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# KANE COUNTY INTERNAL AUDIT STATUS REPORT FISCAL YEAR 2014

Covering Recommendations Made To

16<sup>th</sup> Judicial Circuit, Animal Control, County Clerk,  
County Sheriff, Finance, Human Resources, Law Library,  
Purchasing, and Transportation



## Finance & Budget Committee Members

Chris Lauzen – Kane County Board Chairman  
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## Introduction

As per 55 ILCS 5/3-1003, the Kane County Auditor is commissioned by the Governor. The County Auditor is authorized and mandated to perform certain duties in 55 ILCS 5/3-1005.

Among the enumerated responsibilities described in that section, the duties of the County Auditor shall be to

- (f) Audit the receipts of all county officers and departments presented for deposit with the County Treasurer.
- (g) Maintain a continuous internal audit of the operations and financial records of the officers, agents or divisions of the county. The County Auditor shall have access to all records, documents, and resources necessary for the discharge of this responsibility.
- (h) Audit the inventory of all real and personal property owned by the county under the control and management of the various officers and departments of the county.

Section 2-192 of the Kane County Code deals with the Internal Audit Procedures. This section re-affirms the County Auditor's unlimited access, and proscribes the course of actions required as a follow-up to an internal audit report.

- Access To Records: The County Auditor shall have access to all records, documents and resources necessary to maintain a continuous internal audit.
- Response To Internal Audit Report:
  - (1) Each county officer, agent or division shall, within three (3) business days, acknowledge receipt of the internal audit report.
  - (2) Within thirty (30) days of receipt of the internal audit report, each county officer, agent or division shall submit a written response to the County Auditor, outlining the action that has been taken in response to the recommendations made by the auditor.
  - (3) Subsequent to the issuance of the internal audit report, the County Auditor shall review the operations and financial reporting of the affected county officer, agent or division. This review will focus on, but not be limited to, the recommendations suggested in the internal audit report. Upon completion of the review, a report outlining the conditions found at the time of the review will be prepared and delivered to the county board.

  
OBJECTIVE:

The objective of this report is to follow-up on recommendations and report their status as either completed, in progress, or open.

SCOPE:

This is the first version of the Internal Audit Status Report. As such there is not an earlier iteration to serve as a start point. The scope of this report will deal only with internal audit reports issued during the fiscal year ended November 30, 2014. Further it only includes those reports which included recommendations as a result of the audit. For example, the Audit of the Tax Sale Automation Fund (150) resulted in no findings or recommendations and is, therefore, not included in this status report.

The status report was developed from various sources of information including

- Recommendations included in the original Internal Audit Report
- Management responses included in the original Internal Audit Report
- Subsequent communication with the audit stakeholders
- Follow-ups from the Kane County Auditor

In cases where recommendations have not been implemented, comments were sought for either the rationale behind the decision not to implement the recommendations or for the planned timing to address the issues in question. It is understandable that some of the recommendations will take an extended period of time to fully implement. Offices and departments in that process are acknowledged in this report for the effort and commitment to address the recommendations.

It is also possible that a recommendation cannot be implemented, or cannot be fully implemented, due to financial or personnel limitations. Even in those cases, however, a response from the affected stakeholders should be documented as part of best financial practices.

As the Kane County Internal Audit Status Report itself required no substantive audit work, there is no requirement to meet or follow *Government Auditing Standards* (aka "Yellow Book") issued by the Comptroller General of the United States. The report is intended to meet the requirement set forth by the Kane County Code for subsequent reporting to the County Board.

OFFICE OR DEPARTMENT	INTERNAL AUDIT REPORT DATE	AUDIT SUBJECT	AUDIT RECOMMENDATIONS	COMPLETED, IN PROGRESS OR OPEN
Purchasing	April 30, 2014	Procurement Card Program Audit – Fiscal Years 2012 and 2013	Improve documentation of p-card transactions for accuracy and completion. Enhance internal control and coordinate with Auditor, Treasurer and Finance Dept. to improve reconciliation, timely payment and vendor detail capture within the accounting system.	Completed
Finance	August 30, 2014	Vehicle Fleet Audit	(1) Correct minor discrepancies (e.g. VIN number, incomplete license plate info)	Completed
			(2) Correct minor updates to combine body and equipment packages to reflect a single vehicle.	Completed
			(3) Record asset value change relative to a replacement vehicle from Transportation.	Completed
			(4) Record retroactive additions to Sheriff's fleet.	Completed
Transportation	August 30, 2014	Vehicle Fleet Audit	Update internal fixed asset schedules to reflect VIN and license plate discrepancies.	Completed
Sheriff's Office	August 30, 2014	Vehicle Fleet Audit	Update internal fixed asset schedules to reflect VIN and license plate discrepancies. Continue to track and account for assets acquired through seizure and/or donation.	Completed
Human Resources	August 30, 2014	Vehicle Fleet Audit	Update vehicle listing per audit to reflect the net addition of six vehicles with an increased valuation of approximately \$100,000 for insurance purposes.	Completed
County Clerk	August 30, 2014	Vehicle Fleet Audit	Reconcile minor asset listing differences with Finance after fleet audit.	Completed

