

OFFICE OF THE OHIO ATTORNEY GENERAL

FRANKLIN COUNTY

**JULY 1, 2018 TO JUNE 30, 2019
AGREED UPON PROCEDURES**

OHIO AUDITOR OF STATE
KEITH FABER



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We have reviewed the *Independent Accountant's Report on Applying Agreed-Upon Procedures* of the Office of the Ohio Attorney General, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Office of the Ohio Attorney General is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

January 29, 2020

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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We have performed the procedures enumerated below, which were agreed to by the Office of the Ohio Attorney General (the "Office") and the Ohio Auditor of State, on the revenues, expenditures, personnel actions, collections enforcement, petty cash and outside bank accounts, and legal compliance of the Office of the Ohio Attorney General for the year ended June 30, 2019. The Office's management is responsible for the revenues, expenditures, personnel actions, collections enforcement, petty cash and outside bank accounts, and legal compliance of the Office. The sufficiency of these procedures is solely the responsibility of the Office and the Ohio Auditor of State. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Revenue:

1. Procedure – Using the OAKS Report GL-0077, the IPA will compile a schedule of all revenues of the Office, in total and by OAKS fund.

Finding – Using the OAKS Report GL-0077, we compiled a schedule of all revenues of the Office, in total and by OAKS fund.

2. Procedure – Compare the amounts identified for each OAKS fund in the revenue schedule from step 1 to the revenue reported in the prior year. Obtain an explanation from Office management for all variances of 10% or more for any OAKS funds with revenues over 6% of total revenues identified in the schedule from step 1 for the year under audit. Compare the explanations to supporting documentation and report any variances that are not supported.

Finding – We compared the amounts identified for the OAKS fund in the revenue schedule from step 1 to the revenue reported in the prior year. We inquired with Office management and obtained an explanation for all variances of 10% or more for any OAKS funds with revenues over 6% of total revenues as identified in the schedule compiled in the previous step. For each variance identified, we reviewed documentation that supported the variance and the explanation we obtained from the Finance Director.

3. Procedure – Identify the population for testing by excluding from the revenue schedule compiled in step 1 all revenues received during the fiscal year under audit in OAKS funds in the 3000 series (federal revenue) and Fund 4020 account codes 420002 and 450567 (revenue received and processed by other state agencies). Identify any of the remaining OAKS funds whose revenues exceed 6% of total testing population. Haphazardly select a sample of 60 receipts from billings, check logs or other internal revenue records, proportionately distributed for the funds identified for testing. Perform the following procedures for the items selected and report any exceptions.

- a. Confirm the funds were deposited into the correct OAKS account code and fund based on the nature of the fees collected and the purpose of the account code and fund as defined by the Office of Budget and Management (OBM) (see <http://finsource.ohio.gov/>) and Legislative Services Commission (LSC) (see <https://www.lsc.ohio.gov/documents/budget/documents/cobli/2017/AGO.PDF>), respectively.
- b. Confirm the deposit with Treasurer of State (TOS) was timely, in accordance with OAC Section 113-1-02.
- c. For collection revenues, recalculate the AGO fee owed, as shown on the CUBS XPTH screen and determine the collection fee percentage. Then compare the Client ID as reported in the Check Accounting System within Contract Manager to the Client ID on the CUBS Client Fee Rate listing to verify the correct percentage was applied.

Finding – We identified the population for testing by excluding from the revenue schedule compiled in step 1 all revenues received during the fiscal year in the 3000 series (federal revenue) and Fund 4020 account codes 420002 and 450567 (revenue received and processed by other state agencies). We identified any remaining OAKS funds whose revenues exceeded 6% of the total testing population. We haphazardly selected a sample of 60 receipts from a detailed receipt report for the funds identified for testing. For each receipt selected, we performed procedures 3.a. through 3.c., above. We did not note any exceptions.

Expenditures:

1. Procedure – Using OAKS Report GL-0076, the IPA will compile a schedule of all expenditures of the Office, in total and by OAKS Fund and Account Code, for the fiscal year under audit.

Finding – Using the OAKS Report GL-0076, we compiled a schedule of all expenditures of the Office, in total and by OAKS fund and Account Code, for the fiscal year under audit.

