



SUMMIT COUNTY, OHIO

INTERNAL AUDIT DEPARTMENT

March 29, 2007

Daniel Horrigan
Summit County Clerk of Courts
205 S. High St.
Akron, OH 44308

Mr. Horrigan:

Attached are the results of Follow-up Audit regarding the issues that were identified in the Summit County Clerk of Courts – Title Division Preliminary Audit report dated March 14, 2006.

FOLLOW-UP AUDIT SUMMARY

The primary focus of this follow up was to provide the Summit County Clerk of Courts 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.

Our follow up 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 the stated management action plans.

The follow-up process should monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. Follow-up by internal auditors is defined as a process by which they determine the adequacy, effectiveness, and timeliness of actions taken by management on reported engagement observations.

Factors that should be considered in determining appropriate follow-up procedures are:

- The significance of the reported observation.
- The degree of effort and cost needed to correct the reported condition.
- The impact that may result should the corrective action fail.
- The complexity of the corrective action.
- The time period involved.

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

Sincerely,

Bernard F. Zaucha
Director, Internal Audit

Summit County Clerk of Courts – Title Division
Follow up Audit
(APPROVED BY AUDIT COMMITTEE MARCH 28, 2007)

Auditor:

Joseph George, Senior Auditor

Objective:

To determine if management has implemented their management action plans as stated in the previously issued Preliminary Audit report.

Scope:

An overview and evaluation of policies, processes, and procedures implemented by the department/agency as a result of management actions stated in the management action plans during the Preliminary Audit process.

Testing Procedures:

The following were the major audit steps performed:

1. Review the final preliminary audit reports to gain an understanding of IAD issues, recommendations, and subsequent management action plans completed by the audited department/agency.
2. Review the work papers from the Preliminary Audit.
3. Review any departmental/agency response documentation provided to IAD with management action plan responses following the Preliminary Audit.
4. Identify management actions through discussions/interviews with appropriate departmental personnel to gain an understanding of the updates/actions taken.
5. Review applicable support to evaluate management actions.
6. Determine implementation status of management action plans.
7. Complete the follow-up report noting status of previously noted management actions.

Summary

Of the fourteen issues and corresponding management action plans noted in the Preliminary Audit Report, the Summit County Clerk of Courts fully implemented four, partially implemented six, and did not implement four.

Based on the above noted information, IAD believes that the Summit County Clerk of Courts title Division has made some progress towards the implementation of their corrective management action plans; however, additional work is needed to fully implement the management action plans as stated in response to the audit issues identified during the preliminary audit. Internal Audit will conduct another follow-up audit to confirm implementation based on the new target dates.

Security Follow-Up:

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

Summit County Clerk of Courts – Title Division
Follow up Audit
Comments

The Internal Audit Department (IAD) conducted a Follow-up Audit of the Summit County Clerk of Courts – Title Division. The original Preliminary Audit was approved by the Summit County Audit Committee on March 14, 2006.

Listed below is a summary of the issues noted in the Preliminary Report and their status. Each issue number is in reference to the preliminary report:

Management Action Plans Fully Implemented:

- Issue 4 - There is no formal interaction with the press policy for the COC Title Division.
- Issue 5 - Upon review of the personnel files selected for detailed testing and based on what the Chief Deputy Clerk-Title Division felt should be in a personnel file, the following issues were noted:
 - a. Two of 15 personnel files did not contain a sign off sheet acknowledging the receipt of the Clerk of Court's Employee Personnel Manual.
 - b. Eight of 15 personnel files did not contain a sign-off on the receipt of the Ohio Ethics Law and related statutes.
 - c. One of 15 personnel files did not contain an Ohio Public Employees Retirement System (O.P.E.R.S.) Form. IAD verified in the County payroll system, Banner, that a P.E.R.S. deduction was being taken from the employee's pay.
- Issue 13 - Upon review of the deposit slips and bank receipts for August 2005, it was noted that the following deposits were not made on a timely basis:
 - a. Three of 48 deposits from the South Branch-Portage Lakes office (two business days).
 - b. Eight of 23 deposits from the North Branch-Macedonia office (two business days).

