

Internal Audit Report

Cuyahoga County, Ohio
Department of Internal Auditing

Civil Division Audit
Cuyahoga County Sheriff's Office
January 1, 2011 – August 31, 2013

Director of Internal Auditing: Cory A. Swaisgood, CPA

Staff Auditors: Jeremy Hejnal, CIA
Kim Seeley, CPA, CIA



Audit Report Highlights

Sheriff's Office – Civil Division Audit

July 2016

Total Recoveries¹ = \$2,170 Total Cost Savings² = \$743,492

What We Found

We found control weaknesses, financial transaction discrepancies, and instances of non-compliance during the Civil Division Audit. The following is a list of the *most significant* issues we identified during the audit:

- We were unable to explain the inconsistency in the unreconciled monthly balances prior to implementing Proware, the new case management system. The variances resulted from a database issue in generating reports in the old system, an excel-based system. The unreconciled book-over-bank balance was \$282,750 at August 31, 2013. We scanned through subsequent bank reconciliations and noted the unreconciled balance remained consistent at \$282,750 through August 31, 2015. We reviewed the conversion from the old system to the new system and noted additional variances between the bank balance and system balance that would increase the unreconciled balance (book-over-bank) to \$302,680.
- The Division did not follow Local Rule 27 (Contempt of Court) of the Cuyahoga County Court of Common Pleas. Contempt of Court charges against land sale buyers were not timely filed for 57 (96%) of the foreclosure cases tested. Buyers are required to pay the balance of the land sale price within 30 days from the date of sale or adjudged in contempt of Court.
- Sheriff fees were not charged in accordance with ORC 311.17 on foreclosure and writ cases during the audit period. Under-billing purchasers resulted in an estimated annual loss in revenue of \$742,992.
- Cash collection and physical security was a concern noted during the audit. The cashier's area was accessible to all employees and the public since there was no door to secure the area. Checks issued and authorized are stored in the cashier's area until collected by the payee.
- The Division did not make job-related education available to its employees and supervisors, nor was there cross training between employees within their respective departments, i.e. cashiers or deeds.
- No policy and procedure manual existed to ensure consistency in the operations of the Division.

Background

The function of the Civil Division (Division) within the Sheriff's Office is to carry out orders on foreclosures, writs, executions, evictions, and replevins. Currently, this is done through two departments: Foreclosure and Writs. 56 employees, whose mission is to ensure fast, effective means to follow the courts' directions, staff these departments.

The Foreclosure Department is responsible for auctioning land sales at weekly Sheriff's auctions. The Department is also responsible for collecting and disbursing proceeds received through the Sheriff's auctions.

The Writs Department is mainly responsible for processing and serving summons, subpoenas, warrants, or eviction notices initiated from a court in or outside Cuyahoga County.

Why This Audit Was Done

The purpose of this audit was to address concerns raised by the Auditor of State's Office during the 2011 financial audit of Cuyahoga County. The Auditor identified an unreconciled balance between the Division's case management system and the bank account.

In addition to the bank reconciliation, we reviewed operational procedures and sampled foreclosure and writ cases in order to make effective recommendations.

¹ The total overpayments identified the County could potentially recover.

² The amount the County could save by implementing recommendations. Cost savings are a result of policy changes that could reduce expenses.

Audit Report Highlights

Sheriff's Office – Civil Division Audit

July 2016

What We Recommended

We made recommendations to the Division focused on resolving weaknesses noted above, and to help move the Division toward a more efficient and productive function with the new case management system. We made recommendations for procedural and systematic changes in the Division.

These recommendations were communicated to the Division during the course of the audit. Based on their responses we believe corrective action has been or will be taken to mitigate the risks we identified during this audit.

Management responses are included at the end of each recommendation in the report and a letter of response was provided to us, as well. We will perform follow-up procedures within 12 months of the audit release date to confirm the findings were addressed to mitigate risks identified during the audit.

We made the following recommendations to improve the operations of the Civil Division:

- After the completion of fieldwork, the Division found unrecorded transactions that reduced the unreconciled balance to approximately \$72,000 in the positive (bank-over-book). Although we did not confirm these adjustments, we will review them during the follow-up review. After recommended adjustments are made reducing the unreconciled balance to approximately \$51,000 (bank-over-book), we recommend the Division formally write-off the remaining balance.
- The Division should consider automating specific procedures to improve the efficiency and tracking of daily operations. For example, developing a system function to notify staff of certain time events, such as contempt of Court.
- The Division should update fees in Proware to accurately reflect the ORC and Local Rule 27 and develop a standard listing of all fees by case type allowable under the ORC and Local Rule 27. The Division should periodically review the ORC and Local Rule 27 to ensure the Division is charging fees in accordance with local and state regulations.
- The Division should move the cashier's area to a more secure location not accessible by other employees or the general public.
- The Division should offer job-related education to its employees and supervisors. There should be an onboarding process where new employees shadow staff in different functions of the Division to increase understanding of overall objectives and increase the lines of communication between staff. Furthermore, the Division should consider cross-training employees within their respective departments.
- The Division should create a formal policy and procedure manual developed by the Division and reviewed and approved by the Sheriff. Written procedures should cover operations specific to the collection, disbursement, and reconciliation of funds related to foreclosure and writ cases.



**CUYAHOGA COUNTY
DEPARTMENT OF INTERNAL AUDITING**

**INTERNAL AUDIT REPORT
Cuyahoga County Sheriff's Civil Division
Cover Letter**

July 8, 2016

To: Sheriff Clifford Pinkney
and the current management of the Cuyahoga County Sheriff's Office Civil Division:

The Department of Internal Auditing (DIA) has conducted an audit over the financial operations and general accounting of the Cuyahoga County Sheriff's Office Civil Division (referred to within this report as "the Division"), for the period of January 1, 2011 through August 31, 2013. The audit objectives were to determine whether: controls in place were adequate to safeguard assets from abuse, errors, and loss; revenue transactions and department funds were properly supported, recorded and deposited in their entirety in a timely manner and in accordance with all governing laws and regulations; and expenditures were properly approved and recorded.

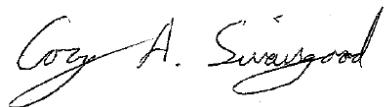
To accomplish our objectives, we focused on operational controls of the Division, the major revenue and expenditure cycles as well as specific compliance mandates. Interviews with management and staff along with general walk-throughs of each revenue and expenditure cycle were conducted in order to document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

Our audit procedures disclosed internal control weaknesses relating to the Division's revenue and expenditure cycles, asset safeguarding, and recordkeeping. Instances of non-compliance with Ohio Revised Code requirements were also identified. This report provides the details of our findings.

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

The Department of Internal Auditing would like to express our appreciation to the staff of the Division and interrelated departments that assisted throughout the process for their courtesy and cooperation during this audit. A draft report was provided to the Sheriff and the Chief of the Division for comment. The Division's Chief responded with a letter (attached) and the Division's Senior Office Manager responded to each recommendation in the report.

Respectfully,

A handwritten signature in black ink that reads "Cory A. Swaisgood". The signature is written in a cursive style with a large, stylized initial 'C'.

Cory A. Swaisgood, CPA
Director of Internal Auditing

Cc: Audit Committee
Cuyahoga County Council
Sharon S. Jordan, Chief of Staff
Robert Triozzi, Law Director
Frank Bova, Chief Community Safety and Protection Officer

Contents

- Glossary** 2
- Report Details** 3
 - Purpose 3
 - Audit Objective 3
 - Scope 3
 - Methodology 4
 - Background 4
- Non-Compliance Findings** 7
 - Local Rule 27 7
 - Sheriff Fees 8
 - Conveyance Fees 12
 - Appraised Value 13
 - Sheriff Recording Fee 14
 - Foreign Docket Maintenance 15
 - Table of Fees 16
 - Unclaimed Funds 17
 - Deposit of Public Monies 19
 - Record Retention 21
 - Computer Controls 22
- Internal Control Findings** 23
 - Policy and Procedure Manual 23
 - Job-Related Training 24
 - Cash and Physical Security Controls 25
 - Non-Productive Assets 27
 - Proware Conversion 28
 - Bank Reconciliations 31
 - Erroneous Check Transactions 33
 - Voided Checks, Stop Payments, and Adjusting Entries 37
 - Disbursements 40
 - General Ledger Applied Accounts 46
 - Check Listing Discrepancies 50
 - Receipts 52
 - Voided Receipts 57
 - Summary of System Balance Adjustments 58
 - Accounts Payable and Receivable 59
 - Foreclosure Cases 62
 - Sheriff's Sale 65
 - Writs Cases 67
 - Proware Database Access 71
 - Information Technology Controls - Proware 73
- Response Letter From Division Chief** Attached

Glossary

- Proware** - Case Management System utilized to track Civil Division cases received from the Clerk of Courts. Proware is also utilized to track cases from out of County courts when the Sheriff is required to serve a subpoena to a resident within the County for a Sheriff from another County. Proware is also used to track and report on financial transactions received and disbursed within the Division.
- Foreclosure** - A legal process in which a lender attempts to recover the balance of a loan from a borrower, who has stopped making payments to the lender, by forcing the sale of the asset used as the collateral for the loan.
- Eviction** - Notice to vacate property served to anyone in possession of a foreclosed home after the property is sold.
- Writ** - A written command in the name of the court to act, or abstain from acting, in some way. Summons, subpoenas, warrants, and eviction notices are examples. A foreign writ is initiated from a county outside of Cuyahoga County.
- Replevin** - A repossession of a plaintiff's property carried out by Sheriff deputies.
- Execution** - A judgment is made in favor of a plaintiff and the plaintiff levies the defendant's personal property to satisfy the debt. Sale is done by Sheriff deputies.
- Service and Return** - A service and return is satisfied when a writ is delivered to the court ordered location. The Civil Division is required to charge a fee for delivery of the writ and returning to the office in accordance with Ohio Revised Code Section (ORC) 311.17.
- Poundage** - A fee charged to all third party purchasers on the sale of property according to ORC 311.17. The fee is 1.5% of selling price.
- Praecipe** - A document that either commands a defendant to appear and show cause why an act or thing should not be done; or requests the Clerk of Court to issue a writ and to specify its contents.

Report Details

Purpose

The purpose of this review was to conduct an audit of the Sheriff's Civil Division (referred to within this report as "The Division"). The Department of Internal Audit (DIA) was made aware by the Auditor of State of an unreconciled balance between the Division's case management system and the bank account. The Sheriff at the time, Frank Bova, requested we perform a detailed audit on the Division's processes. The audit continued under current Sheriff Clifford Pinkney as fieldwork began in July of 2014 and concluded in June 2015.

DIA evaluated processes for compliance with existing policies, laws, and professional standards. We performed substantive tests on financial transactions and reconciliations. The audit included review and evaluation of procedures, practices and controls as deemed necessary.

Audit Objective

Our (DIA) main audit objectives included:

- Determining whether controls were in place, and if controls did exist, determine if they were adequate to effectively and efficiently achieve the County's and the Division's goals.
- Assets were safeguarded from abuse, errors, and loss.
- Bank reconciliations were timely and accurately performed.
- Revenue transactions were properly supported, recorded, and deposited in their entirety in a timely manner and in accordance with all governing laws and regulations.
- Expenditures were properly approved, recorded, and in accordance with all governing laws and regulations.
- Reporting information was timely accomplished, accurate, and in accordance with all governing laws and regulations.

Scope

To accomplish our objectives, we focused on the operational controls of the Division, the major revenue and expenditure cycles, as well as specific compliance mandates during the period of January 1, 2011 through August 31, 2013. 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 and their operation. In addition, substantive testing methods included analytical procedures, test of details using sampling methods, as well as confirmation of transactions and/or assets.

Methodology

In order to accomplish the audit objectives DIA performed the following:

- Conducted interviews with management and staff.
- Conducted general walk-throughs of each operational unit within the Division.
- Witnessed and documented procedures and controls in place, i.e. during Sheriff auctions.
- Observed procedures in place for receipts and disbursements.
- Re-performed monthly bank reconciliations between the Division's bank account and case management system.
- Sent third party confirmations to verify bank balances and receivables.
- Conducted substantive and control tests on the expenditure and revenue cycles.
- Conducted compliance tests on local, state, and federal regulations.
- Reviewed and substantively tested the conversion of the case management system from the old access database system to Proware.

Background

The function of the Division is to carry out court orders on foreclosures, writs, executions, evictions, and replevins. Currently this is done through two (2) departments. These departments are staffed by fifty-six (56) employees whose objective is to ensure fast, effective means to follow the courts' directions.

Foreclosure Department:

Consists of the following areas:

- Cashiers – Account for all funds collected by the Division.
- Deeds and Distributions – Collects proceeds of property sales through Sheriff auctions. Disburses funds accordingly and issues deeds on foreclosures sold properties.
- Land sales – Initiate and complete Foreclosures and Tax Delinquent sales.
 - Foreclosure Sales – The Division receives an order of sale (“order”) from the Clerk of Courts. All information, including sale date and property value, is entered into Proware. Appraisal teams are assigned to the foreclosed parcels upon receiving the order, as well. Appraisal teams include 3 appraisers selected by the Division. Appraisals are completed the week following the day the order was received. The clerks review the appraisals and input all information (value amount, appraiser names, date of appraisal, mileage driven, and property description) into Proware. After all the information has been entered, the Division can advertise the sale on Daily Legal News. A sale bulletin is posted on the Sheriff's website, in the Justice Center lobby, and on the Sheriff's Office's second floor for the next Sheriff's sale. Sheriff's sales occur every Monday or first business day of the week at 9:00 a.m. The auctioneer, starts with the minimum bid (two-thirds of appraised value) at the sale. Division clerks and deputies are present at the auction. Multiple clerks track the sale price of properties sold and require winning bidders to sign a bidder's form that

provides information on the winning bidder. One clerk enters the sale price into Proware. The Division accepts cash, certified bank check, attorney check, or money order. The winning bidder is required to pay 10% of their bid up to \$10,000 at the time of the sale. Fees, in accordance with the Ohio Revised Code (ORC), are included in the purchase price and automatically charged and applied to the case in Proware when a sale is entered. The buyer is required to pay in full within 30 days of the sale. An invoice is sent to the buyer with the balance due when all fees are computed and received from the Clerk of Courts and Treasurer's Office for taxes owed. If not paid within 30 days, the Division can file contempt procedures against the buyer to force payment. If balance is not paid within eight (8) days or fifteen (15) days from the date of sale buyers will be charged 10% per annum. If a parcel is not sold, the Clerk of Courts is notified and the plaintiff must file another order to initiate another sale. After the case is closed and all deposits are received, the Division cashiers will disburse money to recipients (i.e. Treasurer's Office, Recorder's Office, Clerk of Courts, Sheriff and Lien Holders).

- Tax Delinquent Sales - Tax delinquent sales are filed by the Treasurer's Office through the Clerk of Courts. All procedures from foreclosure sales are followed for tax delinquent sales, except for the following:
 - Sheriff sales are performed every other month by the Division.
 - Bid minimums are set based on delinquent taxes and fees due so no appraisals are completed.
 - The Division can auction tax delinquent parcels two weeks after the first auction if not sold. Properties could be forfeited to the State of Ohio then to the Fiscal Office to be auctioned if not sold through Sheriff's sale or sold to a land bank.

Writs Department:

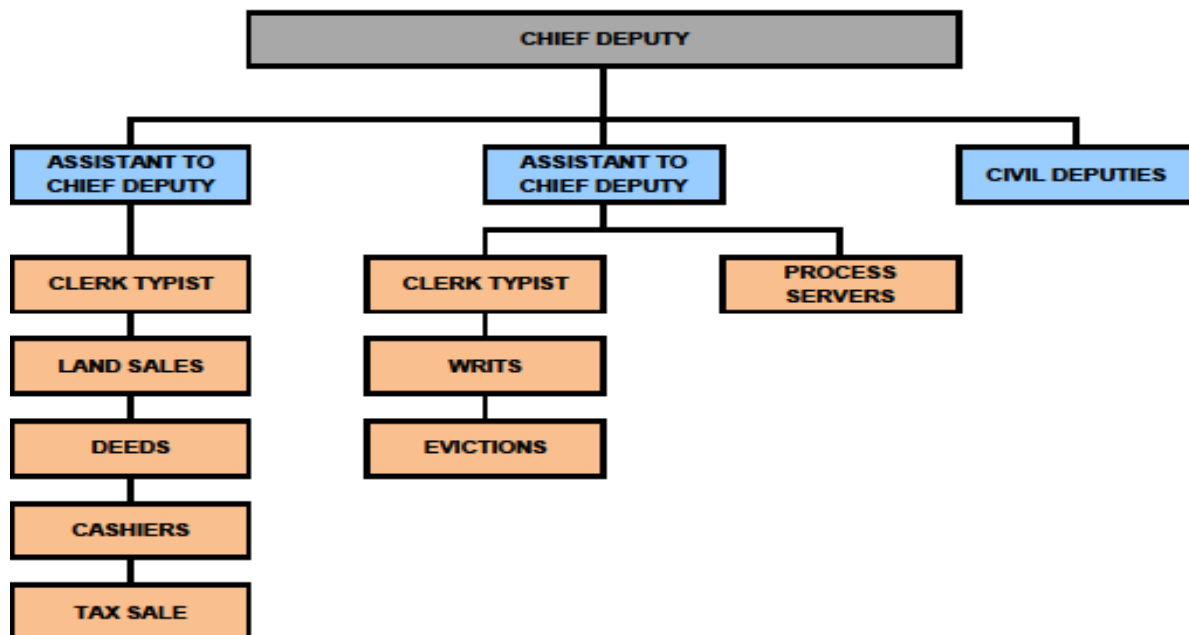
Consists of the following areas:

- Writs – Initiated from a court in or outside of Cuyahoga County. A case number is assigned in Proware and fees are charged in accordance with the ORC. The summons, subpoena, warrant, or eviction notice is served by the Division's process servers or Sheriff deputies. Once served, a notice of completion is prepared and sent to the requesting parties.
- Evictions – The Division handles eviction notices for foreclosed properties. A court order along with a Praecipe from the attorney are sent to the Division. A deposit is received in advance to cover fees. The Division sends the court order and Praecipe to the Clerk of Courts who issues a writ of possession. A move and storage form is required from the attorney within 24 hours prior to the eviction, otherwise the eviction writ is cancelled and another writ must be filed. The move and storage form authorizes the eviction to occur on the requested date from the moving company. The deputy serves the notice of eviction and accompanies the moving company and locksmith during the eviction. The deputy notifies the Division clerk when service is complete. The plaintiff is billed or refunded after the service has been provided and the deposit has been applied to total fees.

- Replevins – A judgment order, deposit, and Praeceptum from the attorney is required to initiate the process. The property to repossess is noted by the attorney. These types of cases must be completed within 60 days. The same internal process as eviction cases from case initiation to service is followed by the Division. A new replevin must be initiated if the deputy fails to repossess the property after three attempts. The property is immediately transferred to the plaintiff if the property is successfully obtained. The plaintiff is billed or refunded after the service has been provided and the deposit has been applied to total fees.
- Executions - A judgment order, deposit, and Praeceptum from the attorney is received by the Division in favor of a plaintiff to levy the defendant’s personal property to satisfy a debt. The Clerk of Courts receives a copy of the judgment order and Praeceptum. Notice is served to the defendant by Sheriff deputies or process servers with the amount required to satisfy the plaintiff’s lien, otherwise the property is subject to sale. If the property is required to be sold, an appraisal must be done on the property and it must sell for at least two-thirds of the appraised price after being advertised on Daily Legal News. One deputy from the Division conducts the sale. Payment is received at the location of the sale in the form of cash, money order, or cashier’s check. A receipt is given to the purchaser. The Division clerk receives the cash and enters all deposits and fees into Proware.

