanding of the contents of the Executive's Offices personnel files and best practices regarding personnel files.

IAD obtained and reviewed the following documents to gain an understanding of the effective dates governing the completion and collection of the corresponding forms:

- a. Form SSA-1945 and accompanying instructions,
- b. General information from the Ohio Department of Homeland Security regarding the Declaration of Material Assistance form.

**Summit County Executive Office
Human Resource Department
Preliminary Audit Report
Detailed Comments**

IAD obtained and reviewed a listing of current and terminated Summit County employees, utilizing WebFocus, and filtered the listing to include only active Executive Office employees. A random number generator was utilized to select a sample of 59 employees to perform detailed personnel file testing. In addition, IAD judgmentally selected an additional 11 employees to perform detailed personnel file testing, bringing the total sample size to 70 out of 696 employees (approximately a 10% sample of the population). The following issues were noted:

3. Issue:

Upon review of seventy employee personnel files selected for detailed testing, IAD noted the following:

- a. Thirty-two out of seventy personnel files did not contain a Policy and Procedure manual sign-off,
- b. Five out of twenty-one applicable personnel files did not contain a Declaration of Material Assistance form (the sample size was reduced because the form is only required for employees hired after 4/16/06),
- c. Six out of thirty applicable personnel files did not contain a Form SSA-1945 (the sample size was reduced because the form is only required for employees hired after 1/1/05),
- d. Six out of seventy personnel files did not have confidential information segregated.

Recommendation:

IAD recommends that the HRD conduct a review of employee personnel files to verify that all required documents are maintained in the files and that confidential information is segregated. This will help to ensure compliance with Federal and State regulations as well as best practices.

Corrective Action Prior to the End of Fieldwork:

On 4/7/10, IAD confirmed through observation the following:

- A Declaration of Material Assistance form sign-off was obtained for all five missing forms,
- A Form SSA-1945 sign-off was obtained for all six missing forms,
- Confidential information was removed from employee personnel files in all six instances.

FAMILY MEDICAL LEAVE ACT (FMLA)

IAD obtained and reviewed the Executive Office Personnel Policies and Procedures Manual and noted that the formal policy for the processing of FMLA requests is not current. IAD recognizes that the Policies and Procedures will be updated when the new revisions to County Ordinance 169 are passed by Summit County Council. IAD obtained and reviewed the revised 169.22 Leave of Absences and verified that it is in compliance with and includes federal FMLA regulations.

IAD obtained and reviewed County Ordinance 2006-088 which states that leave under FMLA is to be administered by the Human Resource Commission (HRC). IAD met with the HRC Administrator and the HRC Assistant Administrator to gain an understanding of their role and the procedures followed in the FMLA process.

**Summit County Executive Office
Human Resource Department
Preliminary Audit Report
Detailed Comments**

IAD obtained and reviewed a FMLA Fact Sheet from the US Department of Labor to gain an understanding of Federal regulations regarding FMLA, and traced and agreed the regulations to HRC FMLA policies and procedures.

Though the HRC is not included in this review, IAD performed detailed testing of FMLA procedures to verify the County's compliance with Federal regulations. IAD randomly selected 30 out of 339 FMLA requests and performed detailed testing to verify eligibility, proper completion of all required forms and proper approval.

No issues were noted during detailed testing.

AMERICANS WITH DISABILITIES ACT (ADA)

IAD obtained and reviewed the Executive Office Personnel Policy and Procedures Manual and noted that disabilities are addressed in the EEO section. IAD obtained and reviewed County Ordinance 2006-088 which states that ADA leave requests are to be administered by the HRC. Though the HRC is not included in this review, IAD performed detailed testing of ADA procedures to verify the County's compliance with federal regulations.

IAD obtained and reviewed the revised 169.27 DISABILITY ACCOMMODATION and verified that it is in compliance with and includes Federal ADA regulations.

IAD met with the HRC Administrator and the HRC Assistant Administrator to gain an understanding of their role and the procedures followed in the ADA process. IAD obtained and reviewed "A Guide to Disability Rights Laws" from the US Department of Justice to gain an understanding of Federal regulations regarding ADA, and traced and agreed the regulations to the HRC ADA policies and procedures.

IAD randomly selected 5 out of 29 ADA requests and performed detailed testing to verify eligibility, proper completion of all required forms, proper approval and that accommodation was met, when applicable.

No issues were noted during testing.