This is a violation of O.R.C. §9.38 which states that: "A person who is a state officer, employee, or agent shall pay to the treasurer of state all public moneys received by that person as required by rule of the treasurer of state adopted pursuant to section 113.09 of the Revised Code. A person who is a public official other than a state officer, employee, or agent shall deposit all public moneys received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited. If the public office of which the person is a public official is governed by a legislative authority, only the legislative authority may adopt such a policy; in the case of a board of county commissioners, the board may adopt such a policy with respect to public offices under the board's direct supervision and the offices of the prosecuting attorney, sheriff, coroner, county engineer, county recorder,

county auditor, county treasurer, or clerk of the court of common pleas. If a person who is a public official receives public moneys for a public office of which that person is not a public official, that person shall, during the first business day of the next week, pay to the proper public official of the proper public office the moneys so received during the current week.”

- Issue 14 - Upon discussion with the Bookkeeping Account Clerk Supervisor for the Main office and the Clerical Supervisors for the South Branch and North Branch offices, IAD noted that the process followed by the supervisors for recounting the cashiers’ daily cash collections did not include dating and initialing the cash count sheets/worksheets. Dating and initialing would indicate who recounted the funds and that it agreed to the amount counted and documented by the cashiers.

Management Action Plans Partially Implemented

- Issue 1- It was noted that the majority of the COC Employee Manual is outdated. This issue has been identified previously in the COC Legal Division preliminary audit.

On 12/21/06, IAD obtained and reviewed a policy and procedures manual, effective date 10/3/06, from the Chief Deputy Clerk – Title Division, which includes Chapter 169 of the Summit County Codified Ordinances and other personnel procedures. On 12/21/06, IAD met with the Chief Deputy Clerk – Title Division and reviewed the personnel files for three employees. It was noted that all of these employees had an acknowledgement dated 10/23/06 indicating that they received the policy and procedure manual. On 9/27/06, IAD obtained and reviewed draft personnel policies and procedures that were originally to have been completed by 12/31/05, from the Chief Deputy Clerk – Legal Division. Per the Chief Deputy Clerk – Legal Division, these draft procedures were to be finalized by 12/31/06. On 1/24/07, IAD attempted to obtain the finalized procedures from the Chief Deputy Clerk – Legal Division and they were not completed. Upon comparison of the Title Division personnel policies and the draft Legal Division personnel policies, it was noted that they are inconsistent with each other. IAD recommends that the Clerk of Courts create personnel policies and procedures that apply to both divisions because they are under one elected official and not two separate entities. Per an email from the Chief Deputy Clerk – Title Division, on 1/11/07, the Director of Administration, is developing a manual that will apply to both divisions and will be completed and distributed to personnel by June 30, 2007.

- Issue 2 - IAD noted that the policies and procedures for the COC Title Division were in draft form and did not include procedures for all areas of the Title Division (i.e.; branch office functions, natural disaster plans for the branch offices, and functions of the Chief Deputy Clerk).

IAD obtained and reviewed a policy and procedures manual, effective date of 10/3/06, from the Chief Deputy Clerk – Title Division, on 12/21/06, which did not include disaster procedures for the branch offices, procedures for the branch offices or procedures for the Division Manager and Chief Deputy Clerk Functions. IAD also obtained and reviewed procedures for the Branch Offices from the Chief Deputy Clerk – Title Division and noted that no disaster procedures were included. On 12/21/06, IAD met with the Chief Deputy Clerk – Title Division and reviewed the personnel files for three employees. It was noted that all of these employees had an acknowledgement dated 10/23/06 indicating that they received the manual. Per an email from the Chief Deputy Clerk – Title Division, on 1/11/07, the branch office disaster recovery plan will be added to the current manual by February 12, 2007. The Chief Deputy Clerk and Division Manager’s functions will be included in the manual by June 30, 2007.

- Issue 3 - It does not appear that a formal written disaster recovery plan is communicated to the COC Title Division employees. Upon follow up, IAD obtained and reviewed the Title Bureau Main Office Fire and Emergency Evacuation Plan; however, it was not located in the policy and procedure manual.

IAD obtained and reviewed a policy and procedures manual from the Chief Deputy Clerk – Title Division on 12/21/06. The manual did not include disaster procedures for the statewide computer system but did include procedures for evacuation of the Tallmadge Avenue facility. Per an email from the Chief Deputy Clerk – Title Division, on 1/11/07, the disaster recovery plan regarding the statewide computer system will be developed and included in the new Policy and Procedure manual by June 30, 2007.

