June 19, 2017

Hon. John E. Zaruba, County Sheriff  
DuPage County  
Wheaton, IL  60187

Dear Sheriff Zaruba,

The Office of the County Auditor has completed an audit of the Drug Traffic Seizure Account (Account) maintained by the County Sheriff’s Office. The audit consisted of examining the internal controls, records, receipts, and disbursements of the Account for the fiscal year ended November 30, 2015. The results of the audit and the Sheriff’s responses are presented herein.

Summary of Findings

- All transactions were examined and were found to be consistent with the intent of the Account;
- Disbursements from the Account were properly documented; and,
- The Account description in the County’s Comprehensive Annual Financial Report is not accurate.

Background

The Drug Traffic Seizure Account (Account) was established to account for funds seized during drug-related investigations. The seized funds are deposited into the Account and held until disbursed to the appropriate state or federal agency.

Receipts into the Account consist of seized cash related to a drug-related investigation. All of the funds are turned over to the Illinois State Police in the case of a state or local drug investigation or the federal government in the case of a federal drug investigation.

As of the end of fiscal year 2015, the Account had a balance of $9,695 and is maintained in a non-interest bearing demand deposit account at a local bank. This balance consists of funds due to other agencies pending disposition. During FY 2015, $7,485 in receipts was deposited into the Account and $3,100 was disbursed. The Account is included in the County’s Comprehensive Annual Financial Report (CAFR) as an agency fund.
Audit Objectives

The objectives of the audit were to evaluate the procedures related to the processing of Account receipts and disbursements during fiscal year 2015 in order to determine:

1. That internal controls in place at the Sheriff’s Office were adequate to safeguard the funds in the Account;
2. Receipts into the Account were properly documented, recorded and deposited intact and on a timely basis; and,
3. Disbursements from the Account are appropriate and documented.

Audit Procedures

The audit procedures included reviewing pertinent accounting records, banking transactions, and other supporting documentation related to the deposit and disbursement of Account funds by the Sheriff’s Office. Interviews were conducted with the County Sheriff and Sheriff’s Office management staff as deemed necessary in order to obtain an understanding of the procedures and internal controls related to the financial transactions of the Account.

The County Auditor examined all banking records and transactions of the Drug Traffic Seizure bank account for fiscal year 2015. There were four deposits into the Account and one check drawn on the Account during the audit period.

Audit Findings and Recommendations

Internal Controls

The County Auditor obtained an overview of the internal controls relative to the Account. It appeared that the internal controls as described were adequate and operating properly.

A review of the bank statements noted that the reconciliations were performed on a timely basis and reviewed by Sheriff’s Office supervisory staff.

Bank Deposits

All 4 deposits processed into the Account during fiscal year 2015 were examined. The deposits were made by a Sheriff’s Office Deputy who is not involved in the accounting or collection of the funds. All deposits were consistent with the nature of the account and had sufficient supporting documentation.

Account Disbursements

One disbursement in the amount of $3,100 was made from the Account and was directly related to a prior 2015 deposit into the Account. The disbursement was properly documented and was consistent with the nature of the Account. The check was signed by an authorized individual and there were no disbursements exceeding $5,000 that would have required two signatures.
Fund Description

It was noted that the Drug Traffic Seizure Account description in the CAFR is misleading. The description states that the funds are “used to support narcotics enforcement and education activities”. Only seized funds are deposited and all of the funds are turned over to the Illinois State Police or a federal agency. The federal agency or Illinois State Police will then remit a percentage of the seized funds back to the Sheriff based on federal law, State Statutes, and the degree of contribution of the Sheriff’s Office in the drug-related investigation. Funds returned to the Sheriff from these investigations are deposited into the Drug Traffic Prevention Account and used for narcotics enforcement and education. It is recommended that the Sheriff’s Office contact the Finance Department to clarify the Account description in the County’s Comprehensive Annual Financial Report.

General Ledger Reporting

Although the number of transactions processed in the Account is limited, it is recommended that the County Sheriff explore the possibility of providing the Finance Department with monthly or quarterly aggregated receipt and disbursement activity in order that the general ledger reflects a more current balance. Further, the Sheriff should consider recording the receipt and disbursement activity in QuickBooks using the County’s general ledger account codes and descriptions.

Response to Auditor

The transactional activity in QuickBooks will contain references to the County’s general ledger account codes.

I want to express my sincere appreciation for the generous assistance provided by your Office and your staff. If you have any questions, please contact me.

Sincerely,

OFFICE OF THE COUNTY AUDITOR

Bob Grogan, CPA, CFE
County Auditor

RTG:pwb
Attachment
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