

Internal Audit Report

Cuyahoga County, Ohio
Department of Internal Auditing

Cuyahoga County Clerk of Courts
January 1, 2011 – December 31, 2012

Revised October 10, 2013

Director of Internal Auditing: Valerie J. Harry, CPA





CUYAHOGA COUNTY DEPARTMENT OF INTERNAL AUDITING

INTERNAL AUDIT REPORT Cuyahoga County Clerk of Courts Cover Letter

August 12, 2013

To: Ms. Andrea Rocco, Clerk of Courts
and the current management of the Clerk of Courts:

The Department of Internal Auditing (DIA) has conducted an audit over the financial operations and general accounting of the Cuyahoga County Clerk of Courts¹ (Clerk²) for the period of January 1, 2011 through December 31, 2012³. The audit objectives were to determine whether controls in place are adequate to safeguard assets from abuse, errors, and loss; revenue transactions and department funds are properly supported, recorded and deposited in their entirety in a timely manner and in accordance with all governing laws and regulations; expenditures are properly approved, recorded and in accordance with all governing laws and regulations; the operations of the office are efficient and conducive to accomplish its mission; and that reporting information is timely accomplished, accurate and in accordance with all governing laws and regulations.

To accomplish our objectives, we focused on the operational controls of the Clerk, the major revenue and expenditure cycles as well as specific compliance mandates. Interviews with management and staff along with general walk-throughs of each revenue and expenditure cycle were conducted in order to document the controls in place. In addition, substantive testing methods included analytical procedures, tests of detail using sampling methods, as well as confirmation of transactions.

Our audit procedures disclosed many internal control weaknesses relating to the Clerk's organizational structure, revenue and expenditure cycles, asset safeguarding, recordkeeping, and reporting. Non-compliance with the Ohio Revised Code and Cuyahoga County Policies were also identified. This report provides the details of our findings.

We conducted this 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.

¹ This Clerk of Courts internal audit report includes the criminal and civil divisions (which include microfilm, domestic relations, court of appeals, foreclosures, tort liability, consumer debt, and miscellaneous civil). Since auto title is no longer under the Clerk of Courts as of the date of this letter, we will issue a separate internal audit report over this agency at a later date.

² For clarification, we will reference the Office of the Cuyahoga County Clerk of Courts as "Clerk" within this report; and we will reference the Clerk of Courts position as "Clerk of Courts" within this report.

³ We extended the audit period of reviewing various Proware system generated reports relating to the fines, fees and forfeiture revenue cycle to January 1, 2010 through December 31, 2012. All other testing areas remained as indicated from January 1, 2011 through December 31, 2012.

The Department of Internal Auditing would like to express our appreciation to the staff at the Clerk of Courts and interrelated departments that assisted throughout the process for their courtesy and cooperation during this audit. A draft report was provided to the Clerk of Courts and current Clerk of Court's management for comment and their responses are included.

Respectfully,

Valerie J. Harry, CPA

Valerie J. Harry, CPA
Director of Internal Auditing

Cc: Audit Committee
Matt Carroll, Chief of Staff
Majeed G. Makhoulouf, Law Director
Cuyahoga County Council

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Background

Mission Statement:

“The Clerk of Courts will perform all statutory duties relative to: the filing, preservation, retrieval and public dissemination of all applicable court documents and records pertaining to the Common Pleas Court's General and Domestic Relations Divisions and the Court of Appeals, Eighth Appellate District; collect, hold in trust and disburse monies paid therewith; in a secure, timely and cost effective manner.” The General Division of the Clerk of Courts is further divided into Criminal and Civil Departments. All Clerk of Courts’ divisions use Proware as their case management software.

The Department of Internal Audit (DIA) was contacted in early January 2013 by the then interim Clerk of Courts, Andrea Rocco, to discuss a potential audit of the criminal and civil divisions of the Cuyahoga County Clerk of Courts Office. Prior to Ms. Rocco being named interim Clerk of Court, the former Clerk of Courts, Gerald Fuerst, retired after 37 years in office. Ms. Rocco has since accepted the position of Clerk of Courts. Ms. Rocco expressed her interest at a meeting held on January 17, 2013, in having an internal audit conducted by the DIA. The scope and time frame of the audit were agreed upon and the DIA began the audit on January 30, 2013.

Our audit procedures disclosed many internal control weaknesses relating to the Clerk of Courts’ organizational structure, revenue and expenditure cycles, asset safeguarding, and recordkeeping. Non-compliance with Cuyahoga County Policy and the Ohio Revised Code were also identified. This report provides the details of our findings. **The most significant findings can be found on Page 13 – Cash and Physical Security Controls, Page 16 – Voids, Page 20 – Fines, Fees and Forfeitures Testing, and Page 32 – Unapplied Deposits and Bonds.**

Findings

GENERAL INTERNAL CONTROL FINDINGS

Policy and Procedure Manual

Written policies and procedures ensure consistency in the operations of an agency. Existence of codes of practice and other regulations or guidance regarding acceptable practices, conflicts of interest, or expected standards of ethical and moral behavior, and their communication throughout the organization is an essential part of a policy and procedure manual. Furthermore, a policy and procedure manual assures consistency in day-to-day operations. Formalized procedures reinforce management’s expectations for the agency.

The Clerk does not have a policy and procedure manual for either the criminal or civil divisions because it wasn’t in their practice to develop such a system of controls and a standard level of guidance. They also do not have internal codes or other forms of guidance regarding acceptable practices, conflicts of interest, or ethical and moral behavior.

Failure to have some form of internal guidance may result in undefined procedures that can lead to inconsistency in the operations of the agency as well as actions and discipline that are inconsistent with the intentions of management.

DIA recommends the Clerk develop a policy and procedure manual. Within the manual the Clerk should adopt the County's policies and procedures as well as policies and procedures specific to the Clerk's operations. The manual should include these additional items, at a minimum:

- Documentary flowcharts or narratives of significant operational cycles describing significant steps and procedures for each cycle as well as methods of accounting for each type of transaction (e.g. steps for setting, paying and posting a bond, procedures to void a transaction, process to apply costs, case close out procedures, steps required to begin the billing cycle);
- Documentation of all accounting procedures performed, including reconciliations and review procedures (e.g. who should be present at cash counts, how to document a drawer that is over/under, how to control petty cash approved amounts, approval of expenditures);
- Monthly disbursement process;
- Record retention;
- A list of references to applicable local, state, and federal regulations;
- Accounting for and monitoring bond forfeitures;
- Review of unclaimed and unapplied court costs and bonds;
- Capital asset/inventory listing, along with procedures for updating;
- Safeguard procedures (including cash, computer, and physical controls as well as securing personal information); and,
- A list of standardized forms utilized including a description of their purpose.

Once drafted, the policy and procedure manual should be approved by the Clerk of Courts and/or approved by County Council.

Management's Response and Target Completion Date:

Many of the audit findings are a result of the lack of written policies and procedures. The Clerk agrees the drafting and use of policies and procedures will create an accountable department. Each division of the office had its separate way of doing business. Since 2013, the Clerk's office follows county procedures when applicable. In 2013, several policies have been drafted and circulated to address issues as they surface and management is currently developing a policy and procedures manual with expected completion by the end of 2013. The manual will be fluid as it requires an analysis of the office for efficiency and legal reliability. The record retention schedules of the office had not been reviewed in nearly a decade and were not being consistently followed resulting in an enormous backlog of paper, some of which was stored in the hallways of the Old Courthouse basement. By March 1, 2013, the hallways were clear and an imaging schedule was set up with the county imaging department. The record retention schedules were reviewed, amended and approved in June 2013. These schedules will not be included in the manual but kept separately and under the direction of the director of special projects.

Automated Accounting System

An accounting system is a tool that gathers and presents all accounting transactions and account balances for an organization through various reports. It is essential to implement such a system in order to fully evaluate the status of the organization as well as make sound accounting and business decisions. In addition, an internal accounting system aids in the reconciliation process from agency transactions to the county-wide financial system of FAMIS.

During review of the internal controls over the Clerk's receipts and disbursements, it was noted the agency does not have their own internal all-encompassing automated accounting system or methods for accounting for all transactions and balances. It is not required of the Clerk's office, since the County fiscal office is the fiscal agent for the Clerk. However, the Clerk should be performing at least monthly reconciliations comparing their records of receipts and disbursements with those of the County-wide financial system of FAMIS.

Without this reconciliation process the Clerk does not have a complete understanding of their financial status, fund cash balances, year to date receipt and expenditure totals, accounts payable and accounts receivable balances, when making management decisions. Additionally, there is no possible way to detect errors in posting to these accounts by Clerk or Fiscal Office staff. This weakness may lead to misappropriation of Clerk assets.

In the absence of an accounting system designed only for the Clerk, we recommend the Clerk develop a methodology for tracking their monthly receipts and expenditures and reconcile those transactions to the County-wide financial system. Monthly reconciliations should be conducted by the Clerk of Courts or a designated representative.

Management's Response and Target Completion Date:

Management recognizes the importance of a reliable internal accounting system that can be reconciled with FAMIS. It is clear the current system is inadequate and needs immediate attention as it currently does not constitute the automated accounting system that is crucial to the Clerk's office. Management is working with the vendor to develop the reports that accurately reflect, verify and balance our financial information. Management has been and will continue to work with Proware to determine if it has the capability to provide the office with this critical need. In the interim management is developing spreadsheets in order to provide an accurate financial picture. Long term we are working with Avanti on the ERP and will participate in the procurement process as directed by Cuyahoga County Council. We anticipate our short term solution will be in place by the end of 2013. I have contacted the Fiscal Department as well as the Treasurer seeking help with training of new management on FAMIS and BRASS.

Communication and Reporting

Open communication and clear lines of reporting are essential for the successful operation of an organization. Open dialogue between workers and supervisors leads to a healthier and more productive work environment.

It was evident during walkthroughs and interviews with various staff and supervisors at the Clerk that there is disparity between the work being done in the criminal and civil divisions. There is also disparity in work being done within different departments of the same division. Many employees only know their assigned tasks but do not know what their co-workers do, or what happens to their work when it is passed off to another department. As a result, DIA noted the following weaknesses:

- Case docket errors in Proware are corrected by supervisors without notifying the staff employee of the error and how it can be avoided in the future;
- The front counter clerks in the criminal division are required to notify the civil cost department when bond money needs to be applied to a closed case. We noted two instances, in our substantive test of receipts, where the front counter clerks did not communicate with the civil cost department. Therefore, bond money was not timely applied to the case. The criminal division was unaware of these instances until brought to their attention by DIA;
- Supervisors in the criminal and civil divisions implement policies through office memos, but there is no proof of enforcement. For example, a policy was developed in November 2011 that all cash drawer overages be sent to the civil department. In April 2013, a cashier in the criminal division had overages in an envelope from 2010 and 2011 in her drawer. There was no evidence that supervisors communicated the November 2011 policy to employees, or that they collected all overage envelopes for deposit (see the “Cash and Physical Security Controls” finding for more details);
- A reparation fee is required to be paid upon posting of a bond, according to a Clerk supervisor’s memo dated August 17, 2012. DIA requested and received a report from Proware on bonds posted. We selected all bonds after August 30, 2012 which did not have an associated reparation fee receipt number in order to determine whether or not a reparation fee was paid. We noted in four of these 21 instances where a reparation fee was not paid (all four bonds were surety bonds); and,
- Bond forfeiture judgment liens for criminal cases are initiated in the criminal division before being sent to the civil division. The civil division is responsible for inputting all criminal liens for bond forfeitures into Proware as an open case. DIA noted one instance, out of 79 tested, where a bond forfeiture judgment from a criminal case was not added into Proware as a judgment lien. The criminal division stated the information was sent to the civil division, but no records could be found in the civil division. A change in procedure as of May 2013, assigned the criminal division the responsibility for inputting judgment liens on bond forfeitures. DIA noted three out of 79 bond forfeiture cases tested were not entered into Proware as liens by the criminal division in June 2013 resulting in three bond forfeiture liens that were not created in a timely manner.