2. Procedure – Compare the amounts identified for each OAKS fund in the expenditure schedule from step 1 to the expenditures reported in the prior year. Inquire with Office management to obtain an explanation for all variances of 10% or more for any funds with expenditures over 6% of total expenditures as identified in the schedule compiled in the previous step. Compare the explanations to supporting documentation and report any variances that are not supported.

Finding – We compared the amounts identified for each OAKS fund in the expenditure schedule from step 1 to the expenditures reported in the prior year. We inquired with Office Management and obtained an explanation for all variances of 10% or more for any funds with expenditures over 6% of total expenditures as identified in the schedule compiled in the previous step. For each variance identified, we reviewed documentation that supported the variance and the explanation we obtained from the Finance Director.

3. Procedure – **Non-payroll Expenditures** – Using OAKS BI VAP-0005 Voucher Payment Report, identify the detailed transactions associated with the expenditures identified in step 1. Compare the total expenditures of the detail, by fund, to the totals obtained in step 1, the GL-0076 report excluding Account Codes 500's series Personal Services and 523600 General Travel & Expenses to ensure completeness. Identify any variances, if applicable investigate and document explanations for any variances exceeding $\pm 3\%$. Haphazardly select a sample of 60 non-payroll expenditure transactions coded to Account Codes 510 through 590 from the VAP-0005 Report (excluding funds in the 3000 series), perform the following procedures and report any exceptions.
 - a. Confirm the correct OAKS account code and fund were charged based on the nature of the expenditure and the purpose of the account code and fund as defined by OBM (see <http://finsource.ohio.gov/>) and LSC (see <https://www.lsc.ohio.gov/documents/budget/documents/cobli/2017/AGO.PDF>), respectively.

- b. Confirm the disbursement was in accordance with the stated purpose of the OAKS fund (as defined by LSC above) and does not violate ORC 2921.42.
- c. Recompute the voucher for mathematical accuracy.
- d. Agree the voucher amount to the invoice amount and contract provisions (if applicable).
- e. Confirm the invoice date preceded voucher date.
- f. Confirm the invoice was paid timely or appropriate interest paid, as required by ORC Section 126.30. Timeliness should be measured using the terms of the contract/agreement or 30 days, whichever is earlier. Interest due should be calculated using OBM's interest calculator at (<http://obm.ohio.gov/StateAccounting/voucherreview/calculator.aspx>). Report any unpaid interest owed of \$10 or more.
- g. Confirm the invoice indicated goods received or services rendered.
- h. Confirm a Purchase Order/Controlling Board approval was obtained when required in accordance with AGO's Purchasing Policy and ORC Section 127.16.

Finding – Using OAKS BI VAP-0005 Voucher Payment Report, we identified the detailed transactions associated with the expenditures identified in step 1. We compared the total expenditures of the detail, by fund, to the totals obtained in step 1, the GL-0076 report excluding Account Codes 500's series Personal Services and 523600 General Travel & Expenses to ensure completeness. We identified a variance exceeding +3% for one fund, 5L50, and we investigated and documented the explanation for this variance.

We then haphazardly selected a sample of 60 non-payroll expenditure transactions from the VAP-0005 Report (excluding funds in the 3000 series). We performed procedures 3.a.-h., above, for each transaction we selected. We did not note any exceptions.

4. Procedure – **Payroll Expenditures** - Haphazardly select six (6) pay periods from the period under audit. Obtain the OAKS HCM payroll register for each selected pay period and haphazardly select 10 employees from each payroll register and perform the following procedures and report any exceptions.
- a. Agree the hours worked per the Payroll Register to the time sheet.
 - b. Agree leave taken per the Leave Request Form to the time sheet and Payroll Register.
 - c. Agree overtime/compensatory time requested (earned) per the Overtime/Comp Time Request Form to the time sheet and Payroll Register.
 - d. Confirm overtime and comp time was earned at the appropriate rate for the employee's classification (i.e. for overtime-exempt, ensure time was earned at straight time and for overtime-eligible ensure time was earned at time and a half).
 - e. Confirm the appropriate OAKS fund and account was charged based on the nature of the expenditure and the purpose of the account code and fund as defined by OBM (see <http://finsource.ohio.gov/>) and LSC (see <https://www.lsc.ohio.gov/documents/budget/documents/cobli/2017/AGO.PDF>), respectively.