OFFICE OR DEPARTMENT	INTERNAL AUDIT REPORT DATE	AUDIT SUBJECT	AUDIT RECOMMENDATIONS	COMPLETED, IN PROGRESS OR OPEN
Animal Control	October 20, 2014	Transition Audit	(1) Improved control, reconciliation and accounting of daily sales receipts.	Completed
			(2) Improved control process regarding credit card receipts.	Completed
			(3) Revise procedure to ensure management reconciles monthly credit card bank statement.	Completed
			(4) Improve control to provide verification of Cash Register-Daily Report.	Completed
			(5) Improve accounting of revenue streams included in Cash Register-Daily Report.	Completed
			(6) Improve control procedures for cash received by mail, variances on payments for rabies tags, create a control spreadsheet to monitor payment activity from veterinarians, replace the manual ledger with an electronic spreadsheet, and to improve internal control on daily deposits.	Completed
			(7) Enhance and document cross training procedures to provide better separation of duties related to cash and controlled substances.	In Progress
			(8) Consider change to municipal billing frequency to enhance KPASS support, improve notification process for non-compliant animal owners.	In Progress

OFFICE OR DEPARTMENT	INTERNAL AUDIT REPORT DATE	AUDIT SUBJECT	AUDIT RECOMMENDATIONS	COMPLETED, IN PROGRESS OR OPEN
Animal Control	October 20, 2014	Transition Audit	(9) Enhance controls and documentation of the processes related to handling and physical inventory of controlled substances.	Completed
			(10) Enhance controls and documentation of the processes related to the handling and physical inventory of unused prescriptions donated to Animal Control from third parties.	Completed
			(11) Enhance inventory procedures relative to other drugs, possibly through the implementation of software designed for animal control operations.	Completed
			(12) Enhance and document the inventory process and control of rabies vaccination tags, reconciling beginning and ending inventory to recorded activity.	In Progress
			(13) Currently veterinarians are provided an inventory of tags in December, and the County is paid after the tags are sold and the veterinarians submit the payment. Consideration should be given to providing tags to veterinarians after payment has been received.	Completed
			(14) Document and improve the process of purchasing and receiving goods and services.	Completed
			(15) Review current practice relative to service providers with large or repeat spend to comply with County Financial Policy.	In Progress



OFFICE OR DEPARTMENT	INTERNAL AUDIT REPORT DATE	AUDIT SUBJECT	AUDIT RECOMMENDATIONS	COMPLETED, IN PROGRESS OR OPEN
Human Resources	October 23, 2014	Review of Payroll Overpayment	Work with New World System (software provider) to correct the problem within the Payroll module which allowed this to occur.	In Progress
16 <sup>th</sup> Judicial Circuit	November 13, 2104	Foreclosure Mediation Fund (197)	Improve accuracy of accounting for expenditures to benefit current reporting and future budgeting	Open
16th Judicial Circuit	November 13, 2104	DUI Fund (196)	Consider following or amending current County Code. County Code specifies these revenues to be placed in the General Fund. In practice, the revenues and expenses are going through this special revenue fund.	Open
16th Judicial Circuit	November 13, 2104	Children's Waiting Room Fund (195)	(1) State Statute allows for the Children's Waiting Room fee to be \$10 per filing. Kane County currently charges \$5. As expenses to operate the facility continue to increase causing this fund to operate at a deficit, consideration should be given to raising the fee.	Open
			(2) There is an agreement between the Kane County Bar Foundation (as licensee) and Kane County (as licensor) related to construction, operation and maintenance of the Children's Waiting Room. That application of the agreement should be reconciled.	Open
Law Library	November 14, 2014	Law Library Fund (250)	Develop written document procedures for handling cash variations.	In Progress