See “Glossary” on page 2 for definitions on areas within the Writs and Foreclosure Departments.

**SHERIFF'S OFFICE - CIVIL
ORGANIZATIONAL CHART**



Non-Compliance Findings

Local Rule 27

Cuyahoga County Common Pleas Court Local Rule 27 is a rule established by the Common Pleas Court on how foreclosure cases should be handled by the Courts and Sheriff's Office. The Division is required to enforce the rules in all foreclosure cases. The following rules were not strictly enforced by the Division during the audit period:

- "The unpaid balance of the purchase price shall be due and payable to the Sheriff within thirty (30) days from the date of sale. The purchaser shall be required to pay interest on unpaid balance of ten percent (10%) per annum from the date of sale to the date of payment of the balance unless the balance shall be paid within eight (8) days from the date of sale, fifteen (15) days from the date of sale of tax delinquent foreclosure property."
- Unless the balance of the purchase price is paid within 30 days from the date of sale,
 - "The purchaser shall be adjudged to be in contempt of Court."
- "Appraisal fees shall be based on the (County) Auditor's last tax appraisal of the property as shown by his duplicates and the fees allowable shall be scaled as follows:
 - Up to \$100,000 tax value, each appraiser - \$ 50.00.
 - On all appraisals where the tax value exceeds \$100,000, each appraiser shall receive \$1.25 for each \$5,000 or fraction in excess of the amount. In considering appraisals on commercial property for good cause shown, the Court may award fees in excess of the scale."
- "The Sheriff shall also keep a copy of this entire rule conspicuously posted at the place where he conducts sales and shall call attention to the rule before receiving bids."

We selected 150 foreclosure cases to substantively test from January 1, 2011 to August 31, 2013. The following instances of non-compliance pertaining to Local Rule 27 were identified:

Local Rule 27 Non-Compliance				
<i>Issue Type</i>	<i>Cases Sampled Pertaining to Rule</i>	<i>Cases with Noncompliance Instances Noted</i>	<i>Non-Compliance %</i>	<i>Total Over/(Under) Charged Per Rule</i>
Incorrect Amount of Interest Charged	15	7	46.7%	(\$1,370)
Incorrect Appraiser Fee Charged	93	4	4.3%	\$154
Contempt of Court not Filed*	59	57	96.6%	N/A

** The Division does not have procedures in place to monitor cases with outstanding balances older than 30 days from the date of sale, which requires contempt of court to be filed against the buyer. The current process is time consuming as forms are manually completed before sending to the Prosecutor's Office for approval.*

In addition, DIA attended three foreclosure sales and did not notice Local Rule 27 conspicuously posted at time of sale.

Failure to comply with Local Rule 27 increases the risk of lost revenue in the Division. The Division will continue to lose interest revenue on foreclosure cases not paid in a timely manner. Furthermore, the Division could be liable for overcharging fees on foreclosure cases.

Recommendation

DIA recommends the Division develop procedures to assure compliance with Local Rule 27. The following should be included, at a minimum:

- Interest should be accurately charged in Proware. A separate entry in Proware should be made for interest collected. The amount of interest should be calculated by the system based on the date of purchase to the final deposit in accordance with Local Rule 27.
- Proware should automatically calculate and apply all appraiser fees to reduce the chance of paying appraisers the wrong amount.
- For procedures requiring the Division to be notified of an event by a specific date, such as contempt of court, a function to notify staff should be developed in Proware, such as a tickler notification.
- The current process of filing contempt of court against buyers should be modernized by automating the process and developing templates in Proware to complete contempt of court filings in accordance with Local Rule 27. These filings should be electronically sent to the Prosecutor's Office.

Management's Response

Audit end date was the beginning of Proware. Many procedures for the errors found have been addressed and in place within Proware from its start date (August 2015) or soon after. Interest calculation and appraiser fees have been in place since the start of Proware. Electronic contempt of court filings to the Prosecutor's Office has been in practice since January 2014.

Sheriff Fees

Ohio Revised Code (ORC) Section 311.17 dictates the amount of fees to be charged for various billable services the Sheriff's Office provides. Specifically, fees like service and return, replevins, poundage, and subpoenas can be charged to various cases in the Division.

DIA selected 71 Writs cases and 150 Foreclosure cases from January 1, 2011 to August 31, 2013 to test compliance with ORC 311.17 for proper collection of fees. The following non-compliance was noted:

Writs Cases:

During our testing of 71 cases related to the Writs area of the Division, we noted the following non-compliance with fees allowable under ORC 311.17:

Writs Non-Compliance Findings				
<i>Fee Type</i>	<i>Cases Sampled Pertaining to Rule</i>	<i>Cases with Noncompliance Instances Noted</i>	<i>Noncompliance %</i>	<i>Over/(Under) Billing</i>
Levy Personal Property*	1	1	100%	(\$100)
Writ Replevin	10	1	10%	(\$40)
Writ Possession	22	22	100%	(\$1,280)
Subpoena	10	10	100%	(\$100)
Appraiser Oath*	1	1	100%	(\$18)
Advertisements*	1	1	100%	(\$9)
Service & Return	43	34	79%	(\$160)
Mileage Service & Return	43	43	100%	(\$724)
Poundage*	1	1	100%	(\$1,140)
			Total	(\$3,571)

** The sample size of one pertains to a personal property sale tested. In this case, the Division should have billed \$1,307 more than actually received. In searching for more personal property sales, the Division was unable to provide a list. DIA attempted to locate additional sales from the case data received from Proware, but was unable to find any more personal property sales as no unique identifier was located for these types of sales.*

Due to missing documentation, 25 of the 71 cases tested could not be recalculated to assure Sheriff fees were properly charged in accordance with the ORC. The amount of Sheriff fees charged for the 25 untested cases totaled \$976. This potentially could have resulted in non-compliance with ORC 311.17.

Foreclosure Cases:

During our testing of 150 cases related to the Foreclosure area of the Division, we noted the non-compliance with fees allowable under ORC 311.17 as shown in the table on the following page:

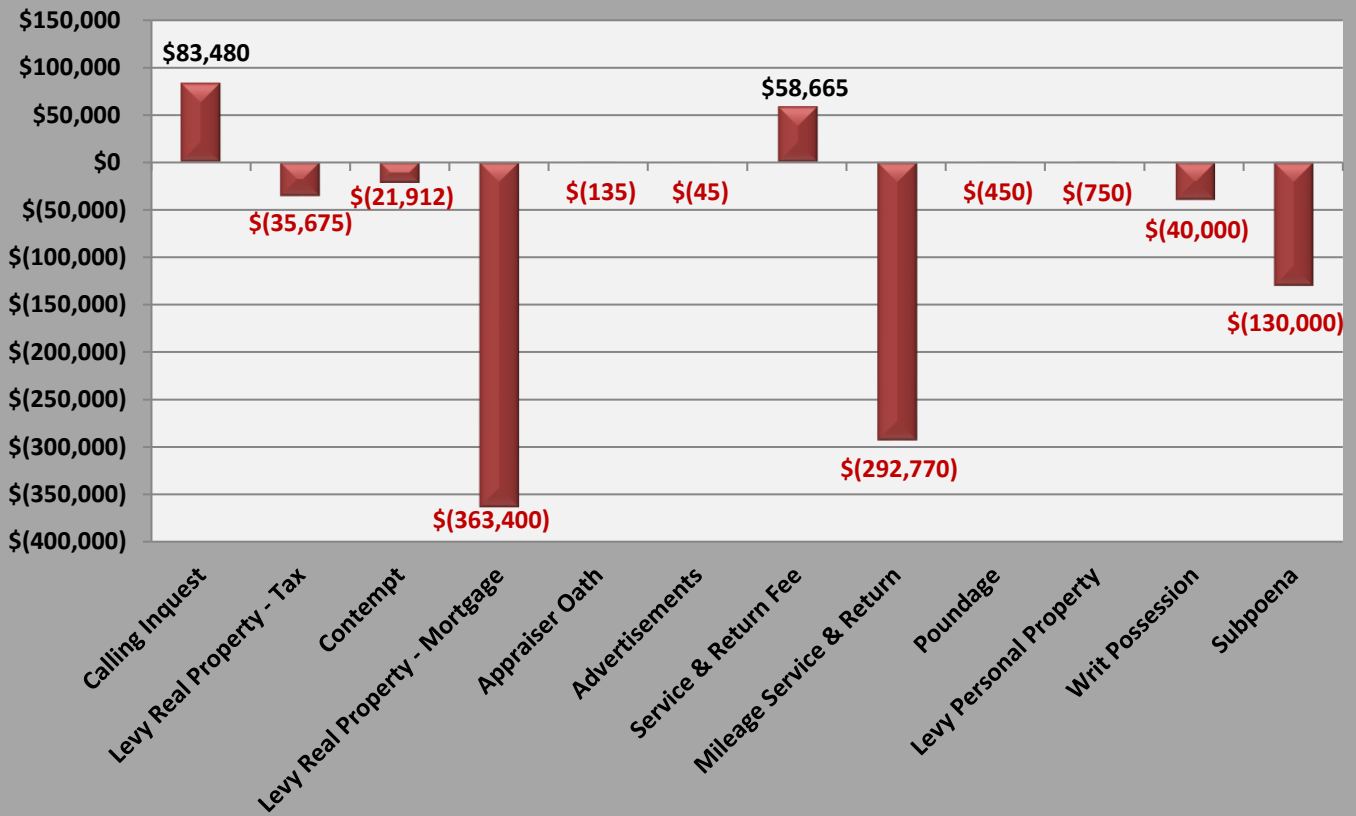
Foreclosure Sales Non-Compliance Findings				
<i>Fee Type</i>	<i>Cases Sampled Pertaining to Rule</i>	<i>Cases with Noncompliance Instances Noted</i>	<i>Noncompliance %</i>	<i>Over/(Under) Billing</i>
Calling Inquest*	74	74	100.0%	\$1,480
Levy Real Property - Tax	38	38	100.0%	(\$900)
Contempt	2	2	100.0%	(\$12)
Levy Real Property - Mortgage	108	108	100.0%	(\$10,100)
Service & Return	108	108	100.0%	\$1,133
Deed	117	1	0.9%	\$50
Poundage	29	3	10.3%	\$2,157
			Total	(\$6,192)

**Calling Inquest is a fee charged by the Division when an appraisal is done on the property. No authority to charge the fee was found.*

Six of the 150 cases sampled could not be recalculated to assure Sheriff fees were properly charged in accordance with the ORC due to missing documentation. The amount of Sheriff fees charged for the six cases totaled \$307. This potentially could have resulted in non-compliance with ORC 311.17.

Based on findings in the foreclosure and writs cases above, DIA calculated the annual amount of lost revenue by estimating the volume of cases per year. The graph on the following page displays our annual estimates of lost revenue from incorrect charging of foreclosure and writ fees. DIA did not calculate an estimate on writ replevin and deed fees since the Division is knowledgeable of the correct amounts to charge and generally does charge the correct amounts. These fees vary based upon the circumstances. We reported non-compliance for these fees in the table above due to instances where the Division unintentionally did not charge the fees. DIA estimates the total annual loss in revenue to be \$742,992 due to billing errors in the Division.

Estimated Over/(Under) Billing Per Year



The Division does not have a complete understanding of the fee structure nor has there been adequate oversight associated with ORC 311.17.

Failure to charge the correct amounts for Sheriff fees resulted in billing errors. More importantly, as exemplified above, the total amount of revenue generated by the Division could be negatively impacted. This can lead to constrained resources and reduce the ability for the Division to conduct required duties as dictated by law.

Recommendation

DIA recommends the Division immediately charge the correct Sheriff fees in accordance with ORC 311.17. In addition, the Division should incorporate the following into a policy and procedure manual to mitigate non-compliance going forward:

- A standard listing of all fees by case type allowable under ORC 311.17 should be developed. The schedule should list the type of case, ORC section, and the amount of fee allowable. This schedule should also be utilized for training new and existing staff.
- Division supervisors should periodically review the charges applied against cases to verify the correct amount has been applied to the case.
- On a bi-annual basis, Division supervisors should review ORC sections, specifically section 311.17, to verify if any revisions to fees occurred since the last period of review.

Management's Response

The above recommendation was corrected July 2015

Conveyance Fees

Ohio Revised Code (ORC) Sections 319.54 and 322.02 dictate the amount of fees the Sheriff should be charging and remitting to the Transfer and Conveyance Office for the sale of real property. The following sections state how the Division should be charging these fees:

ORC 319.54(G)(2)

Fees shall be charged "for the transfer or entry of land, lot, or part of lot, or the transfer or entry on or after January 1, 2000, of a used manufactured home or mobile home as defined in section 5739.0210 of the Revised Code, fifty cents for each transfer or entry, to be paid by the person requiring it."

ORC 319.54(G)(3)(e)

Fees shall be charged "For receiving statements of value and administering section 319.202 of the Revised Code, one dollar, or ten cents for each one hundred dollars or fraction of one hundred dollars, whichever is greater, of the value of the real property transferred or, for sales occurring on or after January 1, 2000, the value of the used manufactured home or used mobile home, as defined in section 5739.0210 of the Revised Code, transferred, except no fee shall be charged when the transfer is made on sale for delinquent taxes or assessments."

ORC 322.02(A)

"Any county may levy and collect a tax to be known as the real property transfer tax on each deed conveying real property or any interest in real property located wholly or partially within the boundaries of the county at a rate not to exceed thirty cents per hundred dollars for each one hundred dollars or fraction thereof of the value of the real property or interest in real property located within the boundaries of the county granted, assigned, transferred, or otherwise conveyed by the deed."

Out of the 150 foreclosure cases tested in the previous findings, DIA sampled 105 foreclosure cases with conveyance fees. The table on the following page lists results of non-compliance:

Non-Compliance Findings				
<i>Issue Type</i>	<i>Cases with Noncompliance Instances Noted</i>	<i>Noncompliance %</i>	<i>Over/(Under) Billing</i>	<i>DIA Notes</i>
ORC 319.54 (G)(2)	2	1.9%	\$ -	One case was overbilled by \$.50 and the other was under billed by (\$.50).
ORC 319.54 (G)(3)(e)	8	7.6%	\$ 222.87	Should not have been charged on tax delinquent sales.
ORC 322.02(A)	8	7.6%	\$ 668.63	Should not have been charged on tax delinquent sales.

Without adequate knowledge of ORC requirements, the Division is at a greater risk of lost revenue and overcharging buyers. This can also lead to constrained resources and reduce the ability for the Division to conduct required duties as dictated by law. Furthermore, overcharging buyers can lead to litigation charges and the Sheriff could be liable for amounts charged in excess of ORC requirements.

Recommendation

We recommend the Division review current procedures in charging conveyance fees required by the ORC and revise procedures to comply with the ORC. Furthermore, the Division should communicate with the Senior Supervisor of Transfer and Recording in the Fiscal Office to verify amounts charged are accurate and supported by the ORC.

Management's Response

Corrected July 2015. The County Fiscal Officer and County Recorder provided the conveyance amounts charged by the Sheriff.

Appraised Value

Ohio Revised Code (ORC) Section 2329.20 states, "No tract of land shall be sold for less than two thirds of the value returned in the inquest except the court making such order, judgment, or decree, may determine the minimum amount for which such real estate may be sold."

DIA tested 150 foreclosure cases and found that two cases did not sell for at least two-thirds of the appraised value. The properties were sold for a total of \$17,333 below two-thirds of the appraised value. One case was due to a data entry error as the appraised amount was not

accurately entered into Proware. DIA was told the second case's sale was set at a minimum bid price, which is legal under ORC 2329.20, but the minimum bid sheet was not located.

Since the Division does not have formal procedures to ensure appraised property sell for at least two-thirds of the appraised value, the risk of violating state laws and selling properties at a lower rate than legally allowed is greatly increased.

Recommendation

DIA recommends formal procedures be established to minimize non-compliance with the ORC. Prior to the Sheriff sale, an employee who did not enter the appraised value into Proware should review the entry and initial the appraiser's form to verify the review has been completed and the amount is accurate.

Also, the Division should require, with the help of Proware, the sale price be entered directly into Proware at the auction. Proware should not allow entry for anything less than two thirds of the appraised price if the property was appraised.

Management's Response

The second part of the recommendation above has been in place from the beginning of Proware, August 2013.

Sheriff Recording Fee

Ohio Revised Code (ORC) Section 2329.36 allows the Sheriff to charge an unspecified fee for the cost of recording a deed or filing documents. The Division has established \$75 for the amount of this fee, but does not have formal policies and procedures to ensure the fee is charged and applied consistently. Due to this limitation the Division risks non-compliance with the ORC and potential billing errors.

During our substantive test of foreclosure cases in the Division, two of 150 cases tested were not charged the correct fee. One case was charged \$150 for a parcel sold. The extra \$75 charged was due to a prior sale that was vacated. The vacated sale should have resulted in reversal of the fee since the deed was never recorded. The second case identified was not billed the \$75 even though it was sold and a deed was recorded. The net effect of these instances is \$0.

Recommendation

DIA recommends the Division develop policies and procedures to assure the \$75 fee is accurately charged to each applicable foreclosure case. If a sale is vacated, the fee should be unapplied from the case. If a deposit was received for the recording fees, a refund should be issued.

We also recommend the Division request Proware to setup an automatic charge in the system of \$75 when a property is sold so the fee is posted to all applicable cases.

Management's Response

Since August 2013, the \$75 fee is automatically entered when a parcel is sold. Some cases are vacated after the deed has been recorded. The fee is refunded when the court orders it.

Foreign Docket Maintenance

Ohio Revised Code (ORC) Section 311.10 states, "There shall be kept in the office of the sheriff a foreign execution docket, furnished by the county, in which, on the receipt by the sheriff of any execution, order of sale, or other process issuing from any court of any county, other than the county in which he resides, the sheriff shall make an entry of the date of such writ, when it was received by him, from what court and county it was issued, and the date and amount of the judgment or decree. The sheriff shall also enter in the foreign execution docket the receipt of any process issued by a proper and lawful authority of a state other than this state, the date of issuance and the date of his receipt of the process, the court and state in which the process was issued, and the nature of the process. The sheriff shall also enter in the docket all action taken in relation to such process by his office. For making such entries the sheriff shall receive twenty-five cents in each case, to be taxed in the fee bill."

Foreign docket refers to out of County cases received from Courts other than Cuyahoga County's court. The Division is required to keep a docket with all the information stated in ORC 311.10 as well as charge a fee of \$0.25 per case. DIA tested 71 Writ cases in which 23 cases were foreign cases. The results in the following table were noted in testing compliance with ORC 311.10:

ORC 311.10	Cases Sampled Pertaining to Rule	Noncompliance Instances Noted	Non- Compliance %
\$0.25 Docket Maintenance Fee/Case	23	23	100.0%
Foreign Writ Date Recorded	23	23	100.0%
Date of Receipt Recorded	23	20	87.0%
Date and Amount of Judgment Recorded*	20	20	100.0%
Court of Issuance Recorded	23	23	100.0%
State or County of Issuance Recorded	23	20	87.0%
Description of Property Recorded*	20	20	100.0%
Bill of Costs Returned	23	20	87.0%
Service and Return Information Recorded	23	22	95.7%

** Sample size was 20 since three of the total cases tested were summons cases. No property or judgment was included in case.*

As noted in the table on the prior page, the Division failed to charge a docket fee of \$0.25 per foreign case for all 23 cases tested. The potential loss in revenue of \$500 is based on an estimated 2,000 foreign cases.