Communication is lacking between the employees in the criminal and civil divisions. The communication and reporting divide that exists within the Clerk is a result of many items, including but not limited to a lack of policies and procedures (see the “Policy and Procedure Manual” finding), a lack of job related training (see the “Job Related Training” finding), procedures that have been followed in the same manner for years, and an apparent lack of motivation in some Clerk employees.

Lack of communication and reporting can lead to a deficiency in consistency of work, and furthermore, can create more work rather than striving for efficiency.

DIA recommends the Clerk of Courts fully examine the lines of communication between the criminal and civil divisions, communication between departments within the same division, as well as communication

between employees and supervisors. Reorganization of the agency should be evaluated in order to achieve the most efficient operations possible.

DIA also recommends that cross-training opportunities or information be offered in order to give employees a wider range of skills and a better sense of what goes on within the Clerk and how their own work fits into the entire process.

Management's Response and Target Completion Date:

There is a disparity of functions and culture between our criminal and civil divisions. Prior to 2013, supervisors and management did not meet on a regular basis resulting in very little to no communication. Since second quarter 2013, management and supervisors meet weekly and while the meetings help some, the ability to communicate and problem solve needs improvement. When new management is in place, communication should improve. This lack of communication has been one of the major causes for procedural errors documented by the internal audit team. A new focus and developing of "error points" in our processes is being addressed and will be included in the procedures and policy manual referenced above. Also new is the review of SARS by the director of operations. SARS are the change orders we are mandated to complete when Proware is asked to amend a current workflow pattern in the case management system. The divide between criminal and civil created an office where one division did not know what the other division was doing resulting in inefficiencies. Many of the specifics mentioned at page[s] 3 [and 4] of the audit have been addressed since I arrived including following up on errors, proper application of bond money and recording of receipt of new policies and procedures. Additionally, in August, we began cross training of employees, a practice that will be ongoing. The hiring of two new directors with an established record of management and successful project coordination along with a legal and business background are an important piece of turning the office around. The new directors began employment in July. They, along with the new management team, will be focusing on improving the communication and reporting that has been absent prior to 2013.

Business Hours

Determining the hours of operation for an organization is a critical decision for business operations. The benefits should always outweigh the costs when such determination is made. The Clerk operates Monday through Friday from 8:30 a.m. to 4:30 p.m. In addition, the criminal division office is open on Saturday from 9:00 a.m. to 1:00 p.m. with one supervisor and one clerk from the criminal division.

DIA requested and received a report from Proware, showing all criminal receipts, by type of payment, by day and cashier. We performed an analytic review to compare receipts on Saturdays to those collected during the week. Saturday's transaction numbers and dollar amounts are much lower than Monday through Friday. Per inquiry with the cashiers, supervisors, and the Clerk of Courts, Saturday cashiering is done mainly by the supervisors. Furthermore, supervisors do not process mail (i.e. checks). The only checks that are processed on Saturdays are those received from walk-up customer payments. The average number of transactions processed on Saturdays is extremely low (about 13 transactions, which equates to about 7 customers).

The Clerk's office is open on Saturdays due to possible trials and for individuals who cannot make the weekday business hours. Management has not reassessed the need for Saturday hours. The costs of doing business on Saturdays may exceed the benefits.

We recommend evaluating whether continuing Saturday operations is necessary and beneficial for the office. If the Clerk of Courts decides that conducting business on Saturdays is necessary, we recommend that she re-evaluate the informal policy that supervisors working on these days are precluded from processing mail. This would allow more work to be completed on Saturdays, alleviating the amount to be processed during the week, and making a more efficient Clerk's office.

Management's Response and Target Completion Date:

I will continue to review the Saturday criminal division hours and determine by the end of this year whether it is cost effective to remain open. Since 2013, I have instructed the supervisor to use Saturdays for more than just taking bonds and the time has been helpful to eradicate backlog.

Operational Efficiency

Efficient procedures are essential in daily operations at the Clerk. Employees of the Clerk should utilize their time in performing Clerk duties to assure daily operations are performed accurately and in the most efficient and timely manner.

During our walk-through of daily operations, we noted the following inefficiencies:

- A bond register is kept by the clerks in the criminal division at the front counter. Whenever a bond is posted, they document the bond date and amount in the register. A correction officer picks up the bonds to be signed by the defendants in jail. In the bond register, the clerk notes the bond has been picked up and notes when the bond has been returned for imaging. DIA was unable to trace bonds in the bond register to actual bond postings in Proware due to lack of information noted in the bond register;
- Cash counts are done by hand rather than by an available electronic cash counter; and,
- Specific payments or bond money that needs to be applied to a criminal case is not done by criminal division clerks. Posting of these transactions is currently being done by the civil cost department, initiated by a phone call from a clerk in the criminal division to the civil division (also see the "Communication and Reporting" finding and the "Unapplied Deposits and Bonds" finding).

The Clerk does not have policies and procedures in place to maximize efficiencies in daily operations; therefore, inefficiencies in procedures continue and have not been evaluated and reassessed by management.

Lack of efficient procedures could result in daily Clerk operations not being completed in a timely manner. Performing unnecessary steps in day-to-day operations could prevent employees from focusing on the most important processes of the Clerk's office.

We recommend the Clerk evaluate daily operations to assure procedures are efficient, including but not limited to the following areas:

- Bond books kept by criminal clerks should note adequate information, such as the case number, for periodic supervisory review of reconciling the bond book to Proware;
- Cash counts should be completed using the available electronic cash counter;
- The process in applying specific payments and bond money to criminal cases by communicating with the civil division should be reassessed to determine if the current procedure is the most efficient.

Management's Response and Target Completion Date:

Operational efficiency is a high priority for this administration. The drafting of policies and procedures, proper fiscal management and stressing accountability among the workforce will improve our operations. As a result of regular audit meetings, many of the deficiencies in this section have been addressed including the use of the cash counter and the elimination of the bond book.

Computer Controls

County agencies should assure that all computer terminals are logged off or locked when an employee is absent from his or her terminal. Clerk employees did not always log off or lock their computer terminals when they were not physically at the terminal. However, Section 15.03 of the Cuyahoga County Policy and Procedure Manual requires employees to do so.

Employees were observed absent from their workstation but remained logged in to Proware and other programs. The risk of unauthorized access or usage of the terminal is increased without logging off or locking computer terminals when the employee is not at the terminal. This weakness of unauthorized access may result in theft and/or the altering of public records.

DIA recommends the Clerk implement a policy (see the "Policy and Procedure Manual" finding) requiring employees to log off or lock their computer terminals when they are away from their work station.

Management's Response and Target Completion Date:

All employees are now aware that computers must be logged off when an employee is away from their desk. A policy has been written and will be included in the policy and procedures manual. The computer program has been adjusted to re-set passwords on a regular basis.

Job Related Training

It is important for employees to have the proper skills needed to adequately perform their duties at the Clerk. These skills may include, but are not limited to; computer skills, communication skills, related Clerk case duties, cross training, and management training.

Management expressed a concern that employees may not have the proper skills to adequately perform their duties. There were many instances of voided transactions made in Proware which may be a result of the lack of computer and communication skills. It was also noted that at the time of audit only one employee of the Clerk has had to undergo any sort of job related skills training.

Currently, there is no mandatory or voluntary skill training being offered to Clerk employees.

Failure to obtain continuing education or some sort of job-related training has resulted in a lack of knowledge related to the work skills needed and ultimately, work performed on the job has been lacking.

DIA recommends the Clerk offer job-related education to its employees and supervisors.

Management's Response and Target Completion Date:

The clerk agrees with the internal audit team on the importance of job related training and will be making this training available to our staff when it is operationally possible. It is difficult to know what training is necessary without a review of where the staff is currently and what skills are lacking. My focus has been on reviewing and hiring the supervising staff. Employment since 2013 is focusing on education and work experience and includes testing and interviews. As mentioned previously, the existence of a policy and procedures manual as well as the continued practice of cross-training will have a positive effect on employee performance.

Inventory

An inventory management system is a system of methods, policies and procedures that addresses the acquisition, use, control, protection, maintenance and disposal of inventory. Accurate accounting, control and reporting over inventory is important for correct and complete presentation of inventory made to the County.

The Clerk is submitting an incomplete and inaccurate list of their inventory to the County for reporting purposes. Of the 10 items tested that had been removed from operation during the year, 100% of these items remained on the inventory list. The Clerk also had six of 52 items tested (12%) that could not be located. A total of 20 of 47 items tested (43%) did not have matching corresponding tag numbers. DIA also noted there were items in both the criminal and civil divisions that were not listed on the inventory list for 2012 but were used in service in the Clerk's office. Lastly, DIA noted a duplicate entry for an adding machine, item #6841, on the inventory listing.

The Clerk's inventory lists are inaccurate due to the fact that there is no policy defined or procedure for reporting inventory (see "Policy and Procedures Manual" finding) along with a lack of due professional care in creating the lists.

Without accurately tracking the removal of old or obsolete equipment from the Clerk it is difficult to obtain an accurate listing of inventory at a given point in time. All changes in inventory should be reflected in the final report that is submitted to the County. Also, the risk of an item going missing from the Clerk is increased because of a lack of description of items, items not having tag numbers, items not being listed on the inventory list, or in general the inaccuracy of the list.

For future inventory counts, management should assure that all items being used by the Clerk are tagged and properly listed on the inventory list. A policy should be in place for properly documenting all incoming and outgoing inventory from all divisions to make sure that items are correctly added or subtracted from the yearly inventory list. Extra columns should be added to the inventory list that show

purchase price and location of item. Also, there should not be any duplicate tag numbers used within the Clerk's office.

Management's Response and Target Completion Date:

An inventory management system is nearly complete. All inventory is currently being tagged and recorded and an inventory policy will be included in the policy and procedures manual. A complete inventory list will be completed by October 1, 2013.

Monitoring of Vehicle Usage

The Clerk maintains a vehicle through Public Works. The vehicle is used to transport mail to the Post Office and it was used by Auto Title for trips between their various locations during the audit period.

It was noted through observation and inquiry that there is no control in place to review the Cuyahoga County Vehicle Usage Form Log Book. This log is kept in the vehicle and signed out and back in by the operator.

A supervisor has never been assigned to monitor the usage of the Clerk's vehicle.

Without regular review of the log book and verification of the mileage driven, it makes it difficult to determine if what is being charged back to the Clerk by Public Works is accurate. In addition, failure to have a monitoring control in place makes it difficult to ascertain whether or not the vehicle is being used only for Clerk business.

The Clerk should appoint a designee to monitor usage of the Clerk's vehicle. The designee should review the usage log book on a regular basis and investigate any unusual entries (i.e. the mileage on the vehicle should correspond to the previous entry documented as well as reviewing the total mileage driven in relation to the distance between the Justice Center and the Post Office). The designee should initial the usage log book to indicate this review has been completed.

Management's Response and Target Completion Date:

This administration has adopted the county policy on vehicle usage and additionally a supervisor is now assigned to verify the mileage on the last business day of each month and record the mileage along with his / her signature. A record is kept in our office of all users of the county vehicle along with a copy of their driver's license. Updated listing will be provided annually. Management has complied and will continue to comply with the Inspector General's initiative on vehicle usage.