EQUAL EMPLOYMENT OPPORTUNITY (EEO)

IAD obtained and reviewed Codified Ordinance 169.21 Anti-discrimination/Anti-harassment Complaint Policy/Procedure, and 169.26 Equal Employment Opportunity, and performed an interview with the Equal Opportunity Compliance Administrator to gain an understanding of EEO regulations and procedures.

The Civil Rights Act of 1964 mandates periodic employer reporting indicating the composition of the workforce. IAD obtained a copy of the EEO-4 Survey, completed by the Equal Opportunity Compliance Administrator, and the EEO-4 Survey requirements, from the U.S. Equal Employment Opportunity Commission website, to confirm that the survey was filed by the 2009 filing deadline. IAD reviewed all 2009 and 2010 EEO files and tested for reasonable documentation.

**Summit County Executive Office
Human Resource Department
Preliminary Audit Report
Detailed Comments**

The following issue was noted during testing:

4. Issue:

Upon review of the EEO files, there were several instances where IAD was not able to determine the status of the allegations; therefore, making it difficult to determine if the allegations became formal complaints, were still pending, or were dismissed because the allegation did not pertain to discrimination.

Recommendation:

IAD recommends that the status and any actions/resolutions made by the parties involved be documented in each respective EEO file. This will help to ensure that all EEO files contain sufficient and complete information pertaining to the status and resolution of the allegation or complaint.

Management Action Plan:

Effective immediately, the EEO Compliance Officer was instructed by the Director of Human Resources to document actions/resolutions in each EEO file. Department policy, procedure and process will be updated to reflect this change as outlined in Management Action Plan for Issue 1.

NEOGOV APPLICATION

IAD obtained and reviewed the Summit County Executive Office Personnel Policy and Procedure Manual to gain an understanding of the policies and procedures related to the hiring process. In addition, IAD obtained and reviewed the following legislation to gain an understanding of the laws and regulations regarding the hiring process:

- a. County of Summit Administrative Code § 5, 6, and 7,
- b. O.R.C. § 301.23 “County civil service commission,”
- c. O.A.C. Chapter 123:1-2-01 “County personnel department,
- d. Codified Ordinance 169.04 “Hiring.”

IAD compared current procedures within the NeoGov application with regulations to verify compliance.

IAD obtained and reviewed the service agreement between Summit County and NeoGov to gain an understanding of the contract terms. IAD noted that a right to audit clause was present in the agreement. IAD verified that the upgrades and maintenance of the hiring application is to be performed by NeoGov.

IAD attended a NeoGov Insight training session, conducted by the Deputy Director of HRD, and a NeoGov Insight training webinar to gain an understanding of the system. Additionally, IAD obtained and reviewed a NeoGov Insight Enterprise Recruitment Life-Cycle Overview training manual to gain an understanding of the procedures followed within NeoGov throughout the hiring process.

Access to the training copy of the NeoGov Insight system for a department user, a HRD user and the general public was obtained to gain an understanding of the operation of the NeoGov Insight system.

**Summit County Executive Office
Human Resource Department
Preliminary Audit Report
Detailed Comments**

IAD conducted an interview with the Deputy Director and Executive Assistant 1, utilizing a questionnaire, to gain an understanding of the controls and processes regarding the NeoGov Insight system, and performed a walkthrough of the requisition process. IAD documented the process in a flow chart.

IAD obtained and reviewed the NeoGov Insight Technical Overview from the Deputy Director to gain an understanding of the NeoGov IT environment regarding data maintenance, security and back-up. IAD contacted the Fiscal MIS Help Desk to verify that data collected during the NeoGov hiring process is maintained on NeoGov servers.

A HR user access listing and a departmental user access listing was obtained and tested for reasonableness. A screen print of the NeoGov "Password Preferences" screen was obtained to determine the password policy currently in place for NeoGov.

IAD obtained a listing of all job postings generated in NeoGov and verified that the postings were advertised for a minimum of three days and are compliant with Codified Ordinance 169.04(d). IAD met with the Deputy Director to discuss private information contained within scanned documents in the NeoGov system.

The following observations were noted:

1. Observation:

Upon discussion with the Deputy Director of HRD, IAD noted that a policy and procedure manual for the hiring process regarding the NeoGov system does not exist. IAD recognizes that hiring policy is established by Codified Ordinance 169; however, this does not address hiring procedures related to NeoGov including, but not limited to:

- a. General NeoGov hiring process,
- b. Making/reviewing overrides,
- c. Comparison of requisitions to the Staffing Report spreadsheet,
- d. User addition/removal procedures.