Additionally, the Division does not have formal procedures to ensure all required information is documented as required by ORC Section 311.10. The Division risks continued non-compliance with this section of the ORC and lost revenue.

Recommendation

DIA recommends the Division work with Proware to ensure all fields required by ORC are incorporated into the case management system. When a foreign case is entered, \$0.25 should automatically be charged to the docket. Proware should also require all information from 311.10 be entered before closing a foreign case.

Management's Response

Remedied by the implementation of Proware (August 2013) or soon after.

Table of Fees

Ohio Revised Code (ORC) Section 2335.30 requires elected or appointed county officials to “make and post, in a conspicuous place in his office, for the inspection by all persons who have business in his office, a table of fees to which he is entitled.” This listing must be created and posted within three months of taking office.

The Division was required to post the table of fees by July 14, 2015 which was three months after the current Sheriff’s appointment. The table of fees was not conspicuously posted in the Sheriff’s Office prior to July 14, 2015 resulting in non-compliance with ORC 2335.30. DIA noticed the Division did conspicuously post the table of fees after July, 14, 2015. Failure to comply with ORC 2335.30 decreases transparency and accountability over the fees that are charged to the public.

Recommendation

The Division should be aware of this ORC Section and post a table of fees in accordance with this Section within three months of a new Sheriff taking office. In addition, the table of fees should be reviewed and revised when changes in fees occur.

Management's Response

As of the report date, fees have been posted in several locations.

Unclaimed Funds

The Sheriff is responsible for complying with Ohio Revised Code (ORC) Sections in reference to unclaimed funds. Having formal procedures in place is essential in assuring compliance is met.

Pursuant to ORC Section 2335.34, "On the first Monday of January, each year, (the Sheriff) 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 (Sheriff) 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."

In addition, Ohio Revised Code Section 2335.35 states, "All moneys, fees, costs, debts, and damages, remaining in the hands of the (Sheriff) 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 Division's process in remitting unclaimed funds to the Treasurer's Office on an annual basis. We obtained a list of all cash balances per case in Proware. The following table lists outstanding balances older than one year as of March 31, 2015. Not all funds in the below table should be remitted as unclaimed funds due to open cases. However, there may be outstanding balances for multiple years on closed cases that should have been sent to the Treasurer. There are no formal procedures in place or evidence these balances were reviewed during the unclaimed funds process prior to March 31, 2015.

<i>Case Year</i>	<i># of Cases</i>	<i>Amount</i>	<i>Case Year</i>	<i># of Cases</i>	<i>Amount</i>
1988	2	\$2,058	2001	19	\$38,608
1989	2	\$9,029	2002	18	\$17,425
1990	2	\$3,085	2003	29	\$47,553
1991	2	\$1,393	2004	41	\$92,203
1992	1	\$70	2005	48	\$35,897
1993	2	\$485	2006	29	\$22,252
1994	1	\$70	2007	38	\$48,780
1995	1	\$70	2008	34	\$32,517
1996	1	\$3,307	2009	39	\$113,524
1997	4	\$1,181	2010	38	\$92,543
1998	6	\$3,570	2011	88	\$70,633
1999	4	\$2,804	2012	201	\$212,566

2000	10	\$18,512	2013	78	\$70,270
			Total	738	\$940,405

During review of outstanding checks in Proware as of March 31, 2015, we noted the following stale checks were outstanding greater than one year. There are no procedures in place or evidence these outstanding checks were reviewed during the unclaimed funds process prior to March 31, 2015.

Issue Date	Check #	Case #	Payee	Amount
11/9/2011	224363	CV11746407	Gerald E. Fuerst Clerk	\$1,493
11/9/2011	224364	SX13000004	Cuyahoga County Auditor	\$5,900
11/9/2011	224365	SX13000004	Cuyahoga County Recorder	\$540
2/27/2012	227277	CV11754807	Payee Not in Proware	\$2
8/3/2012	232002	SX13000004	Cuyahoga County Fiscal Officer	\$1
9/13/2012	34932	CV11764890	Cuyahoga County Fiscal Officer	\$1
1/2/2013	35069	BR11004059	Budget Commission	\$873
1/10/2013	35089	BR12005606	Cuyahoga County Land Bank	\$1
2/1/2013	35106	BR11004059	Budget Commission	\$7
2/4/2013	237191	SH12000022	Daily Legal News	\$403
2/4/2013	35110	CV11749325	Budget Commission	\$111
2/11/2013	35129	CV11759985	Cuyahoga County Fiscal Officer	\$64
2/26/2013	35159	BR11004924	Budget Commission	\$75
3/14/2013	35175	BR11004843	Budget Commission	\$37
12/2/2013	Check Number not in Proware	CV09681621	Key Bank – Stop Payment Fee Not Cleared	\$10
12/2/2013	Check Number Not in Proware	CV08651024	Key Bank – Stop Payment Fee Not Cleared	\$10
Total				\$9,528

Finally, while reviewing the Sheriff's website we found copies of checks issued from the Division to the Treasurer's Office posted on the website for unclaimed funds. These checks contained the routing number and checking account number of the Division's bank account which could result in the bank account being compromised by an unauthorized user.

Lack of effective internal controls and formal procedures could 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. The County is also at risk of losing funds that are not timely turned over to the Treasurer's Office since unclaimed funds cannot be transferred to the County's General Fund until five years after unclaimed funds are deposited with the Treasurer.

Recommendation

We recommend the Division develop a policy and procedure manual which includes procedures for determining and remitting unclaimed funds each year. The manual should include the following, at a minimum:

- A review on all cases that make up outstanding balances and checks greater than one year should be completed.
- The process of posting amounts identified as unclaimed funds and remitting to the Treasurer should commence within a reasonable time prior to the first Monday of January each year.
- The outstanding check report should be run at year-end to determine which checks have been outstanding for more than one year. The outstanding checks to other County agencies should be researched further to determine the reason. If necessary, a stop payment should be issued for the agency checks and be re-issued to the proper agency.
- Supervisory approval, indicated by initials, should be included in the electronic or paper support prior to certifying the lists to the Treasurer's Office.

In addition, check images were removed from the Sheriff's website during the audit. We also recommend the Division redact bank account information from the checks or discontinue posting check images to the Sheriff's website.

Management's Response

Unclaimed Funds report produced in Proware January 2015. ORC rules followed in 2016 for 2015 cases.

Deposit of Public Monies

Ohio Revised Code (ORC) Section 9.38 provides that any public official and/or employee who receive 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.

DIA tested 377 deposits over 10 months from January 1, 2011 through August 31, 2015. 138 deposits, or 36% of total sample, were non-compliant with ORC 9.38. The table on the following page reflects the findings by month and year.

<i>Month-Year</i>	<i>Sample Size</i>	<i>Sample Size Dollar Value</i>	<i># of Noncompliance Instances</i>	<i>\$ Amount of Non-compliance</i>	<i>Avg. # of Days Between Receipt and Deposit Dates</i>
Nov-11	39	\$2,245,464	15	\$261,637	2
Dec-11	53	\$4,668,639	20	\$135,855	2
Jan-12	40	\$6,059,186	21	\$2,310,757	3
Feb-12	42	\$10,842,878	13	\$52,232	2
Mar-12	55	\$3,539,860	24	\$342,380	2
Apr-12	49	\$4,092,377	16*	\$182,050	2
May-12	5	\$813,460	3	\$45,746	6
Jul-13	58	\$6,370,172	16	\$228,512	2
Aug-13	36	\$4,941,855	10	\$64,346	1
Totals	377	\$43,573,891	138	\$3,623,515 (8%)	

**The longest number of days to deposit receipts in the bank was 11 days with a deposit date of 5/11/2012 and ledger recording date of 4/30/2012.*

Projected Error on Total Population for Audit Period 1/1/11 - 8/31/13		
<i>\$ of Total Population</i>	<i>\$ of Noncompliance Instances Related to Sample Size (%)</i>	<i>Error Projection on Total Population for Audit Period</i>
\$149,812,390	8%	\$11,984,991

Failure to deposit public money in a timely manner increases the Sheriff'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 accounting system which in turn creates incomplete accounting reports that upper management relies upon.

Recommendation

DIA recommends the Division contract with a banking deposit courier to pick up all bank deposits on a daily basis to be in accordance with ORC 9.38. The Division should contact the Clerk of Courts office to inquire about the Clerk's contract with Dunbar. Furthermore, the Division should develop formal policies and procedures to assure timely deposit of public monies into the Division's safe and financial institution. Cash in excess of \$1,000 should be deposited into the safe immediately and deposited with the bank on the next business day.

Management's Response

Time frame followed beginning in July 2015 using Sheriff Deputy. When a Deputy is unavailable, notes are written on a log sheet.

Record Retention

Ohio Revised Code Section 149.38 states, in part, “The function of the county records commission shall be to provide rules for retention and disposal of records of the county, and to review applications for one-time disposal of obsolete records and schedules of records retention and disposition submitted by county offices.” A records retention schedule (RC-2) is required to be developed and approved by the County Records Commission, Auditor of State, and Ohio History Connection. After approval, disposal of any hard-copy or electronic records must be done in accordance with the record retention schedule. Form RC-3 is required to be completed and sent to the County Records Commission, Auditor of State, and the Ohio History Connection for review and approval prior to disposal.

During the course of DIA's testing and interviews, the following items of non-compliance with ORC 149.38 were noted:

- The Writs Division generally disposes of their records every three years in accordance with their RC-2 from 1993. Form RC-3 was not filled out and permission was not obtained for destruction of records during the audit period.
- 13 of 14 sampled foreign docket cases could not be located that may have been destroyed.
- 29 of 660 case files were missing in a review of case files pertaining to real estate foreclosures from the Foreclosure Division. DIA was provided with an approved RC-3 form to destroy records, but the missing case files were not found on the RC-3.
- DIA had to obtain the approved RC-2 (created in 1993) from the Communications Department. Management in the Division did not have a copy of the approved RC-2 or an updated schedule.

The Division personnel are generally unaware of the existence and requirements of the approved RC-2. Failure to keep copies of records and dispose of them properly compromises the audit trail and limits transparency within the agency. The unauthorized destruction of records could potentially subject the Division to civil lawsuits allowable under ORC sections 149.351(B)(1)&(2).

Recommendation

The Division should review their RC-2 to ensure compliance with the ORC. The current RC-2 should be updated and approved by the appropriate agencies. An RC-3 should be completed and approved by mandated agencies prior to destruction of any files.

The Division should also conduct a training session on the RC-2 and create a records retention policy to ensure all personnel are familiar with ORC requirements and the Division's RC-2. The schedule and required forms should be placed on the shared network for all employees to access.

Management's Response

Foreclosure follows schedule for the minimum time allowed and then submits requests. Requests are approved prior to destruction.

Computer Controls

County agencies should assure computer terminals are logged off or locked when an employee is absent from his or her terminal. Division employees did not always log off or lock their computer terminals when they were not physically at the terminal. However, employees are required to log off their terminals when away from their computer according to Cuyahoga County's Policy and Procedure Manual Section 15.03. This helps to ensure unauthorized access of confidential information by another employee or the public.

DIA observed a cashier's computer unlocked after leaving their work area for more than 10 minutes. The computer was located in an area with employee and public access during business hours. In addition, the general computer control of a password-protected screen saver had not been implemented on the computer.

The risk of unauthorized access or usage of the terminal is increased without logging off or locking computer terminals when employees are away from their work stations. Unauthorized access could occur and result in theft and/or the altering of public records.

Recommendation

DIA recommends the Division enforce the County's policy and require employees to log off or lock their computer terminals when they are away from their work station.

Management's Response

The County must set up the terminals to lock after a length of time without activity.

Internal Control Findings

Policy and Procedure Manual

Written policies and procedures ensure consistency in the operations of an agency. Developing a manual to address Division procedures and having controls in place to ensure employees are aware and knowledgeable of the Division's policies and procedures is critical to day-to-day operations. Furthermore, employee recognition of the policies and procedures manual reinforces management's expectations for the agency.

The Division carries out court orders and accounts for all funds collected and disbursed related to assigned court cases. The Division provided a document with services provided and daily procedures performed; however, the Division does not have a formal policy and procedure manual in place.

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.

Recommendation

DIA recommends the Division develop a policy and procedure manual. The manual should reference the County's policies and procedures but should also include policies and procedures specific to the Division'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 receiving, depositing, and disbursing cash, procedures to void a transaction, process to apply costs, case close out procedures, foreclosure sale process).
- 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).
- Disbursement process and the frequency of disbursements.
- Record retention.
- A process for adding to and approving the vendor list.
- A list of references to applicable local, state, and federal regulations.
- A process for the review of unclaimed funds and unapplied costs.
- Safeguard procedures (including cash, computer, and physical controls as well as securing personal information).

- A list of standardized forms utilized including a description of their purpose and an example of proper completion.

Once drafted, the manual should be approved by the Sheriff and the Chief Community Safety and Protection Officer. The manual should be reviewed and updated annually by a supervisor to ensure that policies and procedures are up to date, necessary, and feasible.

Management's Response

Individual instruction guides for foreclosure have been prepared for years and are updated when time permits.

Job-Related Training

The proper skills are needed for employees to adequately perform their duties in the Division. These skills may include, but are not limited to; computer skills, communication skills, related case duties, cross training, and management training.

In addition, the Division deals with customers on a regular basis. It is important for employees to have the proper customer service skills to adequately serve their customers.

Per inquiry with the Chief Deputy of the Division, clerks have not recently attended customer service training. During our walkthrough, we noted instances where clerks lacked knowledge of other duties within the Division.

Currently, there is no mandatory or voluntary skill and customer service training being offered to Division employees. There is no formal process for training new employees, or cross training employees in other Division functions.

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. This has led to the design and implementation of inefficient processes that are not reviewed periodically for improvement. Furthermore, failure to obtain customer service training can result in poor interaction between the clerks and the public.

Recommendation

DIA recommends the Division offer job-related education to its employees and supervisors. There should be an on boarding process where new employees shadow staff in different functions of the Division to increase understanding of overall objectives and increase the lines of communication between staff.

In addition, we recommend the Sheriff mandate customer service training on a regular basis for its employees. Furthermore, the Division should consider cross-training employees within their respective divisions, if possible.

Management's Response

Cross training is done when time permits.

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, having effective cash controls in place to assure an accurate and timely deposit is crucial to the Division's operations.

DIA performed a walk-through of cash collections and physical security in the Division. We noted the following:

- No cash counter is utilized by the Division, specifically during Sheriff's auction sales.
- Cash and checks are maintained in envelopes on a cart during the Sheriff's sales auction that could last between 1 to 4 hours. Cash on hand could range from \$15,000 to \$75,000 during a given auction.
- Daily cash counts were not supervised by a second person.
- There is no sub-door to secure cash and checks in the cashiers' area. The cashier's area was accessible to all employees and the general public.
- No logs are kept with the cash in the cashier's area or the safe in the Senior Office Manager's office to record when cash enters or leaves the area/safe.
- Deeds clerks are responsible for collecting cash from the public and counting the cash before given to the cashiers. Cash is not counted by the Deeds clerks in a secured, surveillance area.
- Checks issued and authorized are stored in the cashiers' area until picked-up. This cabinet is not locked during the day and can be accessed by the public. Checks are stored in this cabinet until collected by the payee or voided at the end of the year when the unclaimed funds list is compiled.
- The key to access blank checks is kept in an unlocked drawer in the Cashier's desk. At the time of the audit, the cashiers' area could be accessed by any employee and the public.
- All cash deposits are taken to the bank by a cashier and Sheriff deputy even though the Division is short staffed.

There is no policy or formal written procedure on cash handling and physical security. Lack of effective cash collection controls could lead to misappropriation of monies. Furthermore,

without strong physical security over assets, the opportunity for unauthorized access or theft of County-owned assets, including cash, continues.

Recommendation

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

- A cash counter should be utilized by the Division, specifically during Sheriff's auction sales.
- A lockbox equivalent should be used during the Sheriff sales auction to keep cash/checks secure. The lockbox should have restricted access only to the cashier, Chief Deputy, and Senior Office Manager.
- 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.
- Cash should be secured in a safe or lockbox with limited access to specific personnel. A log should be maintained with dual signatures noting the amount and date when all cash enters or leaves the safe or lockbox. The cashiers' area should be secured and closed off from the public and non-cashier employees.
- Deeds clerks should not be counting cash unless this process is formally written in a procedure manual. If a Deeds clerk is needed to count cash, this process should occur in the Cashier's area where a camera and another individual from the Division is present.
- Checks should be locked away at all times with no public access. Issued, uncashed checks on-hand should be voided after a determined amount of time. However, DIA recommends checks are not issued until mailed or the rightful owner of the check is present.
- The key to access blank checks should be limited to certain employees and supervisors. Blank checks should be securely locked away at all times.
- The Division should strongly consider an armored transportation service for cash pick-up to securely move their bank deposits. This service could possibly be included with the Clerk of Court's contract adding a stop in the Division.

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

Management's Response

The use of a lockbox and cash counter is currently in practice. Cash is locked in the safe at all times located in the Cashier office. The Cashier moved to a locked office in December 2014. Since January 2016, cash is counted in the Cashier's area. Check access has been limited to Supervisors only, since December 2014. Blank checks have been locked away since December 2014. It is too time consuming to write a check when payee is picking up. We do not release checks the same day they are printed. High cost prohibits the use of armored transportation for cash pick-up.

Non-Productive Assets

A Division should only maintain and use assets that are fully utilized for the purpose of meeting their goals and objectives. Continual monitoring should be done to ensure assets are being used to their full capacity. Idle or non-productive assets should be identified and either disposed through the proper channel, or transferred to another department in need.

DIA noted the following non-productive assets during our walk through and controls testing:

- Two computers in the Writs area and one computer in the Land Sales area are no longer in use.
- There are four computers in the Division used only by the Process Servers to update their timesheets in MyHR. DIA noted only two computers are necessary for this procedure.
- Two computers and scanning machines to archive case documentation were present; however, these machines were not in use during the audit. Utilizing the scanners would increase efficiency and decrease the amount of hard copy files.
- Other assets, such as typewriters, were present, but had not been utilized in over a year.

The Division has never had policies and procedures in place to monitor and review the amount of assets required for Division operations. The presence of non-productive assets indicates wasted governmental resources and increases the risk of unauthorized usage or potential theft.

Recommendation

DIA recommends comprehensive planning be undertaken to project the future need for assets based on the following criteria:

- Current and projected staffing levels.
- Procedures developed to improve operations.
- The overall needs of the Division to meet goals and objectives.

In addition, a bi-annual inventory of all assets should be conducted. Any assets identified that will not be utilized within the next year should be marked for disposal or transfer.

Scanners on-site need to be utilized to scan supporting documentation onto the network, to free up filing space, and to help the Division move towards paper free operations.

The Division should follow the asset disposal policy, once one is developed for the Sheriff's Office, for all assets. A representative from the IT Department, or other agency, should be contacted to remove any non-productive assets.