Finding – We haphazardly selected six pay periods from the period under audit. We obtained the OAKS HCM payroll register for each pay period selected and haphazardly selected 10 employees from each payroll register. We performed procedures 4.a.-e., above, for each employee selected. We did not note any exceptions.

Personnel Actions:

1. Procedure – Obtain the OAKS BI WFP-0003 Action Reason Code Report regarding employment status changes for the period under audit and sort the report by Action Code.

Finding – We obtained the OAKS BI WFP-0003 Action Reason Code Report regarding employment status changes for the period under audit and sorted the report by Action Code.

2. Procedure – From the report obtained in step 1 above, identify all employees with Action Codes related to Terminations and Retirements. Haphazardly select a sample of 40 terminated/retired employees, perform the following procedures and report any exceptions.
 - a. Confirm the change is supported by a Personnel Action (PA) form.
 - b. Agree the change date on the PA to OAKS HCM
 - c. Confirm the employee's status was changed within OAKS HCM
 - d. Agree the pay rate on the PA Form with the Payroll Register.
 - e. Confirm the employee's name was deleted from the subsequent Payroll Register.
 - f. For each employee selected, recalculate the payout (final pay and leave payouts) based upon leave balances shown in HCM, the leave payout requirements of ORC Chapter 124, and provisions in the Collective Bargaining agreement (if a Collective Bargaining employees).

Finding – Using the OAKS BI WFP-0003 Action Reason Code Report obtained in step 1, above, we identified all employees with Action Codes related to Terminations and Retirements, and we haphazardly selected a sample of 40 terminated/retired employees. For each employee selected, we performed procedures 2.a. through 2.f., above. We did not note any exceptions.

3. Procedure – From the report obtained in step 1 above, identify all employees from all remaining Action Codes which require a Personnel Action Form (i.e., actions that affect the employees pay, such as Hire, Rehire, Pay Rate Change, Promotion, Demotion, etc.) per the DAS Personnel Action Manual 2018. Haphazardly select a sample of 60 employees from the remaining Action Codes, perform the following procedures and report any exceptions.
 - a. Confirm the change is supported by a PA form.
 - b. Agree the change date on the PA form to OAKS HCM
 - c. Confirm the employee's status was changed within OAKS HCM
 - d. Agree the pay rate on the PA Form to the Payroll Register.

Finding – From the report we obtained in step 1 above, we identified all employees from all remaining Action Codes which require a Personnel Action Form per the DAS Personnel Action Manual 2018. We haphazardly selected a sample of 60 employees from the remaining Action Codes. For each employee we selected, we performed procedures 3.a.-d., above, with the following exception:

For one of the 60 employees we selected, the action according to the OAKS BI WFP-0003 Action Reason Code Report was identified as "Data Change - Service Change." We also identified a "Rehire" action on the same date. According to Office Management, when an employee is rehired within the agency, the Department of Administrative Services (DAS) regenerates the employee's service time to ensure it is updated correctly. The Data Change - Service Change is created through DAS, and there is no PA form available to show this action. Since we were unable to obtain a PA form, we were unable to complete the procedures above for this employee.

Collections Enforcement:

Note: Testing in this section is related to monies recovered by the Attorney General on behalf of other agencies, boards and commissions, as documented in the Columbia Ultimate Business Systems (CUBS) application used by the Office's Collections Enforcement Section (CE). Checks are received in a bank Lockbox account; credit card collections are processed using the Official Payments system (OPC); and collections received via ACH are processed by the CBOSS system. All receipts are then deposited each business day into the TOS CEAG custodial account.

1. **Procedure – Check Receipts** - Haphazardly select one business day from each month during the period under audit. Obtain the "Checks by Batch" report from CE personnel for each selected day and haphazardly select one batch from each day. With the assistance of CE personnel, access the applicable bank web site and haphazardly select an individual check from the selected batch; and log into the CUBS system. Perform the following for each selected check and report any exceptions.
 - a. Agree the Checks by Batch – Lockbox Checks report total to the TOS Custodial Account Deposit form to the Key Bank Lockbox Detail Report. Confirm the individual check payment was applied to the proper account number and for the proper amount in CUBS, as shown on the CUBS payment detail screen (XPT screen).
 - b. Confirm the Accounts Payable - Weekly Payment Text File includes the payment amount(s) related to the individual check payment.
 - c. Agree the Total Check/GRF amount on the Accounts Payable - Weekly Payment Text File T to the total on the Treasurer of State Custodial Account Withdrawal form and the debit amount on the Key Bank Lockbox Detail Report.
 - d. Recalculate the AGO fee owed, as shown on the CUBS XPTH screen and determine the collection fee percentage. Then compare the Client ID as reported in the Check Accounting System within Contact Manager to the Client ID on the CUBS Client Fee Rate listing to verify the correct percentage was applied.