Information Technology – Proware Reports

The Clerk utilizes Proware as their case management system. Proware maintains all Clerk dockets, transactions (receipts and some expenditures), and bank activity. This is a critical system in assuring all data and information is accurate, complete, and consistent for reporting and compliance purposes.

During testing, we noted instances where reports ran from Proware were not accurate as it related to the time period requested. For example, reports from Proware can be ran for a certain time period (i.e.

November 1, 2012 through November 30, 2012), but the results of the report depends on the date the report was ran. DIA noted these specific instances:

- While testing monthly disbursements we requested the sundry account disbursement report from the civil cost department to be ran for our review since documentation was not kept. After the report was run, we noted very few disbursements on the report when there should have been more. For this report, most disbursements were noted as paid in Proware; therefore, they did not show up on the report again. The exact report the Clerk ran for the sundry account at the time of disbursement was not able to be run again for audit purposes;
- While testing the unapplied deposits and bonds list, we noted two reports were ran on different days for the same time period (as of December 31, 2011), but the totals were not the same. In explaining the difference, there had been activity on the unapplied deposits and bonds in Proware between the date the reports were run and December 31, 2011. Instead of reflecting actual data as of December 31, 2011; data reflected any additional activity up through the report run date on the cases in Proware at December 31, 2011.
- Cash out reports, by cashier, are printed daily to review voided transactions. We noted the reports are not accurately reflecting the actual employee making the void. If a supervisor voids a cashier's transaction, the void will appear on the cashier's cash out report rather than the supervisor's cash out report; and,
- During a surprise cash count of civil cashiers, we noted the check count on the cash out report varied from the actual checks counted. This is due to instances where two or more checks are received for one court fee. They are all processed into Proware, but Proware will not recognize the check number with the lowest amounts. The cashier has to stamp the checks with the lowest amounts and write the receipt number on the checks. The check number with the largest amount is listed in Proware, but the total dollar amount will be the sum of the checks. In Proware, it will look like one check was received when there may have been multiple.

The Clerk's case management system had not been reviewed by management to notice these various issues and evaluate the accuracy of its reports.

A lack of accurate, complete and consistent Proware reports could result in misleading data and hinders the reporting process of data reported to County officials and those making management decisions.

We recommend the Clerk evaluate the current case management system to assure all reports are accurate, complete, consistent, and furthermore, reflect the time period requested to address the identified issues. We specifically recommend the following to be resolved:

- Reports printed for a specific time period should reflect data only from the requested time period. Transactions occurring after the cut-off date of the report should not be included;
- If voided receipts are reviewed per the cash out reports, the reports should reflect which employee made the void. A column could be added to the cash out report to show this information; and,
- Investigate the process of accepting more than one check for a court fee so all check numbers appear in Proware instead of one.

Management's Response and Target Completion Date:

The issues addressed in this section by the internal audit team are problematic and need continued attention. In reality, I am bound to work with Proware unless and until the vendor is changed. I will continue to address issues with Proware related to the discrepancies in reports (fiscal and case information) and eliminate the duplicative efforts of my staff. It is not an efficient use of public money to utilize a case management system that is independent from the systems used by other county agencies. Currently, the prosecutor, public defender, sheriff, court of appeals and juvenile court use separate systems. And while the domestic relations division employs the same vendor, any effort to create program efficiencies requires additional money and time. My office cannot share information with these agencies without interfaces which are costly. We have presently addressed the issues relating to cash controls and are in the process of developing reports providing us with "verifiers" which will minimize errors. It is not clear the current arrangement can meet the needs of my office or adequately support the data needed to meet statutory mandates. The issues addressed on page 2 (Automated Accounting System) are all relevant in this citation and corrective action will be taken by the 1st quarter of 2014.

GENERAL NON-COMPLIANCE FINDINGS

Safeguarding Personal Information

Government agencies are entrusted with the duty of collecting sensitive and private information and establishing the necessary processes and procedures to safeguard the personal data citizens entrust to them. Ohio Revised Code Section 1347.12, in part defines personal information as an individual's name, in combination with and linked to any one or more of the following data elements; social security number; driver's or state identification card number; account number or credit or debit card number in combination with and linked to any required security code, access code, or password that would permit access to an individual's account. Ohio Revised Code Section 1347.05(h) requires an agency to collect, maintain, and use only personal information that is necessary and relevant to the functions that the agency is required to perform and to eliminate personal information when it is no longer necessary or relevant to those functions.

The Clerk maintains an online docket for all cases, except expungements. There are public portals in the Clerk's office in which the public can view these online dockets during business hours. Prior to electronic records, hard copy books existed and were also on display in the Clerk's office. These public portals and books contain access to some images of the docket, including bonds. DIA reviewed these dockets for select cases in the Clerk's office and noted images of bonds in criminal cases displayed social security numbers of defendants. Social security numbers are not redacted before imaged or displayed for the public to view.

The Clerk does not have a policy and procedure in place to assure personal information, specifically social security numbers, are secure and redacted from public view (see "Policy and Procedures Manual" finding).

This weakness may result in unauthorized use of social security numbers for illegal activities by the public. If social security numbers are taken from the Clerk's public portals and used for illegal activities, the Clerk maybe held liable.

We recommend the Clerk develop and review internal policies to find ways to eliminate as much personal information from agency records as possible. We also recommend the Clerk review documents available to the public and redact all personal information displayed.

Management's Response and Target Completion Date:

Recently, the Clerk of Courts website posted Rules 44-45 of the Rules of Superintendence for the Courts of Ohio. These rules provide that the filing party is to redact any personal identifiers prior to submission or filing of a document and expressly mandate the court and clerk are not responsible for removing personal information from documents. In addition, court personnel are attempting to identify and eliminate documents used by the Bench that include personal information. When I arrived in January 2013, there were dozens of old books available to the public that contained personal information. These materials have been removed from public access and proper record retention has been followed. In addition to the hard copy material containing personal information, the public terminals contained access to documents with the personal information. As these documents are discovered, the personal information is removed. The non-personal information remains available. These efforts will drastically reduce the unintentional release of personal information.

Missing Records

Ohio Revised Code Section 149.351(A) states, in part, that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part.

During the course of the audit the following records were requested but never received. DIA has concluded the following records to be missing:

- Six vouchers packages relating to court computerization fund expenditures (Documents CD1105989, IO1104916, PV1102829, PV1102770, PV1103342, CD1204252), totaling \$338,298;
- Two vouchers packages relating to non-payroll expenditures (Documents IO1105213, CL1103033), totaling \$261;
- Eight voucher packages relating to inventory additions (PO#150443, PO#200869, PO#200878, PO#160909, CL1203330, CL1203181, CL1103124, CL1102898). We were unable to determine the total amount of these transactions because they have been comingled with purchases from other departments;
- 30 out of 86 leave requests and approvals tested for Clerk employees for first half 2012 (prior to MyHR migration);
- No supporting documentation was maintained on overages and shortages for all of 2011 for civil and criminal divisions. Support was also not kept from January 2011 to March 2012 for the civil division. The civil supervisor keeps a spreadsheet of overage and shortages, but that was only available beginning July 2011. DIA was told the missing support was sent to a Human Resources Representative who is no longer with the County;
- DIA was unable to trace eight out of 26 overages to overage envelopes. Furthermore, all 26 could not be traced to an overage bank deposit;
- 111 out of 120 voided receipts tested in the civil division did not maintain documentation explaining the reason for the void;

- 79 out of 120 voided receipts tested in the criminal division did not maintain support documenting the cause of the void. This was the same case for 10 out 20 voided bond transactions;
- The civil division cost department and the Fiscal Office did not maintain adequate support on County recorder fees disbursed to the Fiscal Office by the Clerk. Due to a lack of supporting documentation, DIA was unable to trace these transactions to FAMIS (see also “Monthly Disbursements” finding); and,
- No support was provided for Out of County Sheriff and Appraiser disbursements for 2011.
- Support for sundry account disbursements was not provided for 2011 and 2012 (see “Monthly Disbursements” finding for more detail).

The Clerk did not have a policy in place that required the above noted items to be maintained in the Clerks’ office (see “Policy and Procedure Manual” finding).

Failure to keep copies of records, or to obtain copies of records maintained by other agencies relating to Clerk monies, leads to decreased internal controls, compromises a proper audit trail, and limits transparency within the agency. Without supporting documentation, the ability to reconcile is also limited. All of these factors contribute to the possibility of misappropriated funds.

All Clerk records should be maintained according to the above Revised Code Section. Absent a record retention policy for the above specific items, these records should be maintained indefinitely. The Clerk should also obtain copies of vouchers and invoices that are created by other County agencies that were submitted on the Clerk’s behalf and maintain these records. Lastly, supporting documentation on daily activities, such as voided receipts and overages/shortages, should be maintained.

Management’s Response and Target Completion Date:

The clerk acknowledges that many records in our office are either missing, incomplete, or inaccurate. Once the fiscal manager is hired, these issues will be addressed in conjunction with the Fiscal department and the Treasurer. Also see response under IT Proware Reports.

FINDINGS RELATED TO INTERNAL CONTROLS OVER THE REVENUE CYCLE

Cash and Physical Security Controls

All public monies should be safeguarded until deposit by the individual agency. Cash safeguard controls may consist of a designated cash clerk, a daily supervised count and reconciliation with proper approvals, as well as physical safeguards such as a locked cash register and safe. Furthermore, all County agencies should physically secure their County-owned assets. This includes, but it not limited to buildings, vehicles, equipment, and furniture.

DIA performed a walk-through of cash collections and physical security during the audit in the civil and criminal divisions. We noted the following:

Criminal

- No cameras are displayed facing the safe;

- There were five security cameras in the division; however, the division has room to support four additional cameras;
- The cash registers were not locked during the day. Keys were sitting in the cash register for anyone to open;
- Daily cash counts were not supervised by a second person. All cash is counted the next morning by a civil clerk; and,
- Access codes to the sub-doors (specifically, the cashier door) had not been recently changed.

Civil (including microfilm)

- No cameras are displayed facing the cash registers or the safe;
- The cash registers were not locked during the day. Keys were sitting in the cash register for anyone to open;
- Daily cash counts were not supervised by a second person; and,
- There is no sub-door to secure the safe or funds during cash counts.

Also, during the cash counts, DIA noted the following in both divisions:

- Cashiers did not count their register and reconcile to their sales report at day-end closing;
- Cash and checks were left unsupervised when the civil clerk investigated an issue with the count (overage, shortage, miscounted, etc.). The clerk left the vault room to resolve the variance, but the cash and checks were left in an unsecured area for any employee to access.

In addition, DIA selected a sample of overages and shortages and performed testing. We noted the following:

- Seven out of 42 overages and shortages tested in 2012 were not noted by the civil cost department clerk on documentation used during the morning cash count;
- 41 out of the 42 overages and shortages tested in 2012 did not have the cashier's and an immediate supervisor's signatures on supporting documentation;
- 42 out of the 42 overages and shortages tested in 2012 did not have a valid reason for the overage or shortage noted on the supporting documentation;
- If an overage was noted, the amount was placed in an envelope and secured in the civil cost departments' safe to be included in the next overage deposit (see "Deposit of Public Monies" finding). DIA was unable to trace overage envelopes to the overage bank deposits (see "Missing Records" finding);
- Proof of cashier payment for two out of 16 shortages was not available.

Furthermore, during our review of overages and shortages, DIA noted an instance where a cashier in the criminal division used a \$100 overage from 2011 to pay for a \$100 shortage in 2012. The cashier was keeping overage envelopes from as far back as 2010 to pay for shortages instead of giving the overages to civil cost department clerks during the morning cash counts. DIA noted the cashier gave all the overage envelopes, totaling \$16.50, to the civil cost department and it was deposited the next business day, while on site for audit (see also "Communication and Reporting" finding).