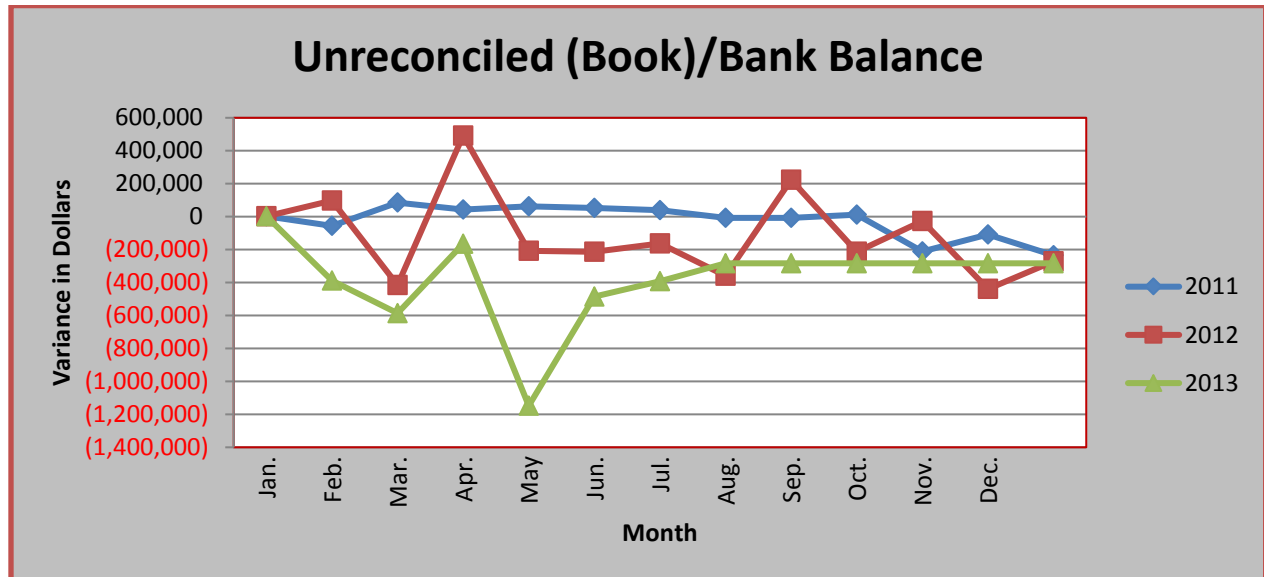
Management's Response

Corrected by the hiring of replacement employees and/or when employee numbers are low due to promotions or termination of employment. Scanners have not been utilized as of the date

of the report. Data storage to assist in operations has not been located or produced to store such data.

Proware Conversion

In July of 2013 the Division converted from a Microsoft access database (old system) to Proware for their case management system. This change was initiated due to the lack of security and controls in the old system and an inconsistent unreconciled bank-to-book balance. The graph below highlights monthly bank reconciliation variances.



Note: The unreconciled variance has remained at (\$282,750) since the Division began using Proware in their monthly bank reconciliation starting August 2013.

During the conversion from the old system to Proware many adjustments were made at the request of Proware after the old system's data was imported into a test application of Proware. The Division was notified by Proware of the potential adjustments. The Division researched, verified, and made the adjustments in the old system, if necessary. After these adjustments were made, Proware would run the new information into Proware to identify other issues. This process was repeated several times before the final unreconciled variance became \$282,750; which has remained the variance through August 2015. Having controls in place to assure this process is well documented and supported is critical to the ongoing operations of the Division.

DIA requested a list and supporting documentation of all adjustments made to the old system during the conversion process. All adjustments and supporting documentation was not maintained by the Division or Proware. Emails were provided by the Division between Proware and the Division, but DIA was unsure if all adjustments were provided. Therefore, we were unable to reasonably assure all the adjustments were accurately and appropriately made. Out of the adjustments tested, the following issues were identified:

- Based on the documentation provided for the conversion from the old system to Proware there were at least 160 possible adjustments identified, totaling just under \$1.1 million. Of that amount, 42 of them were not made to either the old system or Proware or both. These 42 adjustments totaled \$412,801.
- While tracing deposits from 11 transactions in the old system and Proware to supporting documentation (bank statements, receipt ledger), only three could be fully traced. DIA was unable to locate the supporting documentation on the unsubstantiated deposits to identify the deposit date and amount. This made it difficult to verify the amount had actually been deposited in the bank, if the bank statement was found. Due to the system and recordkeeping, DIA was unable to test additional deposits in the conversion testing.
- In review of Proware, 218 cases had negative and positive docket balances. 45 of these cases had a balance not consistent with entries to the system balance. These amounts did not affect the system balance, however; the docket balances should mirror entries that affect the system balance. The sum of the docket cases with negative balances identified during this test is \$279,958 while positive balances total \$3,384.
- 34 voided transactions were tested based on a possible adjustment report from Proware. Instances were noted in 11 of these possible adjustments. One transaction appears to have been voided at the bank, but not in Proware. On the remaining cases, Proware noted voids for checks that appeared to have cleared the bank. The total amount of these exceptions is \$28,422. These issues have been addressed with Proware and corrections were made.
- Cases exist where costs have been applied, but the associated checks issued were not recorded in the general ledger (GL), or they never cleared the bank. The total for the amount that cleared the bank and remains unrecorded is \$3,275 while \$169.41 was applied in Proware but never cleared the bank. DIA addressed these issues with Proware and adjustments were made.
- 231 checks were tested during review of the Proware conversion adjustments. Four of these checks were nonconforming to expectations. One check was listed in Proware's potential adjustment report to the Division, but the check could not be found in Proware, or the bank. For the other three cases, checks were not issued even though entries in the old system appear to show a check should have been issued. DIA was unable to conclude on this matter. The total amount of these exceptions is \$3,755.
- Transactions from cases older than the old system, prior to 2000, are not included in Proware which could directly affect the system balance.

DIA also noted documents were filed differently (by date or by type) throughout the years which makes them difficult to locate for both DIA and Division staff.

In addition, on August 19, 2014 DIA witnessed the Senior Office Manager log into the old system and generate system balance reports for September 2011 and April 2012. We attempted to agree these system balances to the September 2011 and April 2012 bank reconciliations. We also attempted to agree these balances to Proware's system balances at September 2011 and April

2012. We concluded the old system balances for September 2011 and April 2012 did not agree to the bank reconciliations. The Division claimed the balances may have changed due to the adjustments made to the old system's unreconciled balance before Proware's conversion. We also concluded Proware's balances as of September 2011 and April 2012 did not agree to the old system reports printed on August 19, 2014. The Division noted the balances could be different due to the inconsistency of the old system. The Division is not sure where the data was being pulled from in the old system to generate the system balance reports.

The data conversion process was not well documented nor was authorization for changes established. Some changes were undocumented and not verified during the conversion process and the reconciliation process was not thorough or complete.

These issues can lead to unauthorized transactions being posted to cases, errors in the outstanding balance of cases, insufficient supporting documentation for transactions, and an unreconciled bank-to-book balance.

Recommendation

DIA recommends the Division correct any issues in the conversion and review any discrepancies noted in DIA's review, including the following:

- Cases with associated issues identified during the review process need to be compared with the old system to verify the balances are accurate in Proware. Any required adjustments need to be authorized prior to implementation.
- Develop policies and procedures for recordkeeping. A systematic approach should be taken for the various transactions and applied retroactively to prior years so that records can be easily located. The records need to be organized by activity type and year. Missing records should be noted and all records should be kept as required by the Division's record retention schedule.
- After review with Proware, most of the negative docket balances were reversed when Proware entered a new rule into the system. Some of the pre-conversion cases still have docket issues. All case dockets prior to the Proware conversion should be reviewed for reasonableness.
- Voided transactions should be reviewed and approved by the initiators immediate supervisor to assure all voids in Proware are accurately voided at the bank, and vice versa.
- All docket balances should be reviewed for balances that are inconsistent with the outstanding deposit report. The outstanding deposit report should also be compared to the bank balance. The inconsistencies need to be reviewed and adjusted accordingly. These reviews would identify any unrecorded checks and deposits.
- Older cases should be reviewed and entered into Proware so there is a record, and to identify any outstanding balance, if necessary.

Management's Response

Corrected the issues that were identified and currently researching any remaining issues.

Bank Reconciliations

Bank reconciliations are performed on a monthly basis by the Division to assure the accuracy of the Division's financial system. Having procedures and adequate documentation in place during monthly bank reconciliations is essential to improve the accuracy and timeliness of financial reporting. Lack of effective internal controls over the monthly reconciliation process can lead to increased errors in the Division's records and could ultimately lead to a misappropriation of monies.

DIA selected all 31 months during the audit period to review and test the Division's operational controls. During our testing, we noted the following:

- No signatures were noted for review/approval on the January 2011 through August 2013 (31 months) regular bank account and tax delinquent bank account reconciliations.

After the audit period, the Business Services Manager began to review the reconciliations completed by the Division due to years of inconsistent bank reconciliation variances. DIA noted there are no signatures showing review/approval on these reconciliations, as well. Also, the monthly unreconciled balance is not shown on the monthly reconciliations for the Business Services Manager's review. The unreconciled balance of \$282,750 was plugged into a "suspense account" in Proware prior to the conversion from the old system. The variance has not changed since the conversion in July 2013 through the date of this report. Finally, no support is given with the monthly bank reconciliations maintained by the Business Services Manager.

There is insufficient segregation of duties over the bank reconciliation process. The individual responsible for the bank reconciliation also authorizes and records transactions while having access to the safe. This increases the probability the defalcation of assets would not be detected.

DIA performed a surprise cash count on the Division's cash registers and safe. We noted a total overage of \$105.35 compared to the system (Proware) due to two envelopes found in the safe. Both envelopes were used to give change. An envelope for \$100 was not recognized in Proware or on the monthly bank reconciliations. This envelope also contained \$5 more than the Division stated. The second envelope amount (\$50) used for change was accurately recorded on the monthly bank reconciliations, but an immaterial overage was identified during the surprise cash count.

During our substantive testing DIA noted every month during the audit period had an unreconciled variance from the bank to the book (ranging from positive \$492,669 to negative \$1,147,750). We performed an analytic on the monthly variances from January 2011 to August 2013. We could not conclude on our analytic of variances from month to month as they varied

dramatically with no consistency. DIA performed a detailed test of the 2013 conversion from the Division's old system to Proware. These instances were identified in the "Proware Conversion" finding. DIA tested the Division's monthly reconciliations by sampling one month per year (December 2011, December 2012, and August 2013). The following was noted:

- Stale checks were noted on the August 2013 outstanding checks list with checks dating back to January 2010.
- The outstanding check list is generated by the bank. The division does not keep their own outstanding checks to reconcile monthly bank statements.
- Multiple county agencies were noted on the outstanding check list as of August 2014. After inquiry with these agencies, we noted checks were either not sent to the agency or the check should have been voided as another check was issued at a later date.
- We were unable to obtain detailed support on how the old system's balance was determined for December 2011 and 2012. The Division attempted to generate the report detailing deposits, disbursements, stop payments, etc., but was unable to produce this report.

Finally, during our testing of bank reconciliations, we noted recurring "chargebacks" listed on the bank reconciliations. We inquired with the Division and noted chargebacks occur when the bank reverses a check deposit previously credited to the bank account for non-sufficient funds (NSF). The Division does not record the chargebacks in the GL as the Division maintains the recurring item on the bank reconciliation until the payment is made. No subsequent deposit of funds is recorded in the GL pertaining to the chargeback amount when paid. DIA concluded chargebacks are not reconciled and addressed in a timely fashion. One chargeback was listed as a reconciling item four months after it occurred. The failure to record actual bank chargebacks and subsequent deposits causes outstanding balances in cases to be misstated. The lack of timely reconciliation and research of chargebacks could lead to case disbursements on funds not yet received.

Recommendation

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

- Bank reconciliations should be prepared by someone independent of the cash collection and recording functions ensuring proper segregation of duties.
- All recurring reconciling items should be reviewed. The Division should attempt to correct any variance noted in the bank reconciliation.
- Supervisors should be reconciling monthly unapplied deposits 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 the Division's operations.
- The Division should utilize the outstanding check function of Proware to begin internally monitoring and reconciling outstanding checks on a monthly basis. Specifically, the Division should contact other agencies with outstanding checks over six months old.

- Bank reconciliations should continue to be reviewed by the Business Services Manager; however, there should be evidence of a secondary review which shows that a level of authorization and review has been performed. This can be evidenced by initials, dates, checks marks, etc.
- The unreconciled balance should be shown on the monthly reconciliation report for the reviewer.
- Supporting documentation should be given to the reviewer, as well. For larger reports, we recommend at least the last page is provided with the number used in the reconciliation.
- All chargebacks should be recorded in the GL in the period incurred, or as soon as their existence becomes known. The cause and subsequent course of action needs to be identified in a timely fashion to assure funds are not distributed for a case in excess of deposits on hand. Additionally, any future deposit made from the purchaser needs to be recorded separately from the original deposit for the case to reflect the actual circumstances around the transaction.

In addition, all monies kept in the safe for petty cash or change should be reflected on the monthly bank reconciliation and in Proware. DIA recommends the cash on hand (\$100 and \$50 envelopes) be formally approved and all starting cash drawers should be included on the list.

Management's Response

Staffing levels prohibit preparation of reconciliations by personnel independent of the cash functions. Proware will not reconcile without all variances identified. The Division currently utilizes the outstanding check function in Proware. Bank statement, bank check reconciliation report and reconciliation report is currently sent to the reviewer. Petty cash has always been reflected on the monthly bank reconciliation.

Erroneous Check Transactions

DIA performed a 100% test on checks issued by the Division's case management system (Proware) in comparison to bank activity. We also performed a comparison from the bank activity to checks recorded in Proware. Due to the large and inconsistent unreconciled bank balance throughout the audit period, DIA extended the audit as far back as bank activity was available (December 2007). The unreconciled balance of \$282,750 was plugged into a "suspense account" in Proware prior to the conversion from the old system. The variance has not changed since conversion in July 2013 through the date of this report. Having controls in place to assure transactions in Proware are accurately recorded and reflect the bank activity is crucial to the Division's daily operations. Checks posted in Proware's GL (Checking Account GL) should identify the check number, issuance date, amount, and payee.

Between December 3, 2007 and August 31, 2013, 76,330 checks cleared the bank compared to 81,439 checks recorded in the Checking Account GL. This variance is due to about 5,100 transactions in the GL without an associated check number. While comparing bank activity to checks issued in Proware, DIA identified the following issues:

- On November 17, 2009 a Cashier Clerk authorized the transfer of \$1,009,969 from one bank account to another. This clerk did not have signing authority over either account. DIA verified the transfer cleared both bank accounts per review of the Division's bank statements.
- Check numbers were transposed for two checks in the GL. This issue does not affect the system balance. See the following table for details.
- Three check numbers associated with transactions in the Checking Account GL were recorded as the wrong check numbers when compared to the bank. The check numbers recorded in Proware were never issued; meaning the checks never cleared the bank nor were they included on the outstanding checks list. This issue does not affect the system balance. See the following table for details.

<i>Check Number per Bank</i>	<i>Amount Per Bank</i>	<i>Amount Per Proware</i>	<i>Check Number Per Proware</i>	<i>Amount Per Bank</i>	<i>Amount Per Proware</i>
228863	\$5,899.50	No Check in System	224363	No Check Issued	\$5,899.50
228864	\$540.00	No Check in System	224364	No Check Issued	\$540.00
288659	\$1,493.00	No Check in System	224365	No Check Issued	\$1,493.00

- 140 cleared checks, totaling \$269,117, noted in the bank activity were recorded in Proware's GL, but no check numbers were associated with these transactions. This issue does not affect the system balance.
- The instances on the following page were identified and do affect the system balance and unreconciled variance for the period December 3, 2007 through August 31, 2013:

<i>Discrepancies Noted</i>	<i>Amount</i>	<i>Decrease/Increase Unreconciled Variance</i>
Six transactions included in check #204832 were not recorded in Proware's GL pertaining to unclaimed funds sent to the County Treasurer.	(\$9,516.77)	Decrease
One transaction was not recorded in the Checking Account GL for case #426518 to reflect an unclaimed funds amount remitted to the County Treasurer. This check, #204833, cleared the bank.	(\$1,235.31)	Decrease
Check #204833 for \$200,546.58 to the County Treasurer for unclaimed funds should have been issued for \$220,546.58 according to Proware's Checking Account GL. This check was underpaid by \$20,000 and cleared the bank.	\$20,000	Increase
32 unrecorded checks in the Checking Account GL were identified. All checks were associated with a case number and appeared on the case docket, but not in the GL. DIA reviewed canceled checks from the bank and noted they should be recorded in Proware.	(\$8,937.81)	Decrease
32 journal entries were recorded in the Checking Account GL that reduced cash with no associated check number. After review of the bank, no check cleared the bank for these amounts.	\$2,172.92	Increase
Six stale checks, dating back to 2004, recorded in the Checking Account GL did not clear the bank and were not included on the outstanding checks list during monthly bank reconciliations.	\$24,718.38	Increase
Total Adjustment to Unreconciled Balance	\$27,201.41	Increase

The erroneous transactions pertaining to checks listed above were caused by lack of effective controls over recording of checks in the database and reconciliation of those amounts to the bank records. Also, the inadequate review of modifications of transactions during the conversion of the old system to Proware could have allowed these errors to occur.

There are many risks associated with a system lacking preventive or detective controls. Duplicate payments on the same case could occur if an issued check is not properly recorded resulting in non-sufficient funds. Other parties could be underpaid without it ever being detected. Previous mistakes of the staff could be covered up or fictitious entries could occur to conceal the misappropriation of assets.

Recommendation

DIA recommends the following controls and procedures be implemented to address the issues identified:

- Any transfers between accounts need to be completed by an authorized signer on the account.
- In Proware, check numbers 239290 and 239289 should be switched for all GL transactions to reflect the amounts that cleared the bank of \$56.50 and \$369,376.18, respectively.
- The following checks numbers should be changed to reflect bank activity:
 - 224363 to 228863.
 - 224364 to 228864.
 - 224365 to 228865.
- The 140 checks from the bank activity without check numbers in the GL should be recorded for all the related transactions in the GL.
- The Division and Proware should work together in correcting discrepancies concerning the unreconciled balance. All necessary adjustments should be made to assure bank activity is accurately reflected in the system. Specific to the instances identified, the following should be done:
 - \$9,516.77 should be posted in the GL to reduce the checking and outstanding deposit accounts which would decrease the system balance. See "Summary of System Balance Adjustments" issue on page 58.
 - The entry to apply the amount against Case Checks (checks issued to buyers or other government entities from a specific case) in the GL for \$1,235.31 should be reversed from case #426518. That amount needs to be applied to the Uncashed Checks GL along with another entry to the Checking Account GL to record the amount that was paid with check number 204833. See "Summary of System Balance Adjustments" issue on page 58.
 - In order to pay the full amount for unclaimed funds, \$20,000 should be reversed out of case #516685 that was recorded for \$37,221.61 against the Checking GL and Outstanding Deposit GL accounts. This amount should be re-applied against that case in the Uncashed Checks GL account. A new check will then need to be issued to clear the amounts from the Uncashed Checks GL account. This entry can be recorded against any of the cases where uncashed checks were remitted to the Treasurer's office. See "Summary of System Balance Adjustments" issue on page 58.

- The 32 unrecorded checks from various foreclosure and writs cases should be recorded against the cases and GL to reduce the system balance totaling \$8,937.81. See "Summary of System Balance Adjustments" issue on page 58.
- The 32 erroneous transactions, totaling \$2,172.92, should be reversed against the cases listed for all GL accounts where the original entries were posted, increasing the system balance. See "Summary of System Balance Adjustments" issue on page 58.
- The six checks, totaling \$24,718.38, recorded in the GL that did not clear the bank should be reversed in the GL and included on the monthly outstanding checks list. Eventually, the check amounts should be remitted to the Treasurer's Office with unclaimed funds. See "Summary of System Balance Adjustments" issue on page 58.