- Issue 10 - Upon discussion with the Bookkeeping Account Clerk Supervisor and observation of the cash collection process in the COC Title Division Main office, there is a lack of segregation of duties between the preparation of the daily deposits and performance of the bank reconciliation. The Bookkeeping Account Clerk Supervisor is responsible for preparing the deposits on a daily basis and reconciling the monthly bank statement.

IAD obtained and reviewed a policy and procedures manual from the Chief Deputy Clerk – Title Division on 12/21/06. Upon review of the procedures, IAD noted that the procedures appear to indicate a proper segregation of duties but do not indicate that the reconciliation should be distributed to the Clerk of Courts and the Chief Deputy Clerk each month. The procedures also do not indicate that they should be reviewed and signed off. Per an email from the Chief Deputy Clerk – Title Division, on 1/11/07, these steps will be included in the new manual by June 30, 2007.

- Issue 11 - Upon discussion with the Bookkeeping Account Clerk Supervisor at the Main office and the Clerical Supervisors for the South Branch-Portage Lakes and North Branch-Macedonia offices, it was noted that all of the branches maintain an over/short fund. When the cashiers collect monies exceeding the amount of the Ohio Automated Title Processing System (ATPS), the monies are put into the over/short fund. Per the Chief Deputy Clerk, overages can be caused by bills being stuck together during a transaction or pre-written dealers' checks exceeding the amount owed because of rounding differences in tax calculations between the ATPS system and the dealer's system. Likewise, shortages that occur are made up from the over/short fund. Upon review of the over/short logs, the balances of the funds and the earliest available beginning dates were as follows:

- a. Main Office: Beginning date: 11/1/99. Ending balance as of 12/6/05: \$775.81.
- b. South Branch-Portage Lakes office: Beginning date: 1/1/00. Ending balance as of 12/7/05: \$185.00.
- c. North Branch-Macedonia office: Beginning date: 7/2/91. Ending balance as of 12/5/05: \$93.99.

Additionally, IAD noted the following:

- a. Upon review of the draft COC Title Policies and Procedures, IAD noted that there is no policy and procedure for when cash is over or short.
- b. Per the Supervisors at each office, when shortages occur, it is the responsibility of the cashiers to make up the difference. However, there appears to be inconsistencies in the threshold amount that must be made up by the cashiers. Per the Chief Deputy Clerk, it is the responsibility of the cashiers to pay shortages

exceeding \$100.00. Per the Bookkeeping Account Clerk Supervisor, the cut-off amount for shortages to be paid from the over/short fund is \$20.00. Additionally, per discussion with the Chief Deputy Clerk, the Macedonia office does not require the cashiers to pay back shortages.

IAD obtained and reviewed a policy and procedures manual from the Chief Deputy Clerk – Title Division on 12/21/06. IAD also obtained and reviewed procedures for the Branch Offices from the Chief Deputy Clerk – Title Division. Upon review of the procedures, it was noted that the branch procedures do not mention the cash overage/short procedures. Furthermore, the policies and procedures mention that the overage/short should be tracked but does not discuss what types of information must be tracked (e.g. date, amount, cashier) or how the funds should be secured. Therefore, the Clerk of Courts would be unable to perform any type of analysis to determine if there are any trends and would be unable to ensure the proper tracking of funds. Per an email from the Chief Deputy Clerk – Title Division, on 1/11/07, the overage/shortage fund is tracked by office on a sheet that includes date, cashier, and amount. The overage/shortage is tracked daily with the office total subtracted or added. The current policy and procedure manual will be corrected to reflect that the branch offices maintain a balance of \$50.00 or less and will also include the disbursement of these funds. This correction will be made by January 19, 2007.

- Issue 12 - Upon review of the monies collected in the over/short fund, which are considered public monies according to O.R.C. §9.39, IAD noted that the monies were not deposited in accordance with O.R.C. §9.38. Additionally, O.R.C. §9.39 states that; “All public officials are liable for all public money received or collected by them or by their subordinates under color of office. All money received or collected by a public official under color of office and not otherwise paid out according to law shall be paid into the treasury of the public office with which he is connected to the credit of a trust fund and shall be retained there until claimed by its lawful owner. If not claimed within a period of five years, the money shall revert to the general fund of the public office.”