There was a known theft of public monies prior and during the audit period. Mark Lime, former Deputy Director of the criminal division of the Clerk has pleaded guilty to 37 felony charges, including theft in office, in which he has agreed to pay restitution in the amount of \$8,715. The two methods of theft committed by Mr. Lime included taking reparation fees (i.e. a victim of crime fee that was payable in addition to any bond that was posted by criminal defendants) as well as bond forfeiture payments.

During the audit period, the reparation fees were \$85 per bond. Poor internal controls allowed Mr. Lime to manipulate court records to cover his theft or he would misappropriate the money without docketing the payment.

Lastly, we noted the civil division had Gerald Fuerst, former Clerk of Courts, pre-signed checks in the safe. They are no longer using these checks and are now using Andrea Rocco, Clerk of Courts, pre-signed checks. These checks should be documented and marked for destruction.

Lack of effective cash collection controls hinders the reconciliation process and has led to misappropriation of monies. Furthermore, without strong physical security over access, the opportunity for unauthorized access or theft of County-owned assets, including cash, continues.

To improve internal controls over cash accountability, we recommend the Clerk of Courts address these issues and develop policies and procedures to include the following:

- A security assessment should be conducted for both the criminal and civil divisions so that cameras be displayed in all cash collection and safe areas;
- Cash registers should be locked at all times. The key should be secured by the designated cashier;
- Daily cash counts should be conducted by at least two individuals. One person should count the cash and the second person should supervise the count;
- Cashiers should count all monies at the end of the day, reconciling to their daily sales report. They should include a 10-key tape with the actual amount of money counted. Any variance should be noted;
- Unsecured monies should not be left unsupervised at any point in time;
- Procedures in cash counting should be reviewed for efficiencies that will save time during the cash counts;
- Adequate monitoring and record keeping of overages and shortages should be established:
 - Overage and shortage approvals, which show that a level of authorization and review has been performed should be evidenced by initials, dates, checks marks, etc., and should be documented by immediate supervisors;
 - A reason should be noted for all overages and shortages to assure management the validity of the variances; and,
- Former Clerk of Courts' checks should be disposed of immediately.

For further information on best practices of cash handing, see Auditor of State Bulletin, Fall 2007, at <http://www.auditor.state.oh.us/enews/bp/default.htm>.

Management's Response and Target Completion Date:

In the Criminal Division, there are 5 cameras placed in cash counting areas, front counter, and filing areas. Additionally, the COC just authorized expenditures in an amount exceeding \$134,000 to install cameras in cash counting areas in the Civil Division, Criminal Division, Domestic Relations and Microfilm. The equipment is on site as of the writing of this response, and we anticipate installation of the cameras by fourth quarter 2013. Cash drawers are now locked during the day. Daily cash counts now have a verifier in the room at all times. Keys to cash boxes are in employees' possession at all

times. With input from new management, policies and procedures are in the process of implementation to ensure proper cash handling and proper cash controls. A new cash counting room layout is in place.

Voids

Having internal controls in place over the voiding process is essential to improve accountability within the Clerk's office. Voids occur daily at the Clerk's office and having procedures in place to review voids will assure each void is accurate, allowable and necessary. Voids should be limited if possible. When a void is necessary, there should be an explanation noted, support for the void should be maintained, and it should be approved by a supervisor.

There were 1,893 voided receipts (445 in the criminal division and 1,448 in the civil division) that occurred during the audit period from which DIA performed a review of select voids and noted the following:

Civil

- 118 voided receipts out of 120 tested did not have immediate supervisory approval;
- 114 voided receipts out of 120 tested did not have a reason noted in Proware for the void;
- Voids made by supervisors were not being approved by a second individual;
- Clerk filers, cashiers, or any clerk handling money can void another clerk's transaction. This occurred in two out of 120 voided transactions tested;
- Three voided receipts out of 120 tested were voided by a Proware consultant although he is not a County employee; and,
- Various supporting documentation on voids was not maintained. See "Missing Records" finding for more details.

Criminal

- 117 voided receipts out of 120 tested did not have immediate supervisory approval.
- 15 out of 20 voided bond transactions tested were not approved;
- 64 out of 120 voided transactions tested did not have a reason noted in Proware for the void.
- 11 out 20 voided bond transactions tested did not have a reason noted in Proware for the void;
- One out of 120 voided transactions tested was voided by a Proware consultant although he is not a County employee;
- Various supporting documentation on voids was not maintained. See the "Missing Records" finding for more details; and,
- DIA noted two specific instances where a supervisor in the criminal division did not have adequate support or reasoning for voids. There was no evidence the voids were for legitimate reasons, nor was there any indication or explanation noted on supporting documentation or in Proware. The two instances noted are as follows:
 - A reparation fee of \$85 was collected on Saturday, January 28, 2012, at 10:32am and was voided the same day, just prior to closing, at 12:51pm with no reason noted. When asked for an explanation the DIA was told that an individual came in to post a \$7,500.00 10% bond payment, which would require a \$750.00 payment plus an \$85.00 reparations fee. A receipt for \$835 was posted. Allegedly, the individual did not have enough money to pay the reparations fee so the transaction was immediately voided and only

the \$750.00 was taken in for the bond. Time stamps on the transaction show the void was actually done two hours and 20 minutes later which was just before the scheduled 1:00pm closing. There is no indication the reparation fee was ever billed or collected.

- On Monday, August 22, 2011, a payment in the amount of \$473.50 was collected at 4:03pm for court costs and voided at 4:07pm. No reason was given on the voided document and the defendant appeared to be paying off the balance of court costs. Asking for further explanation the DIA was told that a woman came in to pay the \$473.50 owed for fines and court costs. The money was receipted in but then the Clerk employee at the counter advised the individual that she could do community service instead so her money was returned and her transaction voided. However, there were no further entries on the docket to indicate community service was performed and the individual was not billed until February 15, 2013, 18 months later, when the error was pointed out by the DIA to the Clerk.

The Clerk does not have policies and procedures in place to assure the review of voided receipts is being done (see "Policy and Procedures Manual" finding).

The lack of effective monitoring and internal controls over voided receipts may result in undefined procedures that can lead to inconsistency in the operations of the agency. Furthermore, without review and approval of voids, actual transactions could be compromised, leading to a misappropriation of monies.

We recommend the Clerk develop internal controls over the voiding process. All voids should be documented in Proware and approved by an immediate supervisor familiar with the daily operations of the individual cashier. It is also critical that supervisor's voided transactions be reviewed and approved as well. Approval should show that a level of authorization and timely review has been performed and should be evidenced by initials, dates, checks marks, etc. Support on voided receipts should be maintained with the immediate supervisor. We also recommend voids be limited to the cashier who performed the original transaction and approved by his/her immediate supervisor.

Management's Response and Target Completion Date:

Voids are addressed and included in the revised cash control policy soon to be in effect. All voids are reviewed by supervisors and now include the reason for the void. In addition a policy including cash voids, along with docket voids and deletions will be in place by the 3d quarter of 2013 and the policy will be included in the policies and procedure manual. The number of voided receipts seems exceptionally high. A review of best practices is needed prior to establishing appropriate benchmarks concerning voided receipts.

Bank Reconciliations

Bank reconciliations should be performed on a monthly basis to assure the accuracy of the Clerk's financial system to the bank balance. Having procedures and adequate documentation in place during monthly bank reconciliations is essential to improve the accuracy and timeliness of financial reporting.

The Clerk's civil cost department performs the monthly bank reconciliation which includes both civil and criminal division activity. All activity from the bank is obtained and compared to the Proware balance.

DIA requested bank reconciliation packets and selected December 2011 and December 2012 for testing. We noted the following:

- A reconciling item of \$74.74 was on both reconciliations tested. The civil cost department supervisor stated the amount was a bank error from 2011 that has not been corrected;
- There was no proof of management approval on the monthly bank reconciliations;
- The individual who performs the monthly bank reconciliations also has the ability to collect cash, post and void transactions, and has daily access to all cash;
- A monthly reconciliation of unapplied deposits and bonds is not done and compared to the Clerk's bank balance. The civil cost department prints this report every year, but there is no proof the department reviews the report as multiple amounts on the list should be applied to the case, refunded to an individual, or sent to the County Treasurer as unclaimed funds (see "Unapplied Deposits and Bonds" finding for further details); and,
- DIA noted that outstanding check lists are not prepared by the Clerk. Daily, they send a check register to the bank in which the bank generates a report to send back to the Clerk, noting any errors. The bank generates a monthly report of outstanding checks based off check registers received from the Clerk. The bank gives the report to the Clerk for reconciliation purposes. The Clerk does not generate their own outstanding check lists from Proware in order to perform their monthly bank reconciliations.

In addition, DIA was provided with a list of cash on hand that is being used as a change drawer and that may be improperly accounted for on the monthly bank reconciliations. This list was never formally approved by Council or the Clerk of Court. DIA performed surprise cash counts of monies stored in the Clerk's safe and cashier drawers on February 13, April 11, and April 12, 2013. During the cash counts of monies stored in the civil division's safe, DIA noted the following:

- One supervisor's petty cash pouch was \$.30 short. The pouch is used to make change for cashiers during the day and pay for shortages if a cashier has not paid;
- An extra \$200 pouch, not listed on the petty cash list, was noted. This was also used for giving change to cashiers; and
- An envelope marked "overages," containing \$1,444.09 in cash and change, was found in the safe. This envelope contained accumulated overages during the past year which had not been deposited.

The Clerk does not have policies and procedures in place for monthly bank reconciliations, including controls over cash on hand (see the "Policy and Procedures Manual" finding).

Lack of effective internal controls over the monthly reconciliation process can lead to increased errors in the Clerk's records and could ultimately lead to a misappropriation of monies.

To improve internal controls over monthly bank reconciliations, we recommend the Clerk address these issues and develop policies and procedures to include the following at a minimum:

- All recurring reconciling items should be reviewed. The Clerk should correct the bank error reconciling item by contacting the bank or adjusting the balance in the system;
- Bank reconciliations should be approved by the Clerk of Court or her designee as evidence of a secondary review which show that a level of authorization and review has been performed. This can be evidenced by initials, dates, checks marks, etc.;
- Bank reconciliations should be prepared by someone independent of the cash collection and recording functions ensuring proper segregation of duties;

- Supervisors should be reconciling monthly unapplied deposits and bonds to the bank balance as well as reporting important information to management on a regular basis to assure the bank balance is sufficient in covering Clerk operations; and,
- The Clerk should utilize the outstanding check function of Proware, if possible, to begin internally monitoring and reconciling outstanding checks on a monthly basis, rather than using the information provided from the bank.

In addition, DIA recommends the cash on hand be formally approved and all cash drawers/pouches should be included on the list.

Management's Response and Target Completion Date:

Clear directives have been set with the bank and a review to determine if the business relationship remains will be made by the end of this year. Improved reports are included in the new directives. "Overage" envelopes are no longer being used per the new policy. An all-encompassing cash handling policy is being developed to handle issues addressed in this section. In 2013, discipline has occurred for the first time when cashiers have not complied with established policy. Please also refer to my comments under Automated Accounting System and IT Proware Reports.

Bond Forfeitures

Having policies and procedures in place to assure the accurate accounting for bond forfeiture is essential in daily operations at the Clerk's office.