Recommendation:

IAD recommends that a policy and procedure manual for the hiring process and how the NeoGov system is utilized throughout the hiring process be created and disseminated to applicable employees. This will help to ensure the efficient and effective use of NeoGov throughout the hiring process, as well as to ensure that hiring is performed in compliance with all applicable laws and regulations.

Management Action Plan:

Policies, procedures and processes will be revised and developed for the on-line hiring (NEOGOV) by the Deputy Director of Human Resources and Executive Assistant, Bridget Hodoh. Revised manual will be submitted to the Director for approval by August 31, 2010.

2. Observation:

Upon review of the NeoGov training manual, IAD noted several discrepancies between steps in the manual and the actual NeoGov system.

**Summit County Executive Office
Human Resource Department
Preliminary Audit Report
Detailed Comments**

Recommendation:

IAD recommends that the training manual be reviewed and revised so that it is consistent with the NeoGov application employed by HRD. This will help to reduce the learning curve as well as help to ensure that NeoGov is being utilized correctly.

Management Action Plan:

The training manual is a document provided by NEOGOV, the on-line hiring software vendor. The Deputy Director of Human Resources and Executive Assistant, Bridget Hodoh will develop a training manual specific to Summit County along with the policies, procedures and processes as outlined to be completed in Observation 1.

3. Observation:

Upon discussion with the Deputy Director of HRD, IAD noted that the addition/removal of users as well as permission changes are initiated verbally.

Recommendation:

IAD recommends that the HRD implement a written user request form/process similar to that of the Fiscal Office MIS Department. This will help to improve the tracking of user additions/removals as well as ensure proper authorization has been obtained prior to the assignment of access.

Management Action Plan:

A written user request form has been developed. New forms with correct rights and authorization signatures will be issued and collected by June 30, 2010 by the Deputy Director of Human Resources and Executive Assistant, Bridget Hodoh.

4. Observation:

Upon discussion with the Deputy Director of HRD, IAD noted that a process is currently not in place for the comparison of personnel requisitions to the annual Staffing Report adopted by Council.

Recommendation:

IAD recommends that a process be put in place requiring that all personnel requisitions be compared to the annual Staffing Report adopted by Council before a job posting is created. This will help to ensure that the county is in compliance with Codified Ordinance 169.04(i).

Corrective Action Prior to the End of Field Work:

Upon follow up with the Deputy Director of HRD on 4/1/10, IAD noted that a spreadsheet tracking staffing levels per the annual Staffing Report adopted by Council had been generated and procedures had been put into place to compare requisitions to the spreadsheet prior to their approval.

**Summit County Executive Office
Human Resource Department
Preliminary Audit Report
Detailed Comments**

5. Observation:

Upon discussion with the Deputy Director of HRD as well as observation of the NeoGov “Password Preferences” screen, IAD noted that there is currently no password policy in place for the NeoGov system.

Recommendation:

IAD recommends that a password policy be implemented that requires users to regularly change passwords, requires passwords to be complex, and locks users out after invalid log-in attempts. This will help to ensure that access to the NeoGov system is restricted to appropriate, authorized personnel.

Management Action Plan:

NEOGOV issued a new release with more stringent password rules, including requiring users to regularly change passwords, passwords be more complex, and lock out after failed attempts. Upon issuing the new user request forms, HRD will force users to reset their passwords following the new guidelines. Completion expected by June 30, 2010.

6. Observation:

Upon review of the NeoGov system as well as discussion with the Deputy Director of the HRD, IAD noted that access to scanned documents, which may contain confidential information, is not restricted.

Recommendation:

IAD recommends that the HRD redact all confidential information from documents prior to scanning them into NeoGov. This will help to ensure that access to confidential information is restricted to the appropriate personnel.

Management Action Plan:

All confidential information will be redacted from documents prior to scanning and policy, procedure and process will be written to reflect that by Deputy Director of Human Resources and Executive Assistant, Bridget Hodoh. Since NEOGOV is a new system, all current records will be reviewed and redacted accordingly by June 30, 2010.

LABOR RELATIONS

IAD conducted a preliminary interview with the Deputy Director of Labor Relations, and were provided with a Disciplinary Procedure for Bargaining Employees that was disseminated to all departments/agencies in 2001. It was noted that currently there are no pending grievances for any of the twelve bargaining units. Based on this fact, IAD passed on testing of Labor Relations within the Executive Office Human Resource Department.

**Summit County Executive Office
Human Resource Department
Preliminary Audit Report
Detailed Comments**

III. Security:

Security issues noted during fieldwork are addressed under separate cover in the accompanying report in compliance with O.R.C. §149.433.