Management's Response

Civil has only one account since mid-2015. There is an open request to Proware to make adjustments recommended.

Voided Checks, Stop Payments, and Adjusting Entries

The Division should have strong internal controls over the process of voiding checks, issuing stop payments, and making adjusting journal entries due to the frequency and nature of these type of entries. Sufficient documentation including copies of voided checks and support for stop payments should be retained with supervisor approval. Controls in place for recording voided checks and stop payments are essential in maintaining complete and accurate financial records.

The following observations and conditions were present throughout DIA's control and substantive testing of voided checks, stop payments, and manual adjustments in Proware from January 2011 through August 2013:

Voided Checks Instances:

<i>Sample Size (#)</i>	<i>Sample Size (\$)</i>	<i>Total Population (\$)</i>
47	\$374,327	\$3,121,561

<i>Description of Instance</i>	<i># of Instances</i>	<i>\$ Amount of Instances</i>	<i>Percentage of \$ to Sample Size</i>	<i>Projected Error (\$) to Total Population</i>
No Documentation of Void	29	\$163,715	44%	\$1,373,487
Voided Check Not Retained	7	\$71,071	19%	\$593,097

No Supervisor Approval	47	\$374,327	100%	\$3,121,561
Voided Check Cleared Bank	1 [^]	\$997	0.3%	\$9,365
Check or Void Not Recorded	19*	\$91,775	25%	\$ 780,390

[^] - DIA further researched this check and noted a second check was issued for the same amount to the same party due to the voided transaction in the system. The second check also cleared the bank. We concluded the first check was erroneously reversed in the system. The case should reflect a negative outstanding balance as the party was paid twice for an overpayment of \$997.

* - DIA could not review the time between recording of check issuance and date of void for the 19 voided checks due to lack of recording void or transactions deleted from the system. Of the remaining 28 voided checks, 19 were not voided until after thirty days of the original issuance of the check. One voided check was not reversed in the system to reflect the voided check until 916 days after the issuance of the check.

During testing of voided checks, we noted all employees have access to copies of the voided checks and the checks are not always properly defaced with the word "VOID".

Stop Payments Instances:

DIA tested 32 stop payments from January 2011 through August 2013 totaling \$156,864. None of the 32 stop payments had supervisor approval and one stop payment exceeded 365 days from the issuance of the check which indicates the check was not included on the annual unclaimed funds list sent to the Treasurer's Office. There were 724 days between the check issuance date and stop payment date. DIA was unable to determine the total population of stop payments due to the conversion from the old system to Proware in July 2013.

Manual Adjusting Entries Instances:

<i>Sample Size (#)</i>	<i>Sample Size (\$)</i>	<i>Total Population (\$)</i>
21	\$ 117,755	Could not be obtained. DIA noted adjustments through substantive testing of cases.

<i>Description of Instance</i>	<i># of Instances</i>	<i>\$ Amount of Instances</i>	<i>Percentage of \$ to Sample Size</i>
No Reason Noted for Entry	4	\$208	0.2%
No Supervisor Approval	21	\$ 117,755	100%

The Division does not have policies and procedures in place to assure the documentation, review and approval of voided checks, stop payments, and adjusting entries is being done. In addition, the bank reconciliation process is not sufficient to identify issues such as voided checks clearing the bank.

The lack of effective monitoring and internal controls over voided checks, stop payments, and adjusting entries may result in undefined procedures that can lead to inconsistency in the operations of the agency. Furthermore, without review and approval of these transactions the potential for check fraud and other asset misappropriation is significantly increased.

Recommendation

We recommend the Division develop internal controls over the process of all adjustments (voided checks, stop payments, and manual adjusting entries) in Proware. Procedures should be formally established in a policy and procedures manual and include, at a minimum, the following:

- A reason for all adjustments should be noted in Proware.
- Approval by an immediate supervisor familiar with the daily operations of the clerk should be evident for all adjustments. Approval should show that a level of authorization and timely review has been performed and should be evidenced by initials, dates, checks marks, etc. Adjustments should be limited to the cashier who performed the original transaction and approved by his/her immediate supervisor.
- Periodically, an adjustment report from Proware should be reviewed by a supervisor to assure all voids note a reason for the void and were appropriately reviewed and approved.
- A copy of the voided checks should be retained and be properly defaced by writing "VOID" on the check.
- Access to voided checks needs to be limited to clerks who have access to issue checks and their immediate supervisors. Copies of the voided checks should be stored in a secure location.
- Voided checks and stop payments clearing the bank should be identified during the monthly bank reconciliation process.
- Checks issued and later voided or stopped should never be deleted from the system. All voided checks should be reversed as soon as possible, but no later than the monthly bank reconciliation. A stop payment needs to be issued on all uncashed checks outstanding for more than one year and remitted to the Treasurer's Office as unclaimed funds.

In addition, the Division should pursue a refund from the party that was paid twice in the amount of \$997.

Management's Response

The reason for adjustments has been noted in Proware since 2015 and they are reviewed by a supervisor with no sign off. The voided check comments have been in practice since pre-Proware or January 2014.

Disbursements

The objective of internal controls over the cash disbursement cycle is to assure checks are disbursed to recipients for the correct amount and on the correct case with proper authorization. The operations of disbursements should also be designed so payments can be processed in an effective and efficient manner. The Senior Office Manager is responsible for supervising this function.

Throughout DIA's walk-throughs, interviews, and control testing of the disbursement cycle the following issues were identified:

- No acknowledgement of receipt is obtained on checks delivered to the Clerk of Courts. The Division does obtain signatures from all other agencies and third parties upon disbursement.
- Checks delivered to other County agencies are processed by various Division employees, including employees with check issuing capabilities.
- All checks are held for pick-up by the Division. The only checks delivered are checks to other County agencies. Furthermore, checks are authorized and issued prior to knowing when the payee will arrive resulting in uncashed checks sitting in the Division for an undetermined period of time.
- The check stub is signed by the individual picking up the check and retained by the Division; however, there is no indication the signature is from the individual that should receive the check.
- The cashiers or the Senior Office Manager frequently apply and print fee ledgers associated with the Fiscal Office and Treasurer's fees. These ledgers are to be reviewed by the Deeds clerks before a check is issued. However, DIA did not see any evidence these ledgers were reviewed by the Deeds clerks.
- Cashiers and the Senior Office Manager are responsible for issuing checks. There are no controls in place to obtain a supervisor's signature not involved with the check issuance.
- If the Division had erroneously issued a check to the Treasurer's Office to be recorded in the Sheriff's Office index code, or a sale is vacated after the funds have been transferred, the future revenue receipt is shorted by the amount. These adjustments are not always tracked and properly recorded in the GL and lacked supervisor approval for the adjustment.
- If check numbers are printed in error and need to be voided or changed in Proware, the Senior Office Manager overrides and corrects the check number in Proware; however, the Senior Office Manager can also issue and disburse checks.
- No supervisor approval is required for refunds that occur due to overpayment or vacated sales.
- All checks were signed by an authorized signer, however, the Sheriff's signature was pre-printed on all of the checks issued and only one live signature was evident.
- Supporting documentation on disbursements for Sheriff fees to the Treasurer's Office is inadequate due to the support consisting of a summary from Proware without the detail.

With the current process and Proware system, the Division may experience difficulties if the detail needs to be reviewed at a later date and the data has since been modified.

- Refunds associated with the Writs Department are mailed; however, other signed refund checks in the Division are left in a stack with employee and public access. These checks are secured at the end of the day.
- There is a lack of segregation of duties over the receipt and disbursement functions within the Division. The cashier is responsible for both functions.

DIA selected two months per year from 2009 to 2013 to perform a substantive test on the Division's disbursements. DIA decided to go outside of the audit period to 2009 due to reconciliation issues in the Division prior to 2011 with the old system. The following tables list the total population and findings noted during attribute testing:

<i>Total Population (#)</i>	<i>Total Population (\$)</i>	<i>Sample Size (#)</i>	<i>Sample Size (\$)</i>
59,657	\$253,580,128	98	\$315,368

Months Tested = May and August 2009, June and July 2010, October and November 2011, June and December 2012, March and July 2013.

Finding	# of Instances	\$ Amount of Instances	% of Non-Conformance of \$ Related to Sample	Projected \$ Amount of Non-conformance Related to Total Population
No Support (Case Files, Billing Statements) was Maintained to Assure Check Amount and Payee was Accurate	14	\$49,260	15.62%	\$39,609,216
Support did not Reconcile to Check Amount in Proware	21	\$4,008	1.27%	\$3,220,468
Supervisor Approval was not Evident for Disbursement	97	\$314,616	99.76%	\$252,971,536

Signed Receipt (Signed Check Stub, Ledger, or Revenue Receipt) for Disbursement of Payee was not Maintained	10	\$66,159	20.98%	\$53,201,111
Payee on Check is not Consistent with Supporting Documentation and System (Proware)*	11	\$12,447	3.95%	\$10,016,415

**Instances occurred due to the lack of updating Proware with the correct payee after the Division converted to Proware in July 2013.*

In addition, DIA tested five exceptional items due to a scan of the check listing and noting obvious errors. The following was noted:

- Three checks were issued without the associated case numbers noted on the Proware check listing report. These instances occurred due to the inclusion of multiple cases for one check. The check should have been issued out of the administration docket in Proware.
- Two checks identified had duplicate checks issued in the system.
 - Proware recorded a duplicate check number for two different cases. One check was voided through the bank, but not in Proware. The check that cleared the bank did not receive supervisor approval prior to issuance.
 - Proware recorded another duplicate check number for two different cases. One check was marked as cleared in the system, when it was actually voided. The check marked as cleared did not have a billing statement maintained and approval from the supervisor was not received.

DIA also noted the following during our substantive test of 98 disbursements:

- Eight disbursements did not reconcile to a Sheriff case docket due to these cases being related to payments for fees accumulated to agencies (i.e. Clerk of Courts and Sheriff fees) for more than one case. These payments were made out of a generic case number in Proware and all documentation was not maintained to support the payment.
- Refunds are received from the Clerk of Courts for overpayment on cases where checks had previously been issued from the Division. The refunds received are not issued to the relevant party in a timely fashion. DIA noted one case where a refund of \$300 is still an outstanding deposit on the case docket four years after conclusion of the case.

During our test of disbursements on the months noted above, DIA noted checks missing from the pre-numbered ranges in Proware's check listing. We selected 10 checks from the missing sequences and searched Proware's check query and dockets for the checks since voided checks are not shown in the check listing. See the following table for results. All checks were voided; however, two checks were issued out of the pre-numbered sequence.

Month/Year Missing from Sequence	Number of Checks Tested	Actual Issue Date According to Check Query in Proware	Copy of Voided Check Maintained?	Checks Cleared Bank?
October 2011	1	9/28/11*	Yes	No
November 2011	1	4/17/2012*	Yes	No
November 2011	1	Not found in Proware**	Yes	No
June 2012	1	Not found in Proware**	Yes	No
July 2013	3	Not found in Proware**	Yes	No
March 2014^	3	Not found in Proware**	Yes	No

**No explanation was found to support varying dates between the actual issue date and month the check was missing from check number sequence. The conversion from the old system to Proware could have compromised the actual dates or check numbers. The checks did not clear the bank.*

***Voided checks can be deleted out of the system. The Division stated some checks are ripped or jammed while printing checks. Those checks are deleted. DIA could not find proof these checks were deleted from Proware or the old system. The checks did not clear the bank.*

^March 2014 was tested to assure the accuracy of Proware since the Division converted to Proware at the end of our audit period (July 2013).

The internal control issues listed above are caused by multiple factors. Oversight on record keeping is minimal, which has led to missing and misfiled records, as well as inefficient record retrieval. The internal processes are not properly segregated between employees under the current operating procedures. The controls implemented in Proware and the electronic record keeping system is not sufficient to prevent or detect data entry errors or unauthorized transactions from occurring.

If existing internal controls are not strengthened it could lead to unauthorized transactions, billing errors, unauthorized access to blank checks, inaccurate record keeping, insufficient documentation for support, and fraudulent activities. In addition, the current design of operations has contributed to inefficient operations and a backlog of work.

Recommendation

DIA recommends the Division develop a policy and procedure manual to assure all processes are executed efficiently and effectively. Specifically, we recommend the following be included in the manual:

- The Division should be consistent and obtain a signature from all County agencies and third parties acknowledging receipt of checks, including the Clerk of Courts.
- The Division should consider mailing checks to payees after they have been contacted. If not possible, the Division should only issue checks when the payee arrives to the Division or schedules a time for pick-up.
- Check stubs should continue to be signed, but the Division should also collect information to support the signature is the correct individual that should receive the check (e.g. copy of driver's license or employee identification card). The Division should also include additional information with the signature, i.e. date of pick-up, check number, and amount.
- Checks that have been issued and signed in anticipation of pickup need to be locked up. The only person with access to the checks should be the individual responsible for making disbursements.
- Ledgers printed for review by the Deeds clerk should be signed off as reviewed prior to the check issuance.
- All disbursements should be reviewed and authorized by a supervisor. Procedures should be in place to assure a review of each check issued is signed by an additional supervisor not involved with the check issuance. If all checks cannot be reviewed and signed, we recommend setting a threshold up to which an additional signature is not required by the supervisor. DIA recommends Proware implement this control in the system (see "Information Technology Controls - Proware" finding on page 73).
- The Pre-printed signature of the Sheriff should be removed from the check and require manual dual signatures for support. This could be either the sheriff, or a supervisor higher than the lower level supervisor who signed the check first.
- All checks, even checks that have been voided or printed with wrong formatting, need to be recorded in the database.
- Re-assign check issuing duties to employees not involved in receipts function, or create a new payables area within the Division. Furthermore, employees in the Division without check issuance capabilities should be delivering checks to other County agencies.
- Check numbers that need to be voided or changed should be performed by the Chief Deputy, or a supervisor other than one with check issuance and disbursement capabilities.
- All payees in Proware should reconcile to checks issued. When checks are signed they should be compared with support in the case file to verify accuracy. Any checks that do not have a payee in Proware should be researched and modified to include the correct payee.

- Proware should program a control that does not allow a check to exist in the system without an underlying case. Any checks from the Division's old system without an associated case number needs to be reviewed and updated with the correct case number.
- Proware should program controls in their system that will not allow duplicate checks under any circumstances. In addition, Proware should ensure all transactions applied to a case remain in perpetuity on the case docket, even if the case is a generic one used for disbursing fees to other agencies.
- Manually adjusting fees, specifically Sheriff fees, should be prohibited and all adjustments should be made in Proware to reflect the amount paid.
- All refunds sent from the Division should be authorized prior to issuance by a supervisor, other than the preparer, showing a signature or initials on the supporting documentation. All supporting documentation should be maintained and filed away.
- Refunds from the Clerk of Court, or other parties, should be researched for reasonableness and accuracy and to see where the breakdown in the process occurred. The refund received must be issued to the lienholder, or other party, that is due the funds in a timely fashion.
- A detailed report of Sheriff fees should be maintained as support for the disbursement to the Treasurer's Office for deposit. If the Division's goal is to save paper, the report can be saved as a PDF and stored on the Sheriff's server.
- All case files should have a billing statement. There should be a review process prior to making a case "dead" which requires a review of all documentation and a sign off from an employee not responsible for preparing the file that everything is present and accurate.
- Any adjustments to amounts previously remitted to another agency need to be requested separately on a refund voucher instead of shorting future payments. This will ensure that all entries are recorded, reduce the risk of misstatement, and increase visibility for the transactions. Supervisor approval should be required for each of the requests.
- Checks should be kept and issued in numerical order. Supervisors should not sign a check issued out of sequence unless a reason is documented.

After this policy and procedure manual is created, approval should be noted by the Sheriff and/or the Chief Community Safety and Protection Officer.

Management's Response

Approximately 800 disbursements are made per month, 400 of those disbursements are issued to the clerk. All checks for a case are written when the funds are disbursed. This would be very time consuming to revisit many cases just to write a check. The payee picks up the vast majority of the checks written. The recommendations concerning check stubs, check access and ledgers printed have been in practice prior to December 2014. The Division wrote over 10,700 checks in 2016, too many to implement manual signatures on checks. Staffing levels prohibit changes to the check issuing process by non-check issuance employees. Recommendations regarding

Proware have been in practice since August 2013. The issue regarding refunds has always been in practice and the issue regarding adjustments has been in practice since 2013.

General Ledger Applied Accounts

The GL applied accounts are used by the Division to:

- Track various types of costs in cases.
- Aggregate fees remitted to other agencies for multiple cases.
- Increase the accountability and oversight of processing transactions.

There should be adequate controls in place to ensure timely and accurate processing of transactions. DIA performed a control and substantive test of all GL applied accounts due to noted unreconciled variances at August 31, 2013.

We performed an analytical review to identify months in which the variances were deemed to be high and unusual. We performed the test to assure adequate procedures were in place and payments were accurately and timely made. The following tables show the results of our testing by GL applied account.

Auditor Account - Sample Size 2,178 (\$181,079) – Population (\$4,292,756)				
<i>Description of Instance Noted</i>	<i>Instances Noted (#)</i>	<i>Instances Noted (\$)</i>	<i>% of Instances of Related to Sample Size (\$)</i>	<i>Projected \$ Amount of Instances Related to Total Population</i>
Transactions in the GL account were posted to the wrong date, not paid on the date posted, or not paid at all according to bank activity.	207	\$21,862	12%	\$515,131
Entries were paid, but never posted to the GL account or posted in another period not consistent with the payment.	13	\$913	0.5%	\$21,464
Payment was made, but a refund was received for this amount. The payment was deleted and the refund was	1	\$4	0.002%	\$859
Missing supporting documentation	239	\$241	0.1%	\$4,293

Recorder Account - Sample Size 98 (\$3,384) – Population (\$812,414)				
<i>Description of Instance Noted</i>	<i>Instances Noted (#)</i>	<i>Instances Noted (\$)</i>	<i>% of Instances of Related to Sample Size (\$)</i>	<i>Projected \$ Amount of Instances Related to Total Population</i>
Transactions in the GL account were posted to the wrong date, not paid on the date posted, or not paid at all according to bank activity.	55	\$1,944	57%	\$463,076

Sheriff Account - Sample Size 911 (\$77,081) – Population (\$21,948,750)				
<i>Description of Instance Noted</i>	<i>Instances Noted (#)</i>	<i>Instances Noted (\$)</i>	<i>% of Instances of Related to Sample Size (\$)</i>	<i>Projected \$ Amount of Instances Related to Total Population</i>
Transactions in the GL account were posted to the wrong date, not paid on the date posted, or not paid at all according to bank activity.	3	\$95	0.1%	\$21,949
Entries were paid, but never posted to the GL account or posted in another period not consistent with the payment.	1	\$392	0.5%	\$109,744
Entries were deleted and fees were short paid to the general fund to 1) account for a vacated sale 2) to account for a refund from an amount previously remitted. The GL does not agree to support due to the short pay.	2	\$5,829	7.6%	\$1,668,105

Sheriff Recording Fee Account - Sample Size 299 (\$21,825) – Population (\$1,637,456)				
<i>Description of Instance Noted</i>	<i>Instances Noted (#)</i>	<i>Instances Noted (\$)</i>	<i>% of Instances of Related to Sample Size (\$)</i>	<i>Projected \$ Amount of Instances Related to Total Population</i>
Entry was deleted and fees were short paid to the general fund to account for a refund from an amount previously remitted. The GL does not agree to support due to the short pay.	1	\$112	0.5%	\$8,187

Treasurer Account - Sample Size 696 (\$1,663,206) – Population (\$71,140,711)				
<i>Description of Instance Noted</i>	<i>Instances Noted (#)</i>	<i>Instances Noted (\$)</i>	<i>% of Instances of Related to Sample Size (\$)</i>	<i>Projected \$ Amount of Instances Related to Total Population</i>
Transactions in the GL account were posted to the wrong date.	2	\$3,281	0.2%	\$142,281
Missing supporting documentation	7	\$36,394	2.2%	\$1,565,096

- In addition, 13 transactions in the Treasurer's GL applied account were deleted or amounts were modified from the actual amounts paid (per Checking GL and bank activity). DIA noted the 13 transactions paid to the Treasurer's Office were \$60,996 more than the recorded amounts in the Treasurer's GL applied account. DIA sent out blank positive confirmations to the purchasers of the 13 cases identified for further testing after we identified the potential over payments or misappropriation of deposits. DIA received a response from five purchasers, totaling \$11,804 of the variance above. After two attempts by email or phone DIA was unable to obtain support from the other eight purchasers. The following are the results of the confirmation test:
 - There was a partial refund for overpayment paid from the Treasurer to the Division in the amount of \$581.88 which was never recorded in the General Ledger.
 - Two cases in which two receipts were recorded for the gross amount instead of a separate entry for each receipt.
 - DIA identified the Division made over payments and should be due refunds from the Treasurer's Office or purchaser.