Currently, there are no policies or procedures in place for bond forfeitures. During our walk-through of bond forfeiture procedures at the Clerk's office, we noted bond forfeitures were not reconciled or monitored. The criminal division does not maintain a list of bond forfeitures for periodic review to assure all forfeitures are correctly accounted for. When a bond is forfeited, the defendant is required to appear in court within 60 days. If the defendant fails to appear, a bond forfeiture judgment is issued and payment of the bond is required in 60 days. The Clerk is required, under Ohio Revised Code Section 2937.35 to notify each surety when a bond is forfeited. The surety then has 60 days to produce the defendant or to show cause as to why judgment should not be entered against them. If cause is not demonstrated or the defendant is not produced, the Court may enter judgment against the surety, not exceeding the penalty of the bond; unless the judge vacates it.

Without having a review process in place over bond forfeitures, the Clerk may never collect the necessary bond monies that are owed on bond forfeitures, or stolen bond forfeiture monies may go undetected. Additionally, judgment liens may not be properly rendered and in the instance of a surety bond, the effected bondsman may not be prohibited from doing business with the court as required by Ohio Revised Code. Without having a procedure in place to monitor the current bond forfeiture balance, the agency is not able to determine at a given point in time the amount currently owed as a receivable to the Clerk. During testing of bond forfeitures, we noted five of the 79 cases tested had judgment rendered against a surety but the judge later ruled to vacate the judgment requiring only 10% of the bond plus the \$50 bond forfeiture costs to be paid. In the five cases tested bond forfeitures totaling \$23,000 went to judgment against sureties. Only \$2,710 was ordered to be paid, resulting in \$20,290 of lost revenue to the Clerk's Office.

We recommend the Clerk evaluate bond forfeiture procedures to ensure accurate accountability and to minimize lost revenue. Timely reconciliation and monitoring of bond forfeitures should be performed to assure all bond forfeiture judgments are collected or to note any outstanding forfeitures (see “Policy and Procedure Manual” finding). If the Clerk has a large balance of bond forfeitures outstanding, we recommend an escrow account be set up for all sureties in which all bond forfeitures are satisfied at the time they go into judgment rather than paying at the time of forfeiture.

Management’s Response and Target Completion Date:

In the 3rd quarter of 2013, a monthly listing of all outstanding bond forfeitures over 120 days will be provided to the designated supervisor who will review and place a docket entry as needed to indicate the status. Furthermore, by the end of this year, a policy will be in place to assure the proper collection of bond payments.

NON-COMPLIANCE FINDINGS OVER THE REVENUE CYCLE

Fines, Fees and Forfeitures Testing

Ohio Revised Code Section (ORC) Section 2303 requires the Clerk to maintain the court of common pleas’ court dockets and charge fines and fees to cases in accordance with local court rules and the ORC. Each respective ORC section requires receipts to be distributed to the proper agency at the end of the month. Internal controls should be in place to assure fines, fees, and forfeitures are recorded and disbursed in accordance with these rules and regulations.

The civil and criminal divisions manage their own case dockets. Proware is the Clerk’s case management system utilized to post case docket entries, journal entries, receipts, and disbursements. The Clerk charges and collects fines, fees, and forfeitures in accordance with local rules and the ORC. Deposits and filing fees are posted on the Clerk’s website.

DIA haphazardly selected criminal and civil cases for testing in 2011 and 2012. We noted the following:

Criminal

- In 19 out of 66 cases tested (29%), cases were not properly closed in a timely manner by either applying bond money, assessing costs, writing off costs, or billing/refunding the defendant;
- In 32 out of 79 cases tested (41%), the case account listing (charges and deposits) did not agree to the total charges of journal entries (charges) and payments in the case docket due to costs not being written-off correctly and payments applied to costs incorrectly. Specific instances noted were as follows:
 - In one case, a payment was incorrectly charged against court costs and should have been charged to an \$80 fine for payment to the City of Parma. This instance was corrected during the audit and the payment was remitted to the City;
 - In one case, a reparation fee was collected twice and posted incorrectly when found guilty. The defendant should have been refunded when the case was over. This instance was corrected during the audit and the defendant was refunded; and
 - In four cases, refunds from court costs were not properly shown in the case account listing. In two of the cases, costs were not written off correctly. In the two other cases, bond money was not timely applied. These instances were corrected during the audit.

- In one out of 79 cases tested, a bond forfeiture judgment was not shown on the case docket as being as a judgment lien (with JL case number). The bond was never vacated by the Judge and the forfeiture was never paid. The issue was researched and corrected during the audit;
- A court ordered \$50 special projects fund fee was not charged to defendants effective June 1, 2012. Therefore, the Court of Common Pleas did not receive these ordered funds. DIA noted the total number of cases not charged was approximately 10,660, which is equivalent to \$533,000 uncollected as of April 29, 2013. As of April 29, 2013, the Clerk set up the special projects fund in Proware to charge all cases going forward. In addition, all open cases have been charged the \$50 fee beginning June 1, 2012 to April 29, 2013, totaling about \$227,400. Cases that were initiated subsequent to June 1, 2012 but have been closed as of April 29, 2013 are not able to be reopened and charged; and,
- During testing of criminal case dockets, we noted docket entries were performed by civil division clerks for criminal cases (see the “Communication and Reporting” and the “Operational Efficiency” findings).

Civil

- In 10 out of 51 cases tested (20%), the cost department did not properly close the case in a timely manner by either applying deposits, assessing costs, writing off costs, or billing/refunding the defendant/plaintiff. There was one instance where the Treasurer's Department was not refunded \$83.50 after the case was closed;
- In seven out of 80 cases tested (9%), the case account listing (charges and deposits) did not agree to the total charges of journal entries and payments in the case docket. This was due to costs not being written-off correctly and payments applied to costs incorrectly resulting in the defendant not being billed timely. Specific instances noted were as follows:
 - Three cases were domestic violence or civil protection orders that have outstanding balances on the dockets. These costs should be written off or not charged at all in accordance with Ohio Revised Code 3113.31(J);
 - In three cases, the parties were not billed or refunded at all; and,
 - In one case, the defendant was not billed for the correct amount and the total filing deposit was not applied.
- In 10 out of 80 cases tested (13%), a recorder's fee was charged in foreclosure cases at \$1 per every mortgage outstanding on a foreclosed home. No court order or Ohio Revised Code was noted for the \$1 charge. A total of \$17 was charged for recorder's fees in the 10 cases tested;
- Judgment lien cases consist of Clerk of Court liens on court costs. In three out of nine of these judgment liens tested, the judgment amount of the lien against court costs did not agree to the original case outstanding balance. In all three cases, an entry of \$2 was added to court costs after costs were assessed; and,
- DIA noted all documents are not imaged by Court of Appeals' staff into Proware for Court of Appeals cases. Therefore, the number of pages in a journal entry could not be accurately determined when charging court fees, in accordance with Ohio Revised Code Section 2303.20. Under current practice, the civil cost department employees assume all journal entries docketed in Court of Appeals cases are two pages; therefore, four dollars (two dollars per page set by Ohio Revised Code Section 2303.20(F)) is charged to the case for the entry. This has prevented the DIA from accurately testing compliance with the noted Revised Code Section and has potentially resulted in lost revenue to the Clerk's office.

The Clerk does not have policies and procedures in place to assure all cases are accurate and complete (see the "Policy and Procedure Manual" finding).

Failure to have complete and accurate dockets prevents the Clerk from having a true picture of the operations of the agency which can hinder the reporting process of data reported to County officials and those making management decisions. The above mentioned items resulted in many cases that were not properly billed, refunded, charged or written-off. The lack of internal controls and oversight over all court cases may result in undefined procedures that can lead to inconsistency in the operations of the agency, further resulting in noncompliance with various sections of the Ohio Revised Code.

We recommend the Clerk establish internal controls to assure all cases are timely and accurately closed, and are in compliance with the Ohio Revised Code. Case close out procedures should be established to include items such as the following, but not limited to:

- All journal entries, deposits, bond monies applied, and write-offs are properly charged and the total balance is consistent with the amount owed or refund to be paid;
- All bond forfeitures are vacated or paid in accordance to the Judge's orders;
- Docket entries, such as applying court costs and bond money and voiding transactions for criminal cases should be done by criminal division clerks or supervisors who are familiar with criminal case activity (see "Communication and Reporting" finding);
- All documents that can be imaged should be imaged so charges can be made in accordance with the Ohio Revised Code and to limit the amount of paper;
- Every court cost charged to a case should be in accordance with the Ohio Revised Code, local and federal rules. The recorders fee of \$1 per outstanding mortgage should be investigated further by the Clerk to determine if the charge is necessary; and,
- All court costs should be assessed on County cases before creating a lien on the court costs and certifying the amount to collections.

Management's Response and Target Completion Date:

Please refer to my comments in the sections titled Automated Accounting System, and IT Proware Reports. Since mid-June 2013, when a case is closed it is reviewed to assure the proper collection and return of money. Currently there are a large number of cases that appear to be inactive but have not been properly closed. Management is working with Proware to ascertain a complete listing of these cases and will formulate an action plan based upon the case status. A uniform policy will be completed by the end of this year. All court ordered "special fees" were reviewed and appropriate steps were taken to assess cases accordingly. Currently as inaccuracies and failures to follow the law have been discovered, steps have been taken to properly record and collect costs/fees. Once the position of fiscal manager is filled additional policies and procedures will be drafted to address these deficiencies.

Deposit of Public Monies

Ohio Revised Code Section 9.38 provides that any public official and/or employee who receives public monies shall deposit said monies with the Treasurer or with a properly designated depository on the next business day following the day of receipt, if the total amount received exceeds one thousand dollars. If the total amount of public money received does not exceed one thousand dollars, the person shall deposit the monies on the next business day 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 following the day of receipt, for making such deposits, and the person is able to safeguard the monies until such time as the monies are deposited.

During our testing and walk-through of the Clerk's receipt cycles, we noted monies collected that were not deposited in accordance with the above requirement. The monies not timely deposited were as follows:

- Receipts are often voided by a supervisor the day following the receipt of the money. A supervisor makes the void and returns the monies to the cashier who then corrects the record and the monies are placed back in the cash drawer. These monies will therefore not be deposited until the following day (two days after received); and,
- We noted instances during the audit in which overage monies were kept in a cashier's drawer for periods up to a few months after collection rather than being deposited the following day with the daily bank deposit or secured with a properly designated depository.

The Clerk does not have policies and procedures in place for timely deposits of public monies to be in compliance with the Ohio Revised Code (see the "Policy and Procedure Manual" finding).

Failure to deposit public money in a timely manner increases the County's exposure to theft, loss, or potential loss of investment money. Furthermore, holding on to monies for a long period of time results in untimely posting to the County's accounting system which in turn creates incomplete accounting reports that upper management relies upon.

The Clerk should either deposit monies collected, including overages, with a properly designated depository on the next business day following the day of receipt or they should adopt a policy permitting a different timeline for deposits under the guidelines established and permitted by Ohio Revised Code section 9.38. The policy must include procedures to safeguard the monies until the time of deposit. Furthermore, returning monies to cashiers due to posting corrections is a bad practice. The accounting for the transaction(s) in error can still be adjusted the day after the monies were deposited.

Management's Response and Target Completion Date:

Management agrees with the audit team's assessment and recommendations regarding the deposit of public monies. Actions are being taken and a policy will be in place to correct these deficiencies by end of 2013.

Poverty Affidavits for Expunged Cases

Ohio Revised Code section 2953.32(C)(3) states an applicant, unless indigent, shall pay a fee of fifty dollars to have a case expunged. The Clerk of Courts may accept a poverty affidavit in lieu of filing fees and has done so.