Finding – We haphazardly selected one business day from each month during the period under audit. For the days selected, we obtained the "Checks by Batch" report, and we haphazardly selected one batch from each day. From the bank detail obtained from Collections Enforcement personnel, we selected an individual check from each batch. For each selected check, we then performed procedures 1.a. through 1.d., above. We did not note any exceptions.

2. **Procedure – Credit Card/ACH Receipts** - Haphazardly select one business day from each month during the period under audit. Obtain the "PayPortal+IVR" payment text file, OPC Batch Summary (Credit Card) report, and CBOSS payment summary (ACH) report for the dates selected. From the "PayPortal+IVR" payment text file haphazardly select one transaction from the text file for testing. With the assistance of CE personnel, log into the CUBS system to access the reports mentioned below, perform the following for each selected transaction, and report any exceptions.
 - a. Agree the sum of the totals on the credit card and ACH summary reports to the sum of the appropriate deposits on the Key Bank Lockbox Detail Reports to the total amount on the TOS Custodial Account Deposit form.
 - b. Confirm the individual credit card/ACH payment was applied to the proper account number and for the proper amount in CUBS, as shown on the CUBS payment detail screen (XPT screen).
 - c. Confirm the PayPortal - Weekly Payment Text File includes the payment amount(s) related to the individual credit card/ACH payment.

- d. Agree the Total ACH/OAKS/GRF amount on the PayPortal - Weekly Payment Text File to the total on the TOS Custodial Account Withdrawal form and the debit amount on the Key Bank Lockbox Detail Report.
- e. Recalculate the AGO fee owed, as shown on the CUBS XPTH screen and determine the collection fee percentage. Then compare the Client ID as reported in the Check Accounting System within Contact Manager to the Client ID on the CUBS Client Fee Rate listing to verify the correct percentage was applied.

Finding – We haphazardly selected one business day from each month during the period under audit. For the days selected, we obtained the "PayPortal+IVR" payment text file, OPC Batch Summary report, and CBOSS payment summary report, and we haphazardly selected one transaction from the text file for testing. With the assistance of Collections Enforcement personnel, for each selected transaction, we then performed procedures 2.a. through 2.e., above. We did not note any exceptions.

3. Procedure – **SDLC** - Inquire with Office Management to determine the status at fiscal year-end of their system development process regarding the Debt Manager Implementation project, including future modifications to the project planned to replace CUBS. If system planning and development has begun, obtain the Office's SDLC Methodology used during the period for the new Collections System project and perform the following steps regarding the System Development Life Cycle. Report the results of the procedures performed.

- a. Inspect documentation to determine which phase of the SDLC the project was in at fiscal year-end.
- b. Through inquiry and inspection, determine whether the project is on target with the documented project plan.
- c. Inspect SDLC methodology to determine whether it provides for an analysis and documentation of the security threats, potential vulnerabilities and impacts, and the feasible security and internal control safeguards for reducing or eliminating identified risks.
- d. Inspect documentation to determine whether the Office performed ongoing risk analyses for the Collection Systems project during the period to ensure critical success factors were identified and the project is on course to meet stated objectives.

Finding – We inquired with Office Management to determine the status at fiscal year-end of their system development process regarding the Debt Manager Implementation project, including future modifications to the project planned to replace CUBS.

From our inquiry, we determined the direction of the Collections System project shifted significantly with the new administration that came on board in fiscal year 2019. New Office Management updated the requirements for a Collections System solution and decided to pursue a closed competitive bid process with the two vendors whom the Office believes provide viable options for moving forward. In addition, the project plan was expanded to include the procurement of Organizational Change Management services. As of June 30, 2019, the Request for Proposals (RFP) was still being finalized for release, and the system development and planning for the new project had not yet begun. Accordingly, steps (a.) through (d.) of the procedure were not applicable.

