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OVERVIEW OF AUDIT PLAN

FISCAL YEARS 2015 - 2019

PRESENTED TO THE FINANCE AND BUDGET COMMITTEE – AUGUST 27, 2014

INTRODUCTION

The comprehensive five year audit plan is a fluid document. The audit plan will always be subject to review and modification as necessitated by changes in statutory requirements, auditing standards, best practice policies, and other circumstances. The audit plan consists of a variety of engagements generally falling into one of three categories – STATUTORY AUDITS, FINANCIAL AUDITS and SPECIAL AUDITS.

STATUTORY AUDITS

Statutory audits include duties and responsibilities prescribed by the Illinois Compiled Statutes, the Kane County Code, and the Kane County Financial Policies. Per state statute, the County Auditor shall have access to all records, documents, and resources necessary for the discharge of the responsibilities. In summary, 55 ILCS 5/3-1005 requires the County Auditor to; (a) audit all claims against the county, (b) collect and analyze county statistical and financial information, (c) approve orders for supplies ordered by county officers, (d) maintain a file of contracts entered into by county board and all county officers, (e) publish a quarterly financial report, (f) audit the receipts of all county officers and departments deposited with the treasurer, (g) maintain a continuous internal audit of operations, (h) audit the inventory of real and personal property owned by the county, and (i) audit documentation for amounts billed to the county under certain circumstances.

Additionally – due to the special nature of their creation and use - the ILCS requires specifically that the Tax Sale Automation Fund, Court Document Storage Fund, Court Automation Fund, Circuit Clerk Electronic Citation Fund, Probation Services Fund, Law Library Fund, and the Children's Waiting Room Fund are to be audited by the County Auditor. As of this writing there are 102 countywide accounts that have a current balance and/or activity.

The Kane County Code reiterates that the County Auditor shall have access to all records, documents and resources necessary to maintain a continuous internal audit. The code describes the internal audit report responsibility and process. The code also requires the County Auditor to file a monthly report of claims paid to the Chairman and the County Board.

Kane County has also established Financial Policies that require the County Auditor to ensure that all departments comply with best practice internal control policies as established by the Finance Department.

FINANCIAL AUDITS

In both the most recent Comprehensive Annual Financial Report and the Kane County Budget there are a total of thirty-one (31) departments and offices operating in Kane County. Although some of those have sub-departments, for the purpose of audit planning we have used the same breakdown as included in those documents.

The audit plan for financial audits is developed largely through risk assessment. The cycle between individual audits - which may be repeated at differing intervals – is another factor to be considered. Offices and departments, especially those receiving grants from various outside agencies, are often subject to external audit or compliance reviews. To the extent possible, the reports generated by external auditors or agencies are used to modify the scope of the internal audit, and may be referenced as a part of the internal audit report.

The overall audit plan covers both revenues and expenditures, with specific focus on the general fund, of every office and department. However, the audit plan may cover revenues and expenditures in different years. As an example of audit planning criteria, a chart has been included which summarizes the cumulative expenditures by each of the departments and offices over the three most recently completed fiscal years. The chart compares the cumulative adopted budget, amended budget, and actual expenditure in gross dollars and as a percent of the overall total. The top ten offices and departments in terms of percentage of overall expenditures are:

1. Transportation	23.55%
2. Other Countywide	13.46%
3. Debt Service	13.46%
4. Sheriff	13.10%
5. Court Services	5.45%
6. State's Attorney	3.92%
7. Circuit Clerk	3.50%
8. Development	3.46%
9. County Board	3.42%
10. Health	2.75%

SPECIAL AUDITS

Certain events occur on a regular, but non-cyclical basis, and necessitate a special audit or other review. For example, a transition audit is a best practice financial policy whenever a new official is elected to office. Although the audit objectives may vary slightly from office to office, generally the objectives of a transition audit are intended to determine that cash, investments and financial papers are properly conveyed; tangible personal property and other items are accounted for; and that the predecessor officer acknowledges the cutoff and transfer of custody for items related to the function of the office.

Special audits may also address specific cost control, or cost saving initiatives. Reviews of the required filings of Economic Interest Statements by county officials, department heads and key staff and payroll (or other) audits performed to assist the external auditors also fall under this heading.