During our testing of expunged cases, we noted the Court is not ruling on the poverty affidavit to determine whether the applicant is indigent. Although the Ohio Revised Code does not elaborate on the process by which this filing fee is waived, the Cuyahoga County Department of Law is of the opinion the Court must make the final determination of an applicant's indigence. This opinion is supported by the Local Rules of the Cuyahoga County Court of Common Pleas, which in Section 7.0(C) states: "A poverty affidavit filed in lieu of a cash deposit must state the reasons for the inability to prepay costs and is

subject to Court review at any stage of the proceedings.” Although the Local Rules do not specifically address filing fees paid for the sealing of records, the rules establish a practice by which the Clerk of Courts may accept poverty affidavits in lieu of filing fees.

DIA recommends the Clerk request a determination of indigency, from the Court, on each poverty affidavit accepted in lieu of filing fees prior to waiving the fifty dollar fee.

Management’s Response and Target Completion Date:

Management agrees with the Internal Audit Team. It is noted poverty affidavits (and affidavits of indigency) are filed in criminal and civil cases, not just criminal expungement applications and the same problem exists with all types of cases. In the past, the Clerk did not collect the fees at any stage of the proceeding even when the Court did not rule on the affidavit. Therefore, the state and local entities have not received the money owed to each, when applicable. The current Clerk has requested the Court do one of three things: 1. draft a rule providing direction to the Clerk when these affidavits are not ruled upon; 2. approve the change in the court management system so the judge will not be able to sign off on a case without granting or denying the poverty affidavit, or 3. rule on the affidavit when ruling on the case. Some judges have chosen the third option and have begun to address poverty affidavits when the expungement rulings are reviewed. These judges made the necessarily rulings when initially requested. Currently and until further advised, when an expungement is granted without a ruling on the poverty affidavit, the Clerk will attempt to collect the fee.

FINDINGS RELATED TO INTERNAL CONTROLS OVER THE EXPENDITURE CYCLE

Monthly Disbursements

According to Ohio Revised Code Section 2303.08, the Clerk of the Court of Common Pleas shall indorse on each pleading or paper in a cause filed in the Clerk's office the time of filing, enter all orders, decrees, judgments, and proceedings of the courts of which such individual is the clerk, make a complete record when ordered on the journal to do so, and pay over to the proper parties all moneys coming into the clerk's hands as clerk. Sections throughout the Ohio Revised Code specifically state where funds are required to be remitted. The Clerk distributes fines and fees on a monthly basis to agencies such as the state and county Treasurer, city municipal courts and police departments, appraisers, and out of county sheriffs. Having internal controls in place such as support documents for disbursements, an approval process and controls over the disbursement process is crucial to assure the compliance, accuracy and timeliness of monthly disbursements.

The civil cost department runs monthly reports from Proware, on disbursements to other agencies. The checks are issued by multiple disbursements in the civil cost department and support is kept with the clerk who processed the check. Revenue receipts for checks issued to the County Treasurer are kept for support, except crime stopper and county recorder fees.

DIA reviewed the Clerk’s process in monthly distributions and selected one month in 2011 and 2012 for testing. We noted the following:

- All monthly disbursements were not approved by a supervisor who is independent of the preparation of the disbursement;
- County recorder's fees are disbursed to the Fiscal Office, but we were unable to trace the disbursements to FAMIS. The Fiscal Office and civil division of the Clerk's office did not keep adequate support of the receipt and disbursement. Both departments are unsure of how to keep track of the recorder's fees from the Clerk (see also "Missing Records" finding); and,
- Various missing supporting documentation for monthly disbursements were noted. See "Missing Records" finding for details.

Also, monthly disbursements of Clerk fees out of the Clerk's bank account are sent to the County's Treasurer for deposit into the Clerk's fund. DIA noted two index codes in which the monies are deposited (Clerk of Courts CL200055 and Computerization CL576124). The Clerk does not reconcile these monies to the County's financial accounting system (FAMIS).

The Clerk does not have policies and procedures in place relating to the monthly disbursement process to assure that compliance, accuracy and authorization is obtained (see "Policy and Procedure Manual" finding).

The lack of policies and procedures over the monthly disbursement process may result in undefined procedures that can lead to inconsistency in the operations of the agency and ultimately could lead to unapproved disbursements or noncompliance with the above Ohio Revised Code Section. The lack of reconciling payments to FAMIS could result in errors or irregularities occurring in financial transactions, which affect the bank reconciliations and financial reporting.

DIA recommends that all disbursements are authorized and reviewed by the appropriate individuals. Implemented control procedures which show that a level of authorization and review has been performed should be evidenced by initials, dates, checks marks, etc. prior to payment. Support on these monthly disbursements should also be maintained. We also recommend the Clerk develop procedures to review and reconcile all disbursements made to the County's accounting system.

Management's Response and Target Completion Date:

Once the new fiscal manager is hired, management will work to address these concerns and consider the recommendations of the audit team. The new processes will be included in the policies and procedures manual and will be implemented in the 1st quarter of 2014.

Posting of Vouchers

Witness voucher expenditures, grand jury witness voucher expenditures, and Court of Common Pleas petit juror voucher expenditures should be posted timely and in detail to the County's financial accounting system (FAMIS) to ensure the ledgers properly reflect the financial status of the County's agencies and are useful to management.

The following expenditures were not timely posted to the County's financial accounting system:

Witness vouchers → 30 out of 30, or 100%

Grand jury vouchers → 20 out of 20, or 100%

Petit jury vouchers → 3 out of 20, or 15%

Additionally, DIA noted the same subobject code is used for posting witness, grand jury and petit jury voucher expenditures. It was also noted that supervisors at the Clerk's office do not reconcile with FAMIS in order to verify that witness, grand jury and petit jury voucher expenditures are accurately posted in the County's financial accounting system, or that all vouchers were properly accounted for.

DIA recommends all expenditures for witness vouchers, grand jury vouchers, and petit juror vouchers be posted in a timely manner to the County's financial accounting system. In addition, we recommend that each type of expenditure be accounted for in a separate subobject code within FAMIS. Lastly, the Clerk of Courts, or a designated supervisor, should review the posted information in FAMIS to assure the information was posted timely and accurately.

Management's Response and Target Completion Date:

This will be addressed in the policies and procedures manual. Management has contacted the fiscal department to coordinate efforts to post appropriately.

Disbursement of Checks

The Fiscal Office function of Cuyahoga County is to serve as the center for processing, paying, and mailing disbursements for all County related expenditures. This structure of government should be set up in order to eliminate any fraud risk factors in the process of handling monies.

It was noted during testing of Clerk expenditures that "Hold for Pickup" was documented on certain vouchers as an indication for the Fiscal Office to hold the check for a selected individual to pick up from the Fiscal Office instead of it being mailed directly by the Fiscal Office to the vendor. In total, 14 of the 58 vouchers selected for testing (24%) were held for pickup. Furthermore, per inquiry with the Fiscal Office, they do not have a list of authorized individuals who have been approved by the Clerk of Courts to pick up Clerk related vouchers.

This is occurring because the County does not have a policy disallowing agencies to pick up and distribute their own checks.

The practice of not allowing the Fiscal Office to mail checks directly is considered a fraud risk factor. Failure to allow the Fiscal Office to mail all checks directly to the payee can result in mishandled monies and the potential for fraud to occur.

DIA recommends that all checks be mailed directly by the Fiscal Office.

Management's Response and Target Completion Date:

"Hold for Pickup" is a practice that has now been discontinued completely. A policy has been written and will be included in the policies and procedure manual. Management will work with Fiscal to implement the recommendations of the audit team.

Authorizing and Reconciling Disbursements

All disbursements of Cuyahoga County funds should be approved for payment by the agency Director or delegated by the Director to another authorized individual. Approval of expenditures ensures that all monies being disbursed are for an allowable public purpose, relate to the agency and purpose which is being charged, all required supporting documentation has been obtained, and items and/or services have been received. Authorizing disbursements is considered to be a critical preventive control in the disbursement process. Furthermore, it is imperative to develop a system of controls where disbursements being charged to the Clerk's index codes are being reviewed on a timely basis by obtaining and reviewing the County's financial accounting system's (FAMIS) detailed expenditure ledgers. Reviewing expenditures posted to the accounting system ensures the payments are posted in the correct amount, are posted to the proper account, and are able to determine whether duplicate payments were made for the same invoice. Reviewing disbursements is considered to be a critical detection control in the disbursement process.

During testing of nonpayroll expenditures, it was noted that 62 out of 62 vouchers tested did not have any indication the voucher was approved by an individual other than the employee who was requesting the voucher for payment. Furthermore, it was noted that 62 out of 62 vouchers tested did not have any indication the expenditure was reconciled to FAMIS.

During our control walkthrough, Clerk management explained to DIA that an approval of vouchers as well as reconciliation of Clerk expenditures to the County's accounting system has not been their practice in the past (see the "Policy and Procedure Manual" finding).

Failure to have a process in place to ensure all Clerk disbursements are authorized and reconciled by appropriate individuals may result in monies that are incorrectly posted to the County's financial accounting system, or more critically, the occurrence of unauthorized expenditures.

DIA recommends that all disbursements are authorized and reconciled by the appropriate individuals, including Clerk management. The Clerk of Courts could be the approver or she can designate another supervisor to be the individual responsible for approving office vouchers prior to payment. Implemented control procedures which show a level of authorization and reconciliation have been performed should be evidenced by initials, dates, check marks, etc. prior to payment on vouchers and on printed FAMIS expenditure ledgers.

Management's Response and Target Completion Date:

Please reference our comments re: Automated Accounting System and IT Proware.

Chargeback Monitoring

It is the responsibility of Clerk management to review and monitor all of its direct and indirect expenses.

Clerk expenditures consist of direct and indirect expenses. Indirect expenses associated with the Clerk include telecommunication charges, data processing, supplies, copier usage, postage, printing and the County garage. Total indirect charges posted to the Clerk's index codes were \$1,075,750, or 10% of total expenditures for 2011. Total indirect charges for 2012 were \$1,532,496, or 14% of total expenditures.

Per inquiry and observation, the indirect costs are being monitored by Clerk management for reasonableness. However, we noted the following during testing:

- A charge of \$396.80 was incorrectly assigned to the Clerk (CL200055/0287) in April 2012. This charge should have been charged to CO380121/0287, Common Pleas General-Judicial;
- Four out of 60 items tested were for services that were procured through IT. There was no detail provided in the invoice and Clerk management did not know or inquire how or why they were being charged but rather relied on IT to charge the correct amount;
- Charges that appear in CL200055/0287 are related to phone service for the Auto Title facilities. Auto Title is no longer a part of the Clerk but their AT&T phone bill is still being charged to the Clerk's index codes;
- There were four monthly telecommunication charges, which had support from IT, that did not get posted into FAMIS; and,
- There were six monthly charges posted in FAMIS that were either under or over charged from the supporting documentation and information that was provided by IT to DIA.

Also, we provided detailed chargebacks to Clerk management to review for reasonableness. We have not received a response regarding this request as of the date of this report. Furthermore, we inquired with Public Works management regarding space maintenance charges since there was a large fluctuation charged back to the Clerk's index code. We have not received a response regarding this request as of the date of this report.

While the DIA has been told that indirect charges are being monitored, there is no detail provided in the chargeback statements being sent to Clerk management. With a lack of detail, monitoring would be difficult especially for small amounts. FAMIS is not being reviewed by management. Furthermore, there is no inquiry into how or why they get charged for services or contracts that are procured by other agencies, such as IT. Failure to monitor and review chargebacks can result in incorrect expenditures of Clerk money.

Chargebacks are a large portion of the indirect charges associated with the Clerk and should be reviewed on a monthly basis. In addition to the chargeback statements already being reviewed, IT Statement of Services Provided can be obtained for further detail on telecommunications and data processing charges. IT can also be contacted for maintenance or contracts that the Clerk uses for an explanation on how they are being charged. The remaining charges can be confirmed through Public Works or the other agencies which initiated the indirect charge. Lastly, we recommend the Clerk of Court follow up with Public Works on the large fluctuation in space maintenance charges.