We found the Division paid more to the Treasurer's Office for property taxes than deposits actually received as confirmations indicated. All 13 cases reflect an outstanding deposit balance of \$0 dollars. Once the actual amounts paid are accurately recorded, all of the balances will be negative resulting in over payments made by the Division to the Treasurer's Office.

Detective controls are not in place to identify and correct these issues within the Division. Furthermore, Division procedures are not designed to properly track and record amounts that need to be refunded to the Division.

Lack of proper oversight over these accounts can lead to amounts being paid in error, for the wrong amount, or the reflection of an inaccurate balance in the GL. There is also potential for undetected, erroneous or fraudulent entries.

Recommendation

DIA recommends the following controls and adjustments in order to assure that entries are made in a timely fashion and that the balances reflected are accurate.

General Controls:

- All of the applied accounts should to be reconciled on a monthly basis. The accounts should only have a debit balance in the amount of the fees unpaid at the end of the month.
- Amounts paid should to be recorded and any adjustments made must be reversed with a journal entry, or the receipt of a refund.
- If excess payments made to the County, or sale of real property later vacated by a judge, a voucher should to be completed to request a refund from the County. This will assure all adjustments made to receipts or disbursements are authorized and for the proper amount.
- An electronic logbook should be created and an employee other than the one responsible for creating the supporting documentation should review that all records are accounted for on a monthly basis by entering their initials in the logbook for the period reviewed.

Treasurer Account Adjustments:

- The total amounts paid should be recorded in the GL as a debit to the Treasurer account and a credit to the Outstanding Deposit account based on our findings of the 13 transactions with variances totaling \$60,996. A refund from the purchaser in all cases should be requested to cover the overpayments that were made with funds not received or the balance should be formally written off.
- After confirming receipts with the five purchasers, the \$581.88 receipt should be recorded in Proware for *case SX000004*. *This entry will increase the un-reconciled*

difference from the GL to the bank. See "Summary of System Balance Adjustments" issue on page 58.

After review and necessary adjustments are made any variances as of August 31, 2013 should be re-classified to the suspense account. Any un-reconciled differences past that period should be addressed accordingly.

Management's Response

There is an existing work order with Proware on monthly reconciling the applied accounts. There is also an existing work order on recording the \$581.88 receipt. Recording journal entries for adjustments made to disbursements is in practice unless it was an in-office error and we can fix it. The recommendation concerning excess payments used to be the practice, however this process takes a long time for the funds to be credited back to our office and the party waiting for the funds does not want to wait. Not sure how the electronic logbook would work.

Check Listing Discrepancies

Proware has a check listing the Division should utilize to assure bank activity is consistent with the Division's accounting system. The check listing is a report that should agree to the monthly bank reconciliation report in Proware. The check listing provides a list of checks issued, stop payments ordered, and voided checks. The bank reconciliation includes this information in summary from beginning to ending book balance. Proware also has a searchable check register query that lists all checks within the range searched. This report should be identical to the check listing.

DIA compared the detail between Proware's check listing and check register query for March 2014. This month was selected in order to test the accuracy of the current system due to the Division converting to Proware at the end of July 2013 (end of our audit period). DIA also compared the total check listing to individual GL applied account check listings for accuracy. For more details on GL applied account findings see "General Ledger Applied Accounts" issue on page 46. No variances should occur between any of these reports in Proware. The following issues were identified during the comparison of the two reports:

- In the check listing report there were two voided transactions totaling \$3,368 without associated check numbers.
- Costs are applied and checks are sent through GL accounts with the agencies "Auditor" and "Recorder". These two offices do not exist (Fiscal Office) as of 2011.

During this review, DIA also attempted to compare the check listing to Proware's bank reconciliation report. During that review, we noted the following instances:

- Checks issued in March 2014 and voided in a subsequent month are not included in the total amount of checks issued in the check listing report or on the bank reconciliation

report in Proware. The checks issued amount in the bank reconciliation may not be the true amount of checks issued if voids exist during the month.

- When DIA compared the March 2014 check listing amount of \$6,593,334 to the bank reconciliation's "checks issued" number, we noted the check listing's total check amount was greater by \$67,066. This variance was due to how voided checks and stop payments are reported on the bank reconciliation report:
 - Three stop payments in March 2014 were ordered on checks written in the same month. These checks were not included in the checks written total of the check listing report, but they were noted in the bank reconciliation report. Since the checks were issued and stopped in the same month they were not included in the check listing report in Proware. This caused the checks issued on the check listing report to be \$1,648 lower than the bank reconciliation report.
 - Voided transactions are not separately stated or included in Proware's bank reconciliation report because they are netted to zero. This totaled \$68,714 (8 transactions) in March of 2014 resulting in the check listing report being greater than the checks noted as being issued in the bank reconciliation report.
 - When comparing the total number of checks issued on the check listing to the bank reconciliation report in March of 2014, DIA noted the bank reconciliation report of 922 issued checks was five less than the check listing due to the way voided checks are recorded in the two reports.

The testing of the design and review of these reports prior to and post implementation of Proware was insufficient. If a review of these reports was performed and totals were compared to each other these issues would have been identified. After implementation these variances would have been identified if the check listing report was used as it should be as support for the monthly bank reconciliation process. Also, additional staff training and documentation of Proware's processes would have helped to identify these issues earlier.

The discrepancies identified between these reports and other related reporting criteria could lead to reporting issues within Proware left unidentified and bank reconciliations that cannot be relied upon. In addition, erroneous and unauthorized transactions might not be identified if reports are inaccurate and staff is unaware of the underlying system processes.

Recommendation

Even though DIA identified multiple issues while comparing the check listing report to the bank reconciliation report and check register, we did not identify any misstatements or overall system balance variances in Proware. The issues noted and recommendations suggested are to allow the Division to review and analyze detailed information and compare to monthly bank reconciliations.

DIA recommends the Division address the above mentioned issues by developing internal controls and processes that encompass the following, at a minimum:

- The check listing report should be updated so all transactions with a check number omitted in the check listing report are identified for staff to research and adjust.
- The naming convention of GL accounts with non-existent agencies should be changed and reviewed periodically. The Auditor and Recorder GL accounts should be changed to include Fiscal Office in the name. For example, "Recorder" could be changed to "Fiscal Officer Recording". This would help to reduce any confusion associated with the naming of accounts during processing and review of transactions.
- The check listing and bank reconciliation report should be compared on a monthly basis to assure the bank reconciliation is accurately capturing all transactions in the system:
 - The check listing and bank reconciliation reports should include voided transactions amounts in the check issued totals for the month under review to show the total checks issued regardless of whether they were voided in a subsequent month.
 - Stop payments ordered for checks written in the current month should be included in the total amount of checks in the checks listing report as they are in the bank reconciliation report.
 - Voided transactions should be separately presented on the bank reconciliation report, just as stop payments are, to arrive at the ending book balance.
 - The total number of transactions should be reconciled between the check listing and the bank reconciliation report.

In addition, DIA recommends a manual be developed on Proware's internal processes for management or the system administrator to understand how various transactions occur in the system. This manual would help in training staff and identifying reporting issues in the system.

Management's Response

The first two bullet points have been requested to Proware for change and currently waiting for the request to be addressed. We will look into the remaining issues.

Receipts

Key controls should be in place to reduce risk on revenue collection. Having these controls in place is crucial to the Division's daily operations. Lack of effective internal controls over the receipt cycle can lead to unauthorized transactions, misappropriation of cash, and unreconciled differences in the accounting records.

For the period August 1, 2011 through August 31, 2013 an analytical review was conducted comparing total deposits recorded in the Division's GL to bank deposits. The table on the following page are the results of this comparison:

<i>G/L Deposits</i>	<i>Bank Deposits</i>	<i>Variance G/L – Over Bank</i>	<i>G/L - Bank Variance %</i>
\$153,887,987	\$154,034,282	(\$146,295)	-0.09%

Total deposits recorded in the G/L were \$146,295 less than the amounts deposited at the bank. DIA believes this variance was caused by one or more of the factors listed below and the overall variance is not material enough to warrant further investigation.

DIA performed a walk-through and inquiry of the receipt cycle during the audit in the Division. We noted the following:

- The Division utilizes Proware to docket miscellaneous revenues, like Xerox copies. The description in Proware notes a Xerox copy was requested with the amount received without any detail on the number of pages or case number.
- All mail is opened by one clerk in the Writs area that is not addressed to a specific person. If a check is received it is delivered to the cashiers. There is no log kept or signature of the clerk and cashier of delivery.
- Employees other than the cashiers, like Deeds clerks, accept customer payments in the form of cash and checks.
- Adjustments to amounts deposited can be made by cashiers in Proware without supervisor approval.
- If another County agency physically delivers a refund check to the Division, the check is delivered to any employee in the Division and not to a cashier. No receipt is given to support the transaction occurred.
- No controls are in place to track and address errors when refunds are received from other County agencies.
- At the end of a Sheriff's sale, the cashier performs a reconciliation on sales recorded in Proware to cash and checks received. There is no evidence this reconciliation is reviewed and approved by a supervisor.

DIA completed substantive and control testing over a sample of 377 deposits during the audit period. We noted the following:

- Two deposits were missing supporting documentation (cash out report and bank reconciliation from system) from February 2012 and August 2013.
- In addition, the two deposits mentioned above and a third deposit in December 2011 were not accurately recorded or recorded at all in the Division's GL resulting in the bank balance exceeding the book balance by \$1,977.12.
- 17 deposits, or 4.5% of the sample size, were not recorded in the GL (old system) within one business day of being deposited into the bank account. These were direct deposits from the Budget Commission and interest revenue from the bank. The table on the following page displays our results:

Untimely Recording of Bank Deposit into General Ledger					
Month-Year	Sample Size	Sample Size Dollar Value	# of Instances	\$ Amount of Instances	Avg. # of Days Between Deposit and Receipt Dates
Nov-11	39	\$2,245,464	3*	\$162,352	39
Dec-11	53	\$4,668,639	1	\$249,532	19
Jan-12	40	\$6,059,186	1	\$5,900	18
Feb-12	42	\$10,842,878	2	\$141,074	18
Mar-12	55	\$3,539,860	3	\$263,953	11
Apr-12	49	\$4,092,377	3	\$103,832	4
May-12	5	813,460	0	0	0
Jul-13	58	6,370,172	4	\$167,733	22
Aug-13	36	4,941,820	0	-	0
Totals	377	43,573,855	17	\$1,094,376	

*Longest time to record a direct deposit during audit period was 59 days with a deposit date of September 30, 2011 and a recording date of November 2, 2011.

Projected Error on Total Population for Audit Period		
Total Population	Dollar Amount of Instances Related to Sample Size (%)	Error Projection on Total Population
\$149,812,390	2.51%	\$3,760,291

- DIA also noted two deposits were erroneously recorded in the GL totaling \$9,830.81. No support could be found for the transactions and the money was never deposited into the bank. The majority of this amount, \$9,818.50, was for a case that was vacated. Per review of Clerk of Courts' docket and the Division's docket, no deposit was ever received since the case was withdrawn; however, the recorded amount in the GL was never adjusted.
- The cash out reports used for support are printed at the summary level. If the system were to fail, or if unauthorized transactions were made, there would not be detailed support on deposits for specific cases.
- No supervisor approval is evident on the daily cash out procedures and reconciliation from the cashier's drawer to Proware.

Additionally, DIA reviewed Proware's outstanding deposit report by case as of August 31, 2013. We conducted a test to trace nine outstanding deposit balances from the GL to bank statements dating from January 2005 to April 2011. The following was noted:

- Three, or 33%, deposit balances could not be traced to the associated bank statements due to missing statements in 2006.
- One deposit in 2011 was \$27 less on the bank statement compared to the GL.

Finally, DIA received a confirmation from the Clerk of Courts of all the Clerk's checks issued to the Division during the audit period. We attempted to trace all 33 checks from the Clerk of Courts' confirmation to the Division's GL in order to assure the checks were properly recorded and deposited. The following was noted:

- There was one instance where it took over a year to transfer the Sheriff fees received from the Clerk of Courts to the Sheriff's index code in the County's general fund. The fee totaled \$47,330.18 and was issued to the Division on March 18, 2011. This caused revenue to be understated in FY11 and overstated in FY12.
- The reports received from the Clerk of Courts substantiating the check remitted to the Division are not reviewed to verify if the charges are accurately applied to the correct cases.

There are no defined policies and procedures for the receipt cycle within the Division to dictate various functions. The Division is lacking fundamental cash control activities, such as supervisor oversight over daily cash counts, daily reconciliations of system deposits to bank deposits, and dual signatures over transfers to and from the safe.

Recommendation

DIA recommends the following courses of action to address the deficiencies in internal controls and to address the instances noted in substantive testing over the receipt cycle in the Division:

Walk-throughs and Interviews:

- Cashiers should enter additional information on miscellaneous revenue, specifically Xerox copies, to be more specific on the file copied, i.e. case number, document name, number of copies, etc.
- Two clerks should open all mail not addressed to a specific individual. The clerks should sign a log that identifies the case number, check amount, date, and payer before the amount is delivered to the cashier. The cashier should also sign the log as accurate and verifying receipt.
- Employees with cash handling job duties, like cashiers, should be the only employees in the Division receiving payments. Another employee or camera should always be present for the transaction and a receipt should be issued to the payer.

- Supervisor approval for any adjustments to deposits is required prior to posting. This can be accomplished through a park and post system in Proware, or initialing the supporting documentation.
- Checks physically delivered from other County agencies should be received by the cashiers. A receipt should be given to support the transactions.
- Refunds received from other County agencies should be tracked and reviewed by a supervisor to investigate the reason for the refund so any errors can be prevented in subsequent payments.
- A supervisor should be reviewing and approving the daily cash out procedures and reconciliation from the cashier's drawer to Proware. This review can be supported by the supervisor's signature or initials.
- The Chief Deputy or Senior Officer Manager should review the Sheriff's sale reconciliation performed by the cashier to assure all Sheriff's sales were properly recorded and posted to Proware. The auctioneer's log sheet should be compared to the cashier's reconciliation, as well. This review should be noted with a signature or initials by the reviewer.

Substantive Testing:

- All supporting documentation for deposits should be compared to the monthly bank statement on a monthly basis. Any deposits missing documentation should be researched and the cause of the missing documentation addressed. Additionally, the deposit should be compared to the GL to verify recording. If the entry has not been made, then an entry should be made to record the amount to the appropriate case with approval by an immediate supervisor.
- The bank account should be reviewed daily. Any amounts that have not been recorded should be posted to the GL within one business day after the deposit is made into the account. Additionally, all amounts recorded in the GL that have not cleared the bank should be researched and the cause addressed.
- All bank statements should be maintained according to the records retention schedule and be destroyed under the Division's Record Retention Policy.
- Periodically, i.e. quarterly, the outstanding deposit report should be reviewed by a supervisor in order to monitor cases with outstanding deposits. This is required to determine the cause of the outstanding deposit and whether the case should be fully distributed.
- Periodically, i.e. monthly, a sample of the cases should be reviewed by someone in the Division to verify the correct Sheriff fees have been applied to the case and remitted to the County for deposit into the Sheriff's general fund.
- The Division should reverse the two erroneous deposits totaling \$9,830,81 since the amounts were never deposited in the bank. These entries will decrease the un-reconciled difference from the GL to the bank. See "Summary of System Balance Adjustments" issue on page 58.
- The Division should accurately record the three bank deposits, totaling \$1,977.12, that were not accurately recorded or recorded at all in Proware. These entries will increase

the un-reconciled difference from the GL to the bank. See "Summary of System Balance Adjustments" issue on page 58.

Management's Response

Since 2015, checks received are entered into Proware as soon as possible. Employees with cash handling job duties are the only employees receiving payments as of 2015. A supervisor has always reviewed refunds received from other County agencies. The first three bullet points under "substantive testing" recommendations are in practice.

Voided Receipts

Having internal controls in place over voided receipts is essential to improve accountability within the Division. Voids occur frequently at the Division and having procedures in place to review voids will assure each void is accurate, allowable and necessary. When a void is necessary, there should be an explanation noted, support maintained, and supervisor approval.

DIA was provided of a listing from Proware of all documented voided receipts for the audit period. A substantive and control test of all 77 voids, totaling \$322,190, was completed. The following are the results of those tests:

- One voided receipt was not recorded until 42 days after the original receipt.
- Even though DIA obtained supporting documentation, or a description of the voided receipt was noted in Proware for all 77 voids, there was generally insufficient information to trace the void to the underlying receipt. Not enough detail was provided to support the void.

The following table summarizes the instances noted pertaining to the voided receipts tested:

<i>Description of Instance</i>	<i># of Instances</i>	<i>\$ of Instances</i>	<i>Percentage of \$ to Total Population</i>
No Supervisor Approval	77	\$322,190	100%
Receipt or Void Not Recorded in GL	21	\$117,057	36%

NOTE: After the implementation of Proware in July 2013, all voids and the receipt were recorded in the GL. All voided receipts still lacked supervisor approval, however there was significant improvement over the integrity of the data.

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 Division. Furthermore, without review and approval of voids, actual transactions could be compromised leading to misappropriation of monies.

Recommendation

We recommend the Division develop standard operating procedures for handling all voids. Specifically, the following controls should be implemented:

- Documentation of voids should be noted in Proware and approved by an immediate supervisor familiar with the daily operations of the cashier or supervisor making the void.
- Approval should show that a level of authorization and timely review has been performed and should be evidenced by initials, dates, checks marks, etc., preferably in Proware.
- An approval field should be developed in Proware that creates a time and date stamp of the approval unique to the approving supervisor.
- Voids should be limited to the cashier who performed the original transaction and approved by his/her immediate supervisor.
- Receipts made in error should be identified during the daily cash counts and voided receipts should be recorded immediately. The deletion of the original entry to record the receipt and subsequent void should never occur.

Management's Response

The last bullet point recommendation concerning receipts has been in practice since 2013.