Petty Cash / Outside Bank Accounts:

1. Procedure – Inquire with the AGO management to identify all petty cash and other bank accounts maintained outside of OAKS. Determine the location, established amount, legal authority, and purpose of each account.

Finding – We inquired with management and identified all petty cash and other bank accounts maintained outside of OAKS. We determined the location, established amount, legal authority, and purpose of each account.

2. Procedure – Obtain the listing of bank accounts maintained by the Treasurer of State of Ohio on the Bank Account Detail Report and compare it to the list obtained in step 1 and identify any differences.

Finding – We compared the listing of bank accounts maintained by the Treasurer of State of Ohio on the Bank Account Detail report to the list obtained in step 1. We noted the following accounts on the list obtained in step 1 were not included on the Treasurer of State Bank Account Detail Report. According to Office management, these accounts are not maintained by the Treasurer of State.

<u>Bank</u>	<u>Account Name</u>	<u>Account Number</u>
Huntington	General Administration, Legal and Misc. Petty Cash	xxxxxxxx6668
PNC	Covert Account – Charitable Law	xxxxxxxx1608
PNC	Covert Account – Charitable Law	xxxxxxxx1616
Key Bank	Attorney General Charitable Law	xxxxxxxx4246
Fifth-Third	BCI Confidential Funds	xxxxxxxx9668
Fifth-Third	BCI Confidential Funds	Xxxxxxxxx3082
PNC	Ohio Organized Crime Inv Comm CF Account	xxxxxxxx7904
PNC	Undercover Confidential Funds Account	xxxxxxxx5248

3. Procedure – For each petty cash fund or outside bank account identified, perform the following procedures and report any exceptions.
 - a. Confirm each account has been established in accordance with the related legal authority.
 - b. Inquire with management to identify any reconciliations or other monitoring procedures performed for each petty cash account during the audit period by internal staff, AGO Internal Audit, or OBM personnel. Obtain all reconciliations performed, recalculate the reconciliation, and inspect support for any reconciling items.

Finding – We confirmed each account has been established in accordance with the related legal authority. We also inquired with management to identify any reconciliations or other monitoring procedures performed for each petty cash account during the audit period. We obtained all reconciliations performed for each account, recalculated each reconciliation, and inspected support for any reconciling items. We did not note any exceptions.

Legal Compliance:

1. Procedure – **Ohio Compliance Supplement** - Obtain the most current version of the Ohio Compliance Supplement (<http://www.auditor.state.oh.us/references/compliancemanuals.html>) and complete the suggested audit procedures for the following sections (see RFP Appendix A, Section C for additional guidance regarding the Ohio Compliance Supplement):
 - a. OCS 2-22: Fraud, Abuse, and Illegal Acts; Conflict of Interest; Ethics
 - b. OCS 2-23: Availability of Public Records
 - c. OCS 3-2: Public Meetings

- d. OCS 3-4: Political Activities Prohibited
- e. OCS Optional Procedures Manual O-22: Policies/restrictions/prohibitions - government credit & purchasing cards

Finding – We obtained the 2019 Ohio Compliance Supplement and completed the suggested audit procedures for each section listed, above. We did not note any non-compliance.

2. Procedure – **Confidential Personal Information** (CPI – terminology defined in ORC 1347.01) Obtain the Office's Privacy Impact Assessment for Existing Systems (PIA-ES) and inquire with the Data Privacy Point of Contact (DPPOC) to identify all personal information systems the Office maintains and the types of personal information in each system. For each system with CPI, confirm the Office has met the requirements of ORC Section 1347.15 and report any exceptions.

Finding – We obtained the Office's Privacy Impact Assessment for Existing Systems (PIA-ES) and inquired with the Data Privacy Point of Contact (DPPOC) to identify all personal information systems the Office maintains and the types of personal information in each system. For each system with CPI, we confirmed the Office has met the requirements of ORC Section 1347.15. We did not note any exceptions.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the revenues, expenditures, personnel actions, collections enforcement, petty cash and outside bank accounts, and legal compliance of the Office. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report only describes the agreed-upon procedures we performed and our findings. Accordingly, this communication is not suitable for any other purpose.



KENNEDY COTTRELL RICHARDS LLC

Gahanna, Ohio
January 15, 2020

OHIO AUDITOR OF STATE KEITH FABER



OFFICE OF THE OHIO ATTORNEY GENERAL

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 11, 2020**