Management's Response and Target Completion Date:

This will be addressed in the manual and addressed the 1st quarter of 2014. It is my understanding the internal audit team has received an adequate response concerning the reasonableness of the chargebacks.

Furlough Leave

Cuyahoga County currently offers a voluntary furlough program in which employees may take unpaid days off of work at times of their choice with approval by their supervisor. This optional program was available in 2012. In 2011, this program was mandatory. In order to minimize the financial hardship on

employees, the furlough is spread across various pay periods with a small amount of pay taken out of each pay check rather than on the actual furlough day taken.

One employee chosen in our payroll test, left service from the Clerk's office during the audit period, had taken all furlough days granted prior to resignation but also prior to the completion of the furlough cycle. As a result, the employee received more compensation than he was entitled to because his final pay did not reflect a deduction for furlough time taken that had not yet been earned. The County did not invoice the employee to recover these monies. Due to the discovery of this finding, DIA judgmentally decided to perform a 100% coverage test of all employees who left service from the Clerk's office during the audit period. In total, DIA calculated the County is owed \$1,304 from 2011 and 2012 terminated employees due to this furlough issue.

There is no policy for recovery of monies lost to employees who take furlough time and leave prior to the completion of the furlough cycle.

Without having a recovery policy for the furlough program, the Clerk may continue to lose money as employees leave the Clerk's office before their furlough cycle is complete.

DIA recommends the Clerk, working with Human Resources, create a policy as part of the furlough program for employees who have used their furlough days and leave service prior to the completion of the furlough cycle. The policy should also include the procedures that should be taken if an enrolled employee were to leave service prior to using their pro-rated amount of furlough days.

Management's Response and Target Completion Date:

While Furlough Leave is no longer mandatory in Cuyahoga County, some employees of the COC have chosen to take Furlough Leave. The days for the employees who have taken furlough leave in 2013 (12 employees) have all been taken by the writing of this report. As such, there is no current issue concerning lost monies due the COC as the furlough cycle is complete. Should any employees choose to take Furlough Leave in the future, the COC will implement a policy for recouping any lost dollars in the event an employee takes furlough time and leaves COC employment prior to the completion of the furlough cycle. This policy should be implemented by first quarter 2014.

Employee Compensation

A County employee should only be compensated to the extent of service provided, or if he or she is on excused leave of absence with accumulated leave balances to the extent of time not worked.

A Clerk employee was on unpaid leave (had already exhausted all of his leave balances); however, he received compensation in the amount of \$875 for the pay period ending April 23, 2011.

There was a lack of controls within the Clerk's payroll department that resulted in the payment to an employee for time not worked for the agency and leave balances not available to use.

Without having controls in place to end compensation during periods of unpaid leave when there are no leave balances accumulated, County funds are being spent for service that has not been rendered or time earned.

DIA recommends the Clerk communicate with their payroll specialist(s) to make sure controls are designed and in place in order to only compensate employees for time served or periods of leave in which leave balances exist to the extent of time not worked.

Management's Response and Target Completion Date:

A complete review with my human resources analyst indicates there are no existing issues. The supervisors understand HR is to be informed when an employee is on leave.

Attendance Records

Attendance sheets can be used as a form of verification for time worked. In order for an agency to successfully utilize attendance sheets, an employee must sign in upon arrival and sign out upon departing. It is also stipulated in the County's Policy and Procedure Manual Section 6.02 that employees are to record the time they commence work and when they depart for the day.

The Clerk utilized physical attendance sheets as a form of verification for time worked during 2011 until June 2012. Per review of these attendance sheets, employees did not sign out upon leaving for the day.

It was procedural that employees of the Clerk's office were only required to sign in upon arrival and then in and out for lunch.

Without having a sign out procedure for the attendance form there is no way to verify how long an employee worked each day which can result in under or over payments. In addition, without documentation of total time worked each day, the risk of falsification of a timesheet increases; however, is less likely to be caught. According to Section 6.02 of the County's Policy and Procedure Manual, falsification of a timesheet is grounds for discipline, up to and including removal.

DIA recommends all employees of the Clerk properly utilize payroll attendance sheets, by signing in and out each day in order to log actual hours worked. Since June 2012, the Clerk has switched over to the County-wide payroll system where daily sign ins and outs are required in order for the time sheet to be approved and sent for pay, so this issue has since been resolved.

Management's Response and Target Completion Date:

The supervisors recently began using software that tracks the daily attendance of staff and there has been a concerted effort to balance workload needs with leave requests. Employees are no longer able to take leave without prior approval.

NON-COMPLIANCE FINDINGS OVER THE EXPENDITURE CYCLE

Witness Voucher Payments

Ohio Revised Code Sections 2335.06(A)(1) and 2335.08 as well as the "State Subpoena Procedure" manual maintained by the Clerk of Courts states in part that a witness shall receive twelve dollars for each full day's attendance and six dollars for each half day's attendance. As further described in Ohio

Revised Code Section 2335.06(B), a full day consists of a witness appearing in court before and after twelve noon. If appearing only in the morning or only after noon the witness shall receive a half day pay.

During testing of witness voucher payments, 11 out of the 30 witness vouchers tested (37%) were not filled out completely, indicating the hours, days or half versus full day of service. For these 11 instances, the only information filled in was the prosecutor's name.

The prosecutors are not taking the time to fill out the witness certification section of the subpoena. Without this section being properly completed, it is difficult to ascertain how much a witness is due for payment in accordance with the Revised Code Sections above and the "State Subpoena Procedure" manual of the Clerk's office. Rather than returning the witness to the prosecutor to fill out the voucher completely, the witness voucher clerk is paying the witnesses simply by the time in which the witness appears at the window.

Without a properly filled out witness certification section of the subpoena, the risk of over or under paying witnesses increases.

Management should issue a reminder to prosecutors to fill out the witness certification section of the subpoena in its entirety to assure the Clerk is in compliance with the Revised Code Sections above and the "State Subpoena Procedures" manual. Management may also consider instructing the witness voucher clerk to send witnesses back to the prosecutor if a subpoena is missing the required information prior to payment.

Management's Response and Target Completion Date:

As of the writing of this response, the COC contacted Proware to amend the State Subpoena to include a place in which to fill in the times at which the witness appeared in Court. This will help the COC properly determine whether a witness is entitled to payment for a full or half day attendance at court. The COC also contacted the Office of the Prosecutor to remind them of proper subpoena procedures and the importance of properly filling out subpoenas to reflect the true amount of time for which a witness should be paid. The COC also instructed the staff in the Cashier/Witness Voucher office to not pay a witness for a subpoena if the subpoena is not properly completed by the prosecutor's office.

Leave Approval

Supervisors are responsible for their employee's whereabouts at all times. Therefore, it is necessary to request leave through MyHR, the County-wide payroll system, for supervisory approval prior to taking the time off using vacation, sick, furlough or comp/exchange time. Furthermore, the Cuyahoga County Policy and Procedures Manual, Sections 9.03 through 9.05 require that approval must be granted for sick, compensation and exchange time used.

It was noted during testing that 15 of the 32 instances tested (47%); a formal request through MyHR was not submitted by Clerk employees for approval from their supervisor for time taken off prior to taking the leave. Furthermore, we noted missing leave requests and approvals for the time period prior to MyHR migration (see "Missing Records" finding for further detail).

Management of the Clerk's office is not pursuing corrective action against employees that do not properly request time off prior to taking leave.

Without properly requesting time off prior to taking leave, Clerk management may be unaware of a current absence and therefore not able to properly monitor their employees. This can result in disruption if a planned work meeting or function is scheduled for the day of unapproved absence. It may also place unnecessary burdens on other Clerk employees and/or supervisors that may have to fill in for an absent employee.

DIA recommends that supervisors at the Clerk's office begin to enforce the procedure that employees request time off prior to taking leave so proper approval can be given. If an employee is repeatedly not requesting their time off ahead of time, their supervisor should seek corrective action pursuant to the County's Policy and Procedure Manual Sections 13.09, 13.10 or Section 14. If Clerk supervisors are not pursuing corrective action then the Clerk of Court should compel the supervisors to enforce County procedures for leave requests or face their own discipline.

Management's Response and Target Completion Date:

Please see response to the attendance records section.

FINDINGS RELATED TO INTERNAL CONTROLS OVER REPORTING

Unapplied Deposits and Bonds

The Clerk is an agency fund, which means they act as a custodian in holding funds received and disbursed to the appropriate agencies and individuals, in accordance with Ohio Revised Code Section 2303.08. The amount of receipts in a given month should compare to the amount of disbursements the following month; therefore, the bank balance of the Clerk should be comparable to total receipts in a given month and outstanding bonds. Having internal controls in place to monitor receipts, disbursements, and the bank balance is critical in the financial responsibility of an agency such as the Clerk.

During cash testing, DIA reviewed the Clerk's bank balance at the end of 2011 and 2012, noting balances of \$24.8 million and \$25.2 million, respectively. During monthly disbursement testing, DIA only noted disbursements ranging from \$1.4 million to \$2 million a month compared to \$1.5 million to \$3 million in receipts a month.

After further investigation of the variance between the bank balance and monthly activity, DIA noted the variance is a result of unapplied deposits and bonds. A report can be generated from Proware that lists all unapplied deposits and bonds (report #CMSR5290). DIA requested and received this report for December 31, 2012 and noted total unapplied deposits and bonds were \$18.1 million and \$3.8 million, respectively, for a total of \$21.9 million. This unapplied balance is the reason for the large bank balance.

DIA determined that monies in the Clerk's bank account were not reflected in Proware correctly. The unapplied amount consists of deposits (filing fees, reparation fees, etc.) that have not been applied to the case correctly, refunded to the appropriate agency/individual, or included in unclaimed funds sent to the County Treasurer. The unapplied bonds are criminal and civil bonds left on cases that should

either be applied to court costs or sent to the Treasurer as unclaimed funds or be refunded to the defendant or bond company. This report has never been reviewed since cases dating back to the 1970's are noted on the report. The Clerk of Courts has been in contact with DIA on resolving this issue as soon as possible. The Clerk of Courts will continue to go through the unapplied deposits and bonds list, case by case, in assuring all cases are accurately applied, refunded or posted as unclaimed.

The Clerk does not have internal controls in place to assure the bank balance is consistent with that of an agency fund (see "Policy and Procedure Manual" finding). Management was not aware of this inconsistency in bank balance reporting throughout the years, until it was brought to upper management's attention by DIA.

Lack of effective monitoring of the Clerk's bank balance can result in errors and irregularities in financial reporting. Furthermore, County officials and Clerk management could be informed with misleading information if deposits and bonds are not timely and accurately applied, paid or certified as unclaimed.

We recommend the Clerk continue to work through the unapplied deposits and bonds list so that all monies will be appropriately applied and/or disbursed resulting in an accurate system that ultimately provides the County with the information needed to make informed decisions. We also recommend policies and procedures be established to eliminate this problem in the future.

Management's Response and Target Completion Date:

Management agrees with the audit team's assessment and recommendations regarding unapplied deposits and will work to address these concerns. It is clear the previous clerk did not adequately disburse deposit money resulting in over 30 years of backlog. As such, this problem will take some time to correct. Management continues to work with Proware to ascertain a reliable list of unapplied deposits. Once the list is complete, it will be posted on the website and published so the public can request a refund. The refund process will be handled electronically until verification is necessary. All applicable claims will be included on the unclaimed funds list and posted according to the Ohio Revised Code in January 2014. Also please see the response under the fines, fees and forfeitures testing section as well as IT Proware Reports.