IAD obtained and reviewed a policy and procedures manual from the Chief Deputy Clerk – Title Division on 12/21/06. IAD also obtained and reviewed procedures for the branch offices from the Chief Deputy Clerk – Title Division. Upon review of the procedures, it was noted that there is a set threshold amount for the Title Division of \$100 and that anything over this amount should be deposited. However, the branch procedures do not indicate that the overage should be deposited with the Fiscal Office Unclaimed Funds Account. Furthermore, the dollar threshold, in the branch procedures, is higher than what is indicated in the management action plan for issue 11 and appears to be excessive relative to the amount of revenue received at the branch offices. Per an email from the Chief Deputy Clerk – Title Division, on 1/11/07, the overage/shortage fund is tracked by office on a sheet that includes date, cashier, and amount. The overage/shortage is tracked daily with the office total subtracted or added. The current policy and procedure manual will be corrected to reflect that the branch offices maintain a balance of \$50.00 or less and also will include also include the disbursement of these funds. This correction will be made by January 19, 2007.

Management Action Plans Not Implemented

- Issue 6 - Upon comparison of a listing of personnel file requirements from the Chief Deputy Clerk-Title Division, to the COC Employee Personnel Manual Section 9.1 and to the Personnel File Narrative that took place with the Chief Deputy Clerk-Legal Division from a previous audit, IAD noted several discrepancies between the listings (i.e. Banner forms, Emergency Contact Sheets, I-9's, etc.).

IAD obtained and reviewed a policy and procedures manual from the Chief Deputy Clerk – Title Division on 12/21/06. Upon review of the procedures, IAD noted Section III – “Personnel Records” which indicates what may be included in a personnel file but is not a standardized checklist. As indicated in the management action plan the checklist was to have been completed by 4/30/06. Per the Chief Deputy Clerk – Title Division, the personnel file checklist has not been implemented because she has been unable to meet with the Chief Deputy Clerk – Legal Division despite several attempts. During the follow up audit for the Clerk of Courts Legal Division IAD obtained and reviewed a personnel file checklist. Upon comparison, between the procedure and the Legal division checklist, they are not consistent and require different documentation. Per an email from the Chief Deputy Clerk – Title Division, on 1/11/07, the Director of Administration will develop a consistent checklist for both divisions by June 30, 2007.

- Issue 7 - Upon discussion with the Chief Deputy Clerk-Title Division and review of the draft COC Title policies and procedures, IAD noted that there are no written internal policies and procedures for the COC Title Division expenditure process.

Per the Chief Deputy Clerk – Title Division, on 12/21/06, this has not been implemented because of the pending change in elected officials, even though the procedure was to have been completed by June 30, 2006. Per an email from the Chief Deputy Clerk – Title Division, on 1/11/07, the written procedure for the expenditure process will be completed and included in the new Policy and Procedure manual by June 30, 2007.

- Issue 8 - Upon discussion with the Chief Deputy Clerk-Title Division, and review of the internal control questionnaire, it was noted that there is a lack of segregation of duties. The Chief Deputy Clerk-Title Division prepares and approves requisitions in “Banner,” approves invoices for payment, and prepares vouchers.

Per the Chief Deputy Clerk – Title Division, on 12/21/06, this has not been implemented because of the pending change in elected officials, even though the procedure was to have been completed by March 31, 2006. Per the Chief Deputy Clerk – Title Division, the Clerk of Courts is currently approving expenditures. Per an email from the Chief Deputy Clerk – Title Division, on 1/11/07, the step of the Clerk of Courts signing off on all requisitions will be included in the new policy and procedures manual by June 30, 2007.

- Issue 9 - Upon discussion with the Clerical Supervisors for the South Branch-Portage Lakes and North Branch-Macedonia offices and review of the draft COC Title policies and procedures manual, there are no formal written policies and procedures in regards to the cash collection/receipting process for the South Branch-Portage Lakes and North Branch-Macedonia offices.

IAD obtained and reviewed a policy and procedures manual for the main office and the branch offices from the Chief Deputy Clerk – Title Division on 12/21/06. Upon review of these procedures, it was noted that they include the procedures for the cash collection/receipting process for Cashiers/Clerk III. However, it is not clear that they apply to the branch offices because the table of contents appears to have procedures specifically for the branch offices and the Cashier/Clerk III procedures appear to be for the main office only. Furthermore, the branch procedures have Clerk III procedures that do not indicate the cash receipting process. Per the Chief Deputy Clerk – Title Division, on 1/16/07, the steps for the branch offices will be clarified, and included in the current policy and procedure manual by June 30, 2007.