Summary of System Balance Adjustments

DIA reviewed the reconciliation process in the Division for months dating from January 1, 2011 to March 31, 2015 due to findings by the Auditor of State in the 2013 external audit of the County. The Auditor of State's finding consisted of a large unreconciled book-over-bank difference of \$282,750.04. DIA performed a review of this variance and noted the variance differed every month prior to July 31, 2013, when the Division converted to Proware from the old system. This balance has remained at \$282,750.04 from July 2013 to August 2015. As DIA reviewed this variance in detail, the accounting errors in the following table were identified and subsequent adjustments recommended:

<i>Description of Error</i>	<i>Adjustment Amount</i>	<i>Issue Reference</i>
Unrecorded Debit Entries	(\$10,752.08)	"Erroneous Check Transactions"
Unrecorded Checks	(\$8,937.81)	"Erroneous Check Transactions"
Erroneous Deposits	(\$9,830.81)	"Receipts"
Check Amount Short	\$20,000.00	"Erroneous Check Transactions"
Outstanding Checks	\$24,718.38	"Erroneous Check Transactions"
Erroneous Debit Entries	\$2,172.92	"Erroneous Check Transactions"
Unrecorded Deposits	\$581.88	"General Ledger Applied Accounts"

Unrecorded Deposits	\$1,977.12	"General Ledger Applied Accounts"
Net Total	\$19,929.60	
Previous Unreconciled Variance	\$282,750.04	
Net Change	\$19,929.60	
Adjusted Unreconciled Variance	\$302,679.64	

Proware was notified of these errors in detail throughout the audit. As of the date of this report, the adjustments have not been made to DIA’s knowledge.

Recommendation

After recommended adjustments have been made the total unreconciled difference of \$302,679.64 should be formally written off to the Outstanding Deposit GL account.

Management's Response

Errors have been discovered and remedied in the suspense account and as of report date there is a surplus of \$71,968.17 with an ongoing review to clarify the past misstate or process flaw to clarify the past mistake or process flaw to hopefully balance and close the issue.

Accounts Payable and Receivable

Reviewing and reporting on accounts payable and receivable is an imperative internal control for the financial reporting process. These functions help to improve accuracy, timeliness, and oversight over the functions of billing parties and making payments, which is an essential function of the Division.

Through inquiries that were made of personnel and a review of the accounting system DIA determined these activities are not currently included in the operations of the Division.

Receivables:

Per the Division's current process, the case is not closed until all payments have been made on a case. The Division was unable to furnish a report of open cases with insufficient funds or cases with overdue balances.

Payables:

The Division was unable to provide a report listing the detailed costs to be paid. There is no function in Proware to track the amount of detailed payables to other County agencies or third parties.

Finally, the Division does not have any procedures to develop a report on the Division's financial position for management's review. No type of balance sheet exists.

Proware was not setup to complete these functions from an accounting or reporting perspective. Without receivable and payable functions, the likelihood of under or over billing parties is greatly increased. Receivables could be outstanding for periods greater than allowed under Local Rule 27.0 (30 days) which would result in contempt of court filings. The payments made from the Division are more likely to be untimely, or for the wrong amount. The unnecessary cost for staff to address receivable and payable issues would increase.

Recommendation

DIA recommends the following changes be made to Proware to create an accounts receivable and payable function for the Division:

Accounts Receivable Function -

A new account should be added to the GL in Proware, called 0000AR - Accounts Receivable. In addition to this new account, all of the debits and credits should be reversed since they are posted in the opposite direction. A debit should increase cash and a credit should decrease it, but the current system is setup as a credit to increase cash and a debit to decrease it. See "Information Technology Controls - Proware" issue on page 73 for more details. DIA recommends the below entries be made for deposits with an accounts receivable function:

When revenue is recognized	When cash is received
<i>(1) Dr. 0000AR - Accounts Receivable Cr. 0000DR - Outstanding Deposit</i>	<i>(2) Dr. 000001 – Checking Cr. 0000AR - Accounts Receivable</i>

Reporting on accounts receivables can be created when the system is updated with accounts receivable capabilities. A report should be created showing the amount of receivables minus the cash paid. When the amount nets to zero the process can begin to close the case. Any balances would need to be billed. Also, a report that shows the aging of accounts receivable should be created to track all cases that have been outstanding for a long period of time.

Accounts Payable Function -

A report that summarizes all GL applied accounts should be created for the accounts payable function. These applied accounts include the Clerk of Courts account and Sheriff fees account. See "General Ledger Applied Accounts" issue on page 46 for more details. Balances in the GL applied accounts mentioned above reflect the amounts applied, but not yet paid out. Once this report has been created an aging schedule report should be created to show any amounts that have been payable for an extended period of time by account.

Once all of the accounts receivable and payable reports have been created they should be reviewed on a monthly basis by a supervisor or the Sheriff's Fiscal Department. Any unusual balances or amounts outstanding for extended periods should be researched and addressed.

DIA also recommends a balance sheet be created to show all assets and liabilities. See the recommended sample of the balance sheet below:

Civil Division Balance Sheet As of Date MM-DD-YYYY	
Classification	Amount
Assets	
Cash	\$XX.XX
Accounts Receivable	<u>\$XX.XX</u>
Total Assets	SUM
Liabilities	
Accounts Payable	\$XX.XX
Outstanding Deposits Payable	<u>\$XX.XX</u>
Total Liabilities	SUM

	Proware Accounts
Cash	Checking Account
Accounts Receivable	Accounts Receivable
Accounts Payable	Auditor, Auditor Tax, Clerk Fees, Judicial Review Costs, Recorder, Recorder Tax, Sheriff Fees, Sheriff Recording Fees, Treasurers, Treasurer Tax, Bank Fees, Case Checks, Refund, Suspense Account, Uncashed Checks, Unclaimed Funds, Legal News
Outstanding Deposits Payable	Outstanding Deposit

The balance sheet should be reviewed on a monthly basis for reasonableness by the Sheriff's Fiscal Department and any unreasonable balances should be researched.

Management's Response

No formal response was received from the Division on this issue; however, the Division did state this would be discussed with Proware.

Foreclosure Cases

The Division should have procedures and internal controls to assure operating objectives are effectively and efficiently met. Employees also need to manage time in accordance with duties to assure objectives of the Division are met. Additionally, the quality of the work will improve in a well-designed system while reducing the cost of running the Division.

To illustrate the inefficiencies found in the Division, the following table represents processing times in days for the expenditure and revenue cycles for foreclosure cases:

	<i>Average Days</i>	<i>Longest Day</i>	<i>Sample Size</i>
Receipts after Sale	64	627	129
Disbursing after Final Deposit	40	572	123

Note: Local Rule 27 requires the full purchase price to be paid in thirty days in order for the purchaser not to be in contempt of court. See non-compliance issue in "Local Rule 27" on page 7. Once paid all disbursements from the case should be made in a reasonable amount of time.

DIA identified the following weaknesses in procedures and internal controls throughout our walk-throughs, observations, and testing of transactions in foreclosure cases:

Proware Case Dockets:

- During a walk-through of foreclosure cases, a "Foreclosure Order Search" queue was developed in Proware to electronically accept foreclosure cases from the Clerk of Courts. A Division clerk is responsible for clearing out the queue each day. DIA noted the queue had cases from prior dates when the clerk stated all cases should be cleared out of the queue every day.

Recordkeeping / General Controls:

- During review of the filing system, DIA noted Board of Revision type cases are filed in an inconsistent manner making it difficult and time consuming to locate files. Older cases were filed by date of creation and newer cases are not filed in any consistent order.

- The following table represents missing case files noted during our review of foreclosure case files. All of the missing case files chosen in our sample were researched and found on the Clerk of Courts online docket to verify an associated case did exist. However, the online docket was not sufficient to complete our test objective.

# of Case Files Reviewed	# of Case Files Not Found	Total Cases in Proware	Projected Total Error of Missing Case Files
660	29	90,718	3,992 (4.4%)

NOTE: Case files were not properly disposed of in accordance with the Division's Records Retention Schedule. See "Record Retention" finding on page 21 for more details.

- Sheriff fees are incurred each time a property is ordered to be sold. If the sale is not successful, or is withdrawn from the court, the fees are removed from the Division's docket and the total cost incurred is sent to the Clerk of Courts to track and ultimately reimburse the Sheriff once the Clerk of Courts is paid and the case is closed. The Clerk of Courts will remit a check and support to the Division for the aggregate fees due. This check is not reviewed or reconciled to the Division's records for accuracy.
- The Division is notified of Board of Revision properties to offer for sale by an e-mail from the Prosecutor. During our review of these cases, we noted no support of this notification was maintained to sell Board of Revision properties for all seven (100%) cases tested.
- The following table represents internal control weaknesses noted during our testing of foreclosure cases as we attempted to agree information from Proware to the supporting documentation:

Description of Instance	# of Instances	Sample Size	Non-Conformance %	\$ Amount of Instances Noted
Date of Sale Inaccurate/Missing from Proware	9	126	7.1%	n/a
Incomplete/Missing Bidder Sheet	40	111	36.0%	n/a
Sale Amount Inaccurate/Missing from Proware	22	127	17.3%	n/a*
Appraised Value Inaccurate/Missing from Proware	14	112	12.5%	n/a*
Tax Payment Support Missing/Does not Reconcile to Proware	15	99	15.2%	35,755
Advertisement Support Missing/Does not Reconcile to Proware	86	96	89.6%	\$33,122
Clerk of Court Payment Support Missing/Does not Reconcile to Proware	17	108	15.7%	\$33,878
Lienholder Payment Support Missing	9	29	31.0%	\$63,271

Refund Payment Support Missing/Does Not Reconcile to Proware	3	47	6.4%	\$31,324
Support for Case Checks Missing	11	149	7.4%	\$31,110
Docket and General Ledger Do Not Reconcile	16	149	10.7%	\$83,331
Order of Sale Missing	134	136	98.5%	n/a
No Review and Approval to File Closed Case	130	130	100.0%	n/a

**Due to a lack of supporting documentation the values for these instances could not be determined.*

The deficiencies identified exist due to poorly designed procedures. If procedures are not modified to meet best practices and efficiencies the Division will continue to have difficulties finalizing cases in a timely manner leading to higher than necessary workloads. Furthermore, the Division will be unable to accurately and quickly accomplish the objectives set by the Sheriff.

Recommendation

We recommend policies and procedures be put in place to improve operations over the foreclosure case process. Specifically, the following should be addressed:

- Foreclosure case processes should be documented by the use of a flowchart, or other management process design tool. During this process, inefficiencies need to be identified and addressed.
- All cases in the "Foreclosure Order Search" queue should be periodically reviewed for cases from prior dates. If older cases do exist in the queue, they should be further investigated.
- All cases should be assigned case folders and filed in a consistent manner, regardless of the type of case. In the long-term, the Division should consider acquiring the capability to scan all supporting documentation into a database eliminating all physical filing of documentation.
- An inventory of case files should be undertaken on a bi-annual basis for all cases that were closed within the prior six months. Any case files that are missing should be researched and the underlying transactions for those cases should be reviewed for potential misstatements. A new file should be created to support all of the transactions within the system. Any case files found where there are no underlying financial transactions should be reviewed to verify that everything has been properly recorded in the system.
- All Sheriff fees on foreclosure cases should be posted, but not applied if the property does not sell. Once reimbursement is received from the Clerk of Courts the fees should be applied for each case. No fees should ever be removed from any case. All fees should be noted on the docket and reversed out with supervisor approval/review if the fee needs to be withdrawn.

- The Prosecutor's email for Board of Revision cases should be maintained for support. The email can be saved on the Division's shared drive.
- All supporting documentation providing the authority to carry out the Division's duties needs to be maintained for all cases. Preferably, all case documentation should be scanned into Proware.
- Close out procedures should be developed to assure all cases are accurately and timely closed. A checklist needs to be developed for each case file that lists all required documentation. This checklist should be utilized prior to the filing or closing of a case file. The form should clearly indicate who reviewed the file and show approval that all supporting documentation has been maintained.

Management's Response

The table on foreclosure cases was pre-Proware, so incorrect sale dates may have been reviewed by Audit compared to file folder showing inaccurate figures. Orders of sale do not stay in file. Clerk's office may send up same cases multiple times. Newer cases are filed by parcel number for Delinquent Tax or case number for sale. Board of Revision emails on properties are maintained as of 2014. Some flowchart processes of Foreclosure case procedures already exists. "Foreclosure Order Search" most likely are ups and have already been deleted as a foreclosure but show up on this screen again, will have to address with Proware. Folders for certain cases are not justified since some cases (tax) either do not go to sale if they do and do not sell. The case is then dead in the Sheriff's Department. This would be very costly, time consuming and need a lot of space to store. Staffing levels prohibit performing an inventory of case files. The Prosecutor's email along with a hard copy for Board of Revision cases are being maintained. System does not know where to store scanned data into Proware. A "checklist" system is used in Proware and helps locate files and if all necessary documents are present to disburse funds and close it.

Sheriff's Sale

The Sheriff's Office is responsible for conducting Sheriff's auctions for tax delinquent and real estate foreclosures. These auctions are scheduled every Monday at the Justice Center. This process accounts for the majority of the Division's revenue. The Division should have adequate internal controls and procedures over the recording of Sheriff's sale results to assure sales, as well as no-bids and withdrawals, are accurately recorded.

DIA selected eight listings from Sheriff auctions and attempted to agree results to Proware. This test consisted of viewing the auction of 1,172 properties. Issues were identified in the table on the following page:

<i>Description of Instance</i>	<i># of Instances Noted</i>	<i>Sale Amount In Proware</i>	<i>Sale Amount On Auction Listing</i>	<i>Proware Sale Amount - Auction Listing Amount</i>
No Sale Amount in Proware	19	-	\$1,079,006	\$1,079,006
Variance from Auction Listing to Proware	4	\$237,643	\$176,510	\$61,133
No Sale Amount on Listing	1	\$133,000	-	\$133,000
No Indication of Status (sale, no-bid) on Listing	7	N/A	N/A	N/A
No Sale Information (i.e. buyer information) in Proware Docket	5	N/A	N/A	N/A
Total		\$370,643	\$1,255,516	\$1,273,139

The Division does not have policies and procedures in place to assure the accuracy and completeness of Sheriff's sale results in the system. No review of the auction list compared to information in the case system has ever been done in the Division.

The lack of effective monitoring and internal controls over the entry of Sheriff's auctions may result in undefined procedures leading to inconsistency in the operations of the agency. Without accurate input and review of records there is potential for over and under billings related to cases. Furthermore, the unauthorized modification of records to perpetrate or conceal fraud is greatly increased.

Recommendation

DIA recommends the Division work with Proware to generate an electronic auctioneer listing in which all information can be recorded on the date of sale. The input should indicate the sale price, no bid, or withdrawn. This input sheet should automatically interface with the Sheriff Sale module to input the results of the sale.

After the time of the sale all bidder sheet sale amounts should be compared with the amounts recorded as the sale price in the system to verify accuracy. The results of sale should not be modified after the time of sale without approval by a supervisor or a peer of a supervisor if the supervisor is making the entry.

Management's Response

The Department utilizes the Sheriff Sale module. It has always been the Civil Divisions practice to compare the bidder sheet amount to the recorded sale price for accuracy.

Writs Cases

The Division should have efficient and effective procedures during daily operations. Employees should manage time in accordance with duties to assure objectives of the Division are met. Additionally, the quality of the work will improve in a well-designed system while reducing the cost of running the Division.

To illustrate the inefficiencies found in the Writs area of the Division, the following table represents processing times in days for evictions and replevins:

Type	Average Days to Process	Low End on Days to Process	High End on Days Process	Sample Size (Cases)
Evictions	45	10	87	18
Replevins	67	27	148	10
Subpoenas	25	11	38	10

Note: Additional cases were tested, but only the above sampled items could be reported on due to missing documentation.

DIA identified the following weaknesses in procedures and internal controls throughout our walk-throughs, observations, and testing of controls and transactions of Writs area cases:

Recordkeeping and Controls:

The record filing methodology is inconsistent throughout the various functions of the Division.

- A majority of the supporting documentation is printed on a paper copy, when many records could be printed to a document and stored on the Division's shared drive, or in Proware.
- The calculation of mileage used to charge Sheriff's fees for writs served is not maintained in the supporting documentation nor is this process automated.
- No schedule of fees charged by the Writs area of the Division exists.
- Detailed testing could not be done on the following tests due to missing documentation:
 - Five cases, totaling \$20, out of 28 cases reviewed with refund checks issued.
 - Seven cases, totaling \$1,526, out of 71 cases reviewed with case checks issued.
 - Advertising fees, totaling \$321, could not be verified for one personal property sale tested.
- In review of the subpoena process, the following was noted:
 - Support after a subpoena has been served was not maintained within the Division as all support is sent and maintained with the Clerk of Court's Office.
 - A manual log of all subpoenas delivered is hand-written, when all of this information is retained in Proware and could be printed on a report template.
 - The process servers hand-write all writs, notices, etc. and pertinent notes in a logbook before the Writs clerks receive subpoena information from the process

servers. The Writs clerks duplicate the process by inputting all the hand-written information from the process servers into Proware.

- The Writs area creates duplicate files for cases when a service is needed for foreclosure cases instead of using the existing folder or utilizing Proware for the information. In addition, duplicate jackets are used when subpoenas are served as one jacket is maintained with the Writs clerk and the other jacket, with the same information, is taken by the process server.
- The following table highlights additional control deficiencies related to testing of 71 Writs cases:

<i>Description of Instance</i>	<i># of Instances Noted</i>	<i>Non-Conformance %</i>
Missing Documentation	42	59.2%
Missing Court Order	43	60.6%
No Approval to Finalize and File Case	71	100.0%

Use of Assets:

During walkthroughs and inquiries, the following was noted in regards to the Writs area’s use of assets:

- One clerk logs into two separate computers on a daily basis in order to use a label printer not compatible with the other computer.
- A typewriter is used in the Writs area to create labels for each jacket along with summaries of fees and expenses.

Other Testing:

During our testing of one personal property sale, the following was noted:

- Three appraisers were paid \$25 more than what is normally paid for an appraisal performed on a property. In total, the appraisers were overpaid by \$25 as they should have been paid \$100, but received \$125 for the appraisal. There is no law nor a formal policy to state the amount appraisers should be paid. We noted this instance due to an inconsistency with the Division's statement and other cases.
- Personal property sales are usually performed on-site. We noted there were instances where sales and receipts of proceeds were conducted by only one deputy.
 - In addition, all receipts for the sales are taken in by one clerk assigned to personal property sales cases.
- One out of 71 Writs dockets tested did not reconcile with the GL. The amount of the unreconciled difference was \$36.50.
- A manual listing is created for all out of county cases to track from open to close of the case even though the case is entered in Proware.
- Proware is not utilized for the review of transactions handled by each employee. Currently, a clerk in the Division is utilizing spreadsheets to compile transactions and present the transactions to the supervisor for review.

- Each clerk is responsible for handling cases assigned to them from beginning to end. This includes receiving deposits, entering fees, and billing. This organizational process represents a lack of segregation of duties and inefficiencies.
- No self-help, or FAQ, directory exists on the Sheriff's website for the Writ's function even though this could significantly reduce the amount of time clerks spend answering questions from the public.

The processes identified for improvement exist due to poorly designed procedures where minimal modification has occurred over the years. If procedures are not modified to meet best practices and efficiencies the Division will continue to have difficulties closing out cases in a timely manner leading to higher than necessary workloads. Furthermore, the Division will be unable to accurately and quickly accomplish objectives set by the Sheriff.