Accounts Payable and Receivable

Reviewing and reporting on accounts payable (court costs and deposits/bonds owed to other agencies or individuals) and accounts receivable (court costs owed to the Clerk) on a regular basis is an important internal control in the financial reporting process.

The Clerk has the ability to print reports on payables and receivables from Proware. In regards to payables, the civil cost department prints a monthly disbursement report that shows all payments that need to be made to other agencies and individuals. The division also prints an unapplied deposit and bond report once a year that shows all credit balances on all cases.

In regards to receivables, the civil division prints out a report from Proware that shows all cases closed for 30 days or greater in which court costs have not yet been assessed. The cost department goes through each case to assess the costs and then bills are sent. A weakness in the system of internal controls allows all employees, without authorization or supervisory approval, to indefinitely suspend the

billing process. These Proware reports included more than 45,000 cases, most from the Civil Division, that had the billing cycles suspended. DIA did not test these cases but was told that most were either dismissed cases or costs were charged after the case closed and should be written off.

In addition to the above review, DIA noted the Clerk is sending cases with outstanding court costs to three collection agencies (the Attorney General Office (AG) for criminal and court of appeals cases; Weltman, Weinberg, & Reis and NCO for civil cases). This process began in August 2012. When a case goes to collection, a judgment lien is created for the amount of court costs. The collection agencies periodically transfer money through an electronic bank transfer to the Clerk along with a detailed report by case. The civil cost department is responsible for applying the receipt to each case in which money was collected.

During our testing it was noted the Clerk does not maintain, review, or report a total payables list. The report printed for monthly disbursements does not display an accurate amount of costs owed to other agencies and individuals. The unapplied deposit and bonds list includes both open and closed cases and may not be accurate as some cases date back to the early 1970's.

The Clerk is reviewing receivables on a case by case basis every month, but DIA was not provided with proof that total receivables are periodically maintained, reviewed, and reported.

The DIA tested one receipt from the AG in December 2012 to assure receipts were applied to cases appropriately. We noted in four out of four cases tested, the Judgment Lien (JL) cases were not properly charged. When a lien is initiated, a \$25 clerk fee is automatically applied to the case. When liens are satisfied, a \$5 fee is charged. The AG collects an extra \$30 on the original case to be applied to the Judgment Lien case. When the cost department applies the \$30, the full amount of \$30 is charged to satisfaction of lien (should be \$5), leaving the \$25 clerk fee on the case. The clerk fee is remaining on each case when the lien is released. This does not affect Clerk disbursements or receipts; it will only effect reporting of costs owed to the Clerk since these cases will have an outstanding court costs balance.

The Clerk does not have internal controls in place relating to its accounts payable and receivable cycles (see "Policy and Procedures Manual" finding).

The lack of internal controls over maintaining, reviewing, and reporting payables and receivables on a regular basis may result in errors or irregularities in financial reporting that could go undetected. Furthermore, failure to accurately charge and apply costs could result in misleading data and hinder the reporting process of data to County officials and those making management decisions. Allowing employees access to suspend billing without the proper supervisory approvals may result in manipulating data to cover the misappropriation of funds.

DIA recommends the Clerk address the above mentioned items by developing policies and procedures to include the following at a minimum:

- A periodic review and reporting of accounts payables and receivables should be completed. A report from Proware should be utilized to reflect the total amount of court costs owed to the Clerk and a total amount of costs that should be remitted to other agencies or individuals;
- Supporting documentation should be maintained to show the review of the reports has taken place. This can be evidenced by initials, dates, checks marks, etc.; and,

- When judgment liens are satisfied, based on receipts from collection agencies, no outstanding costs should be left on the docket.
- Proper approval as well as documentation should be evidenced in any instance where billing of costs is to be suspended.

Management's Response and Target Completion Date:

Management agrees with the audit team's assessment and will work with new management to address these issues. Please reference comments in the sections of Automated Accounting System and IT Proware. Currently, management is reviewing all outstanding cases where judgment liens are present and taking corrective action as needed. Again, as in all other reporting areas, the previous management did not address the backlog and there is a great deal of data to inspect.

NON-COMPLIANCE FINDING RELATED TO REPORTING

Unclaimed Funds

Pursuant to Ohio Revised Code Section 2335.34, on the first Monday of January, each year, the Clerk of Court shall make two certified lists of causes in which money has been paid and has remained in the hands of that person or in the hands of a former clerk for one year preceding that first Monday of January. The lists shall designate the amount of money and in whose hands it remains. One list shall be set up in a conspicuous place by the officer, in the officer's office, for the period of thirty days, and the other list shall be posted at a public area of the courthouse or published on the web site of the court, on the second Monday of January, for the same period of time.

Ohio Revised Code Section 2335.35 states all moneys, fees, costs, debts, and damages, remaining in the hands of the Clerk of the Court from the expiration of thirty days from the ending of the time of advertisement as provided by section 2335.34 of the ORC, shall be paid by such officer or his successor to the county treasurer, on the order of the county auditor. Each such officer shall indicate each item in his cashbook and docket the disposition made thereof.

DIA reviewed the Clerk's unclaimed funds list and the procedures in place relating to the process. We noted the following:

- The unclaimed funds list was not certified by the first Monday of January for 2011 and 2012. DIA noted the Clerk certified the 2005 and 2006 unclaimed funds list in 2011 and 2012, respectively. The 2007 unclaimed funds list was certified and sent to the Treasurer in February of 2013. The 2008 through 2012 unclaimed funds list have not been certified and sent to the Treasurer as of the date of this letter;
- The Clerk certifies unclaimed funds based on money that has been paid and has remained in the hands of that person or agency. Any amounts not disbursed as a refund that should have been refunded are not included in the unclaimed funds list. These individuals or agencies have never been notified. DIA noted potential bonds and deposits outstanding on cases that have not been refunded. See the issue on "Unapplied Deposits and Bonds" for further detail; and,
- Files are kept on unclaimed funds that are sent to the County Treasurer, but only to the extent of the disbursements paid to appropriate recipients. The Clerk does not keep a detailed running total of how much money remains in the Clerk's unclaimed funds account. It was also noted that

the Clerk's unclaimed monies are aggregated with other agencies' unclaimed funds in FAMIS, which makes it cumbersome to be able to reconcile between Clerk records and FAMIS.

The Clerk does not have policies and procedures in place for the unclaimed funds process (see "Policy and Procedure Manual" finding).

Lack of effective internal controls can hinder the determination of unclaimed funds and ultimately lead to inaccurate reporting as well as a delay in returning monies owed to agencies and/or individuals. Not communicating to the public of all unclaimed funds in a timely manner will result in noncompliance with the Revised Code above.

We recommend the Clerk develop policies and procedures in determining and reporting unclaimed funds each year. The Clerk should continue to work on getting up-to-date on the unclaimed funds list as well as work with the Fiscal Office to better segregate the account of its unclaimed funds from other agencies' unclaimed funds.

Management's Response and Target Completion Date:

The list of unclaimed funds is posted to the COC website and includes the funds through 2011. The order of the list has been changed to an alphabetical listing by person rather than the old listing by case number. All funds have been certified to the treasurer. Management is working with Fiscal to segregate accounts as suggested by the internal audit team.

FINDINGS RELATED TO PLANNED AUDIT PROCEDURES NOT ABLE TO PERFORM

Judge Selection Process

The DIA had planned audit procedures documenting internal controls and performing substantive testing over the judge selection process. We requested information from the Court Administrator however he failed to respond to our request. After discussion with the Clerk of Courts, she requested that the Court Administrator meet with us but he was unresponsive to her request as well. Therefore, DIA was unable to complete the audit objective due to lack of information.

Management's Response and Target Completion Date:

I called and emailed the court administrator detailing what the audit team was requesting but have not received a response. Proware initially hesitated to comply with the audit team's request but eventually complied to the extent they were capable.

Bond Company Confirmations

The DIA had planned audit procedures to confirm with various bond companies the following information during 2011 and 2012 to Clerk records (Proware):

- Bond amount
- Date bond was posted
- Date reparation fee was paid to the Clerk

- Defendant's name
- Case number

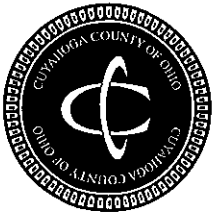
DIA compiled 38 confirmations to be sent to bondsmen on behalf of the Clerk of Courts. Out of the 38 confirmations sent and a total population of 9,178 bonds, DIA received 3 replies for a 204 bond count (2% confirmation rate). One out of the 38 bondsmen had an invalid address and another was inactive with no address in the system. Out of the confirmations received, we did not note any discrepancies with the above noted items. Due to the low response rate, DIA does not have sufficient evidence to gain assurance over the posting of bonds and reach an audit conclusion.

While preparing confirmation letters, we noted an uneven distribution of cases to Bondsmen. One agency in particular had 41% of the cases while the remaining 15 agencies had the rest. DIA recommends the Clerk of Courts contact the Ohio Department of Insurance, the governing body for Bondsmen, to provide training to Clerk staff regarding rules and regulation pertaining to Bondsmen soliciting within the confines of the Justice Center.

Management's Response and Target Completion Date:

Management is currently exploring available options with the Department of Insurance to help ascertain the information requested by the audit team. In addition, the Department of Insurance has been helpful in understanding what acceptable behavior of the profession is and what options are available to the COC.

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Clerk of Courts
County of Cuyahoga

September 17, 2013

Department of Internal Auditing
Attention: Director Valerie Harry
Via Electronic Mail

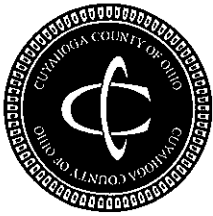
RE: Clerk of Courts Management Response to Internal Audit

Dear Director Harry:

Thank you and your staff for spending the last few months reviewing my department's financial operations and general accounting practices. When I started in this position it was clear the operations of the office needed intensive review. Without your expertise and assistance, it would have been nearly impossible to gauge the financial and operational health of the office while at the same time addressing the shortcomings that required immediate attention. The recommendations provide a road map as I continue to pursue the overall goal of making the clerk's office accountable and transparent.

The issues and citations identified by the Department of Internal Auditing are serious ones. As the legal custodian of court records, I concur with you and your team that there is a need for institutional controls to prevent fraud, errors, and provide the taxpayers with a sense of financial security. I have recently hired two new directors who have hit the ground running and understand the importance and urgency to fix the office's fundamental flaws. Additionally, the hiring process for managers and line staff is nearly complete. Once all personnel are in place, the lack of oversight and financial inadequacies can be addressed completely. This effort will require coordination with the fiscal department and treasurer.

Many of the areas needing improvement rely upon information generated by the case management vendor and as you and your audit team concluded, the reliability of the vendor to produce valid reports is concerning. In addition to other concerns identified by the internal audit, my office can only work with the data as produced by the current vendor. It is noted the success of our solutions to these problems will be tempered by the information generated by the vendor and the costly process of coordinating new procedures with courts and agencies that have separate systems.



Clerk of Courts
County of Cuyahoga

Until there is a unified approach to a case management system by all county agencies, issues for the public will remain. Cuyahoga County Council has recognized the need for proper review of a county wide case management system and I will continue to work with Council as directed.

As my office moves forward addressing the issues that resulted from your audit, I hope to continue working together. I appreciate your help and embrace the opportunity to make this office fully accountable and transparent.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrea F. Rocco". The signature is fluid and cursive, with a large, stylized initial "A" and "R".

Andrea F. Rocco
Cuyahoga County Clerk of Courts