Recommendation

We recommend policies and procedures be put in place to improve operations over case processing in the Writs area of the Division. Specifically, the following should be addressed:

- Processes for evictions, replevins, and subpoenas should be documented by the use of a flowchart, or other management process design tool. During this process, inefficiencies need to be identified and addressed. Processing of these services should be completed in a reasonable time (replevins and evictions within 60 days, subpoenas within 30 days).
- Case files should be well organized and filed by type and case number for efficient retrieval.
- All support for cases should be uploaded or scanned into Proware for record keeping. Subpoena support should be maintained prior to sending to the Clerk of Courts. In addition, documents should be printed to an electronic document whenever possible, such as a PDF and stored electronically. This will reduce the amount of paper used in the Division.
- An additional function in Proware should be added to calculate the mileage charged for Sheriff fees based on starting and ending addresses for writs served.
- A schedule of Sheriff fees should be created and reviewed bi-annually in case fee changes are necessary.
- All support for the transactions associated with a case must be maintained in detail. A checklist should be developed for each case file, preferably electronically, that lists all required documentation. This checklist should be utilized prior to the filing or closing of a case file. The form should clearly indicate who reviewed the file and their approval that all supporting documentation has been enclosed.
- Support for all refunds and case checks issued must be maintained. A list of the checks should contain, at a minimum, the check amount, description, date, and payee. This list should be approved by the supervisor prior to checks being issued. This process can be automated to make the process more efficient.

- A function should be developed in Proware for process servers to enter information from serving the subpoena. This process should include a record that service has been completed. This process should be followed by a review from the Writs clerks to confirm subpoena information is correct. In addition, the supervisor will be able to track work completed or in progress by process server to aid in oversight over their function.
- Processes should be re-evaluated where duplicate files are used. Only one case file should be created and filed for each case. Duplicate jackets for subpoenas should be eliminated since a report could be generated in Proware to track the status of writs, notices, etc.
- The Division should discontinue the use of the label printer and typewriters in the Writs area. The labels are printed for jackets that are not retained for more than three months. A template should be created in Proware to replace the typewriter. This template would automatically pull and print all required information for labels and a summary of deposits and expenses.
- More than one employee from the Sheriff's Office should attend personal property sales cases. Preferably, a deputy and clerk from the Writs area should attend and be required to sign the receipt upon sale. One copy of the receipt should go to the purchaser, the Deputy should keep a copy of the receipt, and the other copy of the receipt should be delivered by the clerk to the cashier with the proceeds.
- Appraiser fees should be formalized and automatically programmed in Proware at the approved fee.
- The Division should develop case close out procedures and include reconciling the case docket balance to the GL. Any differences should be investigated and corrected.
- The manual listings for out of county cases should be discontinued and replaced with a Proware developed report to track the status of open cases.
- The current weekly reporting process by employee should be discontinued in its current form. A report should be developed in Proware to track all data entered, removed, or edited per employee.
- The Writs function should segregate various duties of the clerks into a front-end and back-end process. Clerks assigned to the front-end would handle intake, entering fees, and assuring the writs, notices, etc. are properly assigned to the process servers for delivery. The back-end staff would handle reconciliation of fees, billing, and case close out procedures. All receipts and deposits should be handled by the cashiers.
- A self-help, or FAQ, directory should be added to Sheriff's website for the Writs area.

Once implemented, procedures should be reviewed on a periodic basis to ensure the Division's resources are optimally used. Additionally, management should reach out to Civil Divisions at other counties to find best practices and ways to improve the Division.

Management's Response

This will be an ongoing effort to fix any unsolved issues through an implementation of software and manually correcting these issues within the next twelve months.

Proware Database Access

The Division utilizes a database management system to track all information associated with open cases. Proware is the company that provides the database software and support, which was configured and implemented based on the general design of the previous database system used by the Division. Authority to create users and provide access to the various reports, transactions, and data input is assigned to the Senior Officer Manager and Proware staff, who handles all database administrative duties. Access to the database functionality should be assigned using the principle of least privilege, which dictates that users should only have access to the minimum amount of information required for them to perform their duties.

A printout of all users in the database was requested by DIA for review. Access to transactions in the system is segregated by functional area within the Division such as, Cashiers, Deed Clerks, Land Sales & Tax Delinquent, etc. The users are then assigned to one of the functional areas in the database. An inquiry of the various screens assigned to the security groups was made, as well as the process for setting up new users and assigning access to the groups setup in the database. There are no policies and procedures in place to track all new users added, assignment of employees to security groups, or assigning access to security groups.

The following issues were identified in the Cashiers group:

- Assigned updating and deleting access to screen SHFG101 allowing cashiers to modify the purchase price on a sale.
- Assigned updating and deleting access to screen SHFG103, which is a listing of all transactions within the system.
- Assigned updating and deleting access to screen SHFG203, which allows clerks to change the costs associated with serving individuals. This is the responsibility of the Writs area.
- Assigned updating access to screen SHFG800 which is case origination. Cashiers should not have access to create cases as the risk of misapplied funds increases.
- All rights assigned to all disbursement and receipt transactions in the database. Cashiers should not be responsible for both receipts and disbursements.

The following issues were identified in the Land Sales & Tax Delinquent group:

- The Tax Delinquent clerks perform a different function than the Land Sales clerks, but they all have access to the same functions in the database.
- Assigned updating and deleting access to screen SHFG103, which is a listing of all transactions within the system. Land Sales and Tax Delinquent Clerks do not need access to this function.
- Assigned updating access to screen SHFG110, which is associated with the billing function in the Division. Clerks in this area are not responsible for billing.

The following issues were identified in the Deeds group:

- Assigned updating and deleting access to screen SHFG101, which would allow the clerks to modify the purchase price on a sale.
- Assigned updating and deleting access to screen SHFG103, which is a listing of all transactions within the system. Deeds clerks do not need access to this function.
- Assigned updating and deleting access to screen SHFG501, which is the docket maintenance screen.
- Assigned updating access to screen SHFG800, which allows the clerks to create new cases in the database.

In addition to the above, DIA determined there is improper segregation of duties associated with the internal database administrator for Proware. The current database administrator is assigned duties of authorizing transactions, access to cash, and transaction posting within the database. These aforementioned tasks are incompatible duties, but to grant unlimited access to update, delete, or modify transactions and user access in the system increases the risk of unauthorized activity.

In addition to a database policy and procedure manual, a review of access assigned to the various groups within the system should have been conducted prior to the go live date of Proware to verify only the minimum amount of privileges were assigned to each group.

Under the current method of adding new users and updating security groups on an as-needed basis without a formal written policy, the potential for unauthorized transactions or errors is high. Furthermore, user groups are assigned incompatible duties which would increase the risk to commit and conceal unauthorized activities.

Recommendation

DIA recommends the creation of a standard operating procedure outlining the authorization required for access changes in the database and the documentation required for tracking access changes. A system should be in place to track all requested changes for access to the database and the setup of new users.

The following recommendations have been segregated based on security group and pertain to access assigned to the various security groups in Proware:

- Cashiers:
 - Provide read only access to screens SHFG101 and SHFG103.
 - Remove access to screens SHFG203 and SHFG800.
 - Remove access to disbursement transactions and create a new security group for disbursement transactions and assign an employee that is not involved in cash collection.
- Land Sales & Tax Delinquent:

- Create a new security group for the tax delinquent clerks and re-assign the associated users to the new group.
- Remove access to screens SHFG103 and SHFG110.
- Deeds:
 - Provide read only access to screen SHFG101.
 - Remove access to screens SHFG103, SHFG501, and SHFG800.

DIA recommends the duties of database administrator be reassigned to a qualified individual outside of the supervision of the manager who oversees the cashier's function and related internal departments. This individual should have a background in database administration and remain independent from the function of recording or authorizing transactions. Currently this individual has access to physical assets including blank checks and cash.

Management's Response

Access is determined to the department the employee is assigned. A list of users can be printed out whenever requested. Cashiers enter the purchase price. Tax and Land Sales have very similar jobs. They both set cases for sale, record purchaser information and must add certain fees and costs to the case. Deeds department is responsible for entering costs and fees post sale or other information for the case. Some cases bypass the sale process so it bypasses LandSales. The SHFG101 is needed for sale purposes for cashiers. Agree for SHFG800 however should keep SHFG203 for cashiers. Staffing levels prohibit creating a new security group for disbursement transactions. Land Sales and Tax Delinquent need same access and use SHFG103 to perform duties. Deeds need access to all screens to perform duties.

Information Technology Controls - Proware

The Division utilizes Proware as their case management system. Proware maintains all case dockets, transactions (receipts and 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 and walkthrough of the Division's processes, we noted the following instances on information technology (IT) controls in Proware:

- Cases in the "Foreclosure Order Search" queue are deleted from the screen as soon as the clerk clicks on the case even if nothing is changed or added in the case. DIA witnessed one instance where the Foreclosure Clerk clicked the wrong case and went back into the queue, but the case was gone.
- The description and value of foreclosed properties are required to be populated in the "Appraiser/Sales Results" screen before all properties currently being worked on can be

saved. During our walkthrough, we witnessed a clerk having to close out of the screen after entering all the necessary information into the fields. Since the clerk was unable to save her work, she had to re-perform all the work.

- Cases that have been fully distributed and closed out can still have deposit and expenditure transactions posted against them.
- Some payments, i.e. Sheriff fees, are taken from multiple cases and disbursed in one aggregated check, but the check number is not shown on each docket that consists of the total check. This makes it difficult to track which transactions are associated with a particular check in the system and requires the supporting documentation to be pulled and reviewed.
- The Division does not have a master schedule of all of the system codes associated with the various GL accounts, i.e. Sheriff Fees. This increases the risk for entering the wrong code associated with an entry and decreases the probability the error is detected.
- No notification is sent nor is supervisor authorization required if a cashier removes costs or receipts from a case due to an error.
- Cashiers have the ability to enter a payee in Proware when issuing a check. This increases the risk of a fictitious payee, the entering of "Cash" as payee, or an employee putting their own name of the check issued.
- After costs have been applied and a check is being issued in Proware, the check amount can be input at less than the applied amount. This can be due to a court order that only a portion of the cost be disbursed. If a disbursement is issued for less than the applied amount, the docket only reflects the applied amount and not the disbursed amount. This would not lead to an unreconciled difference between book and bank, but the docket should agree to transactions that affect the system balance.
- Checks issued to specific reoccurring payees should always reflect the applied amount. Checks to the Clerk of Courts, Fiscal Office, and Treasurer's Office can be issued for less than the applied amount.
- Journal entries to the accounting function in Proware are opposite of standard accounting practices. The way they are currently presented (checking account = negative credit balance) the checking account appears as though it is overdrawn. The current system is setup to increase cash by crediting the checking account and debiting the account to decrease cash.
- The check register query report from Proware contains 17 duplicate check numbers in the system from 2000 to 2013.
- The system does not have an option to input the purchaser representative contact information in Proware for foreclosure cases. The clerk has to obtain the hard copy case folder to lookup the contact information.
- The Division requested a report from Proware that should have included all cases with outstanding balances in excess of one year to review for potential inclusion in the unclaimed funds. This report did not include cases that met the criteria, which caused the Division to be non-compliant over the unclaimed funds process (See "Unclaimed Funds" issue on page 17).

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

Failure to have these IT controls in place may result in inefficient operations as many foreclosure cases run through the Division on a weekly basis. Furthermore, the Division is at a greater risk of reworking and researching cases due to the inaccurate, incomplete and inconsistent Proware reports. This also could result in misleading data and hinder the reporting process of data reported to County officials and those making management decisions.

Recommendation

We recommend the Division 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:

- Cases in the "Foreclosure Order Search" queue should not be deleted unless all required data is entered by the Division.
- Each time information in the "Appraiser/Sales Results" is updated, the clerk should be capable of saving the information entered to prevent the clerk from re-performing work if the screen is closed out for any reason.
- A function in the database management system should be developed to allow the supervisor to lock a case once it has been closed after final distribution. If any refunds or other exceptions occur that require the case to be re-opened the supervisor should have the ability to unlock the case after a thorough review of the exception has been undertaken.
- A table should be created to track all applied costs and which check they are associated with, specifically when checks are issued to the Treasurer for Sheriff fees.
- A data dictionary should be created for Proware that explains the various codes, reports, and transactions within the database. This data dictionary should be distributed to all employees and updated periodically for any changes made to the system.
- No fees should ever be removed from any case. All fees should be noted on the docket and reversed out with supervisor approval/review if the fee needs to be withdrawn. A function or queue should be created where transactions, specifically costs, reversed out or deleted are parked in the system by a clerk and approved/posted by a supervisor.
- All payees in Proware should be entered and approved by a supervisor prior to the issuance of a check. The system should not allow payment unless a supervisor approves the payee. This process can be performed once per payee, not for every payment unless requested by the supervisor.
- A function or queue should be established where checks issued are parked until a supervisor approves the check. If a threshold is established, the queue should only contain checks over the threshold. See "Disbursements" finding on page 40 for more details.

- The case docket should accurately reflect all checks issued, specifically when a check is issued for less than the applied amount.
- Checks issued to the Clerk of Courts, Fiscal Office, and Treasurer's Office should always equal the amount applied. The capability to change these amounts should not be available. If these amounts need to be adjusted, entries should be made in Proware to reflect any adjustments with a valid reason noted and supervisor approval.
- General ledger account balances should be reversed so debits and credits are displayed in the system according to standard accounting practices.
- The erroneous duplicate checks should be deleted from the report and a control needs to be implemented in Proware that does not allow duplicate check numbers to be entered.
- An input screen should be developed so the purchaser representative information can be entered and tracked within the database.
- A detailed report of all balances outstanding in excess of one year should be updated to ensure all cases that meet the criteria are actually identified. This report can be utilized for the unclaimed funds process and for billing clerks to periodically review outstanding balances due.

In addition, DIA recommends a manual be developed on Proware's internal processes for management or the system administrator to understand how various transactions occur in the system. This manual would help in training staff and identifying reporting issues in the system.

Management's Response

Will consider not deleting cases in the foreclosure queue unless are data is entered. There was a user error on the clerk re-performing work. Will consider locking cases once it has been closed. New codes are given to employees in each department. It would be a high time consuming process for a supervisor to approve/review all removed fees from cases. A court order lists payees for checks. Too many checks and cases for a supervisor to review/approve checks before issued. Since the implementation of Proware the case docket accurately reflects checks issued. Corrections need to be made on pre-Proware cases. Proware should address the reversal of debits and credits on general ledger accounts. No duplicate checks should occur in Proware since conversion. A report of balances outstanding in excess of one year is now in practice for unclaimed funds reporting.



THE CUYAHOGA COUNTY SHERIFF'S DEPARTMENT

THE JUSTICE CENTER 1215 West 3rd Street, Cleveland, Ohio 44113

Cory Swaisgood, CPA
Director of Internal Audit
Cuyahoga County
Department of Internal Auditing

March 31, 2017

The following is a response to the Internal Audit conducted at the Civil Division, Sheriff's Department for items viewed for the period of January 1, 2011-August 31, 2013.

This document is intended to be a blanket response to a large section of the final audit report and itemized when deemed necessary.

Participants for the Civil Division are; James Bitterman, Chief Deputy, Shaundra Howard, Senior Office Manager, and Jacqueline White, Assistant to the Chief Deputy.

This response will begin with a general answer to any items that were remedied with the software installation by Proware Inc. The Division is not under direct contract with Proware, therefore any items that must be addressed in the near future will be forwarded to Proware for approval and possible implementation in the timeliest manner as possible.

Also, the Senior Office Manager's responses are included in DIA's report with any additional comments which will assist in explaining any additional actions or the reason for no action taken.

Page 7 through 26: All recommendations have been remedied for all issues found on the pages listed above, by the implementation of new software or procedure change to comply with the audits recommendations.

Bank deposits are now being done regularly. If unforeseen circumstances arise, we will deposit ASAP.

Page 27: Recommendation for Non Productive Assets has been corrected by the hiring of replacement employees and /or when employee numbers are low due to promotions or termination of employment. We operate at the most efficient way possible to perform required duties. Scanners have not been utilized as of the date of this response. Data storage to assist in operations has not been located or produced to store such data.

Proware Conversion: This is found on beginning on **page 28** through **31**. Although this is still ongoing research, we have recovered a substantial amount of unaccounted money.

Bank Reconciliations **Page. 31:** Please refer to the Senior Office Manager comments in the report otherwise we are now in compliance.

Erroneous Check Transactions; found on **page 33:** Since completion of the audit, the Division only has one account.

Voided Checks, Stop Payments, and Adjusting Entries on **page 37:** First bullet point; corrected and in practice since 2015. Fourth through the seventh bullet point has been in practice since 01/2014.

Disbursements **page 40;** when checks are picked up by anyone, they are required to produce an ID and signature before a check is disbursed. Bullet point 2; we are restricted in some functions of having multiple people doing the same job function. We understand the safety net created when you have the ability to implement these functions. We will review and upon safe staffing levels will implement anything that has been suggested in the near future.

Most recommendations for disbursements have been in place since we have gone online with Proware. Refer to the Senior Office Manager's comments in the report to assist in explaining our position on any necessary changes suggested.

Check Listing Discrepancies **page 50:** The first two bullet points have been requested to Proware for change and we are presently waiting for the request to be addressed.

The remaining issues will be discussed with Key Bank to gain assistance or direction to remedy these issues.

Receipts **page 52**: All issues for this topic have been addressed and in operation since 2015.

Voided Receipts **Page 57**: Errors have been discovered and remedied in the suspense account and we presently have a surplus of \$71,968.17 with an ongoing review to clarify the past mistake or process flaw to hopefully balance and close the issue.

Voided Receipts **page 57**; recommendation bullet point 5
Receipts made in error has been addressed and in practice since 2013.

The initial post audit data indicated that between 01/01/2000 and 02/15/2017 there was a negative -\$282,750.04 discrepancy. Upon receiving a late payment that the Division's previous software program shown as being paid but was later delivered late to County Headquarters has shed light on how the oversight had occurred. We then reverse engineered the occurrence and discovered other clients from past Sheriff Sales with a balance due and notified of such occurrence.

The money has since been recovered and has led to an opposite issue of being positive \$71,968.17 above previous data's suggestion.

Although this appears to be a safer dilemma versus the previous one, it simply will require more ongoing research with a hope to reach a correct balance.

Summary of system balance recommendation **page 58**; \$302,679.64 write off suggestion not necessary due to the recovery of all monies found in error with present positive balance of \$71,968.17 with ongoing research to remedy this software error.

Foreclosure Cases **page 62**: Proware Case Dockets bullet point one response; the clerk's office may send up the same cases multiple times.

Bullets point two; we feel that this is incorrect. Newer cases are filed by parcel number Delinquent Taxes or case number for sale.

Bullets point six; Emails are now and have been kept since the new email system went into effect in 2014.

Point seven response; System was not set up to store the data.

Point eight; a check list system is used in Proware in which assists in locating files and disbursing funds.

Sheriff's sale recommendation comment to second paragraph; has always been in practice in Civil Division.

Writs Cases; this will be an ongoing effort to fix any unsolved issues through an implementation of software and manually correcting these issues within the next twelve months.

This will conclude the written response to the Internal Audit. Any further questions related to the Audit should be addressed to Shaundra Howard or Jacqueline White who are presently assigned to the Assistant to the Chief position in the Civil Division.

I appreciate all the effort that has gone into this large and detailed project; and regret that the timing and data of this audit was researched before the installation of suitable software.

I requested the implementation of useful and appropriate designed software with the previous administration for several years only to be rejected due to budget and expense, and feel that had the software been in place upon your viewing of our operation, this report would be considerably smaller in size.

I thank you for all assistance that your office has given and look forward to your reviewing of our process in the future.

Thank you.

James Bitterman
Chief Deputy, Civil Division