



OFFICE OF THE COUNTY AUDITOR

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October 18, 2018

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 Extradition 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, 2017. The results of the audit are presented herein.

Results

- All transactions were examined and were generally found to be consistent with the intent of the Account;
- One item deposited to the Account was payable to another account under the Sheriff's Control and the amount was transferred to the proper account; and,
- The internal controls related to the Account appear to be adequate.

Objective

The County Auditor will perform a series of audit procedures designed to evaluate the internal controls over certain bank accounts outside the control of the County Treasurer. The objectives of the audit were to evaluate the procedures related to the processing of Account receipts and disbursements during fiscal year 2017 in order to determine if internal controls in place at the Sheriff's Office were adequate to safeguard the funds in the Account, that receipts were properly documented, recorded and deposited intact and in a timely manner, and that disbursements were appropriate and documented.

Background / Audit Scope

The Extradition Account provides advance travel funds to Sheriff's Deputies transporting individuals outside of the County who are in the custody of the Sheriff's Office. The Account was established in 2007 through a \$10,000 check drawn upon the Sheriff's budget appropriation. Prior to transporting a prisoner, a deputy assigned to this function will request funds to cover the anticipated travel costs, including fuel for the Sheriff's vehicle, meals and lodging if applicable. In the cases of long distance travel, airfare and rental car expenses are advanced to the deputy.

The funds are provided to the deputy through a check drawn upon a non-interest bearing bank account administered by the Sheriff's Office.

Upon completing the travel, the deputy returns the unspent funds as well as the travel-related receipts to the Account custodian. The unspent funds are deposited back into the Account, while the expenses are submitted to the Finance Department accounts payable division for reimbursement from the Sheriff's extradition account budget appropriation. The reimbursement check issued by the County Treasurer is subsequently deposited into the Account.

As of the end of fiscal year 2017, the Account had a balance of \$8,182 and is maintained at a local bank. During FY17, \$28,003 in receipts were deposited into the Account and \$25,775 was disbursed. The Account is included in the County's fiscal year 2017 Comprehensive Annual Financial Report (CAFR) as an agency fund.

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 banking records and transactions of the Extradition bank account for fiscal year 2017. A sample of the supporting documentation for the disbursements and all of the deposits were examined. Procedures included verifying that deposits were made in a timely manner, and that reconciliations were performed and independently reviewed in a timely manner.

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 deposits processed into the Account during fiscal year 2017 were examined. The deposits were made by a Sheriff's Office Deputy who is not involved in the accounting or collection of the funds.

The audit identified one check that was payable to another account under the Sheriff's control was deposited to the Account in error. When the error was discovered, the amount was transferred to the appropriate account.

General Ledger

Some of the fiscal 2017 general ledger transaction activity was erroneously posted by the Finance Department to the wrong general ledger cash account (Demand Deposit - CCC Agency" (8500-4800-10002-0000)). The activity should have been posted to the Cash – Other Agency Funds account (8500-4800-10000-0002). This error was corrected in April 2018.

Account Disbursements

During fiscal 2017, 70 checks were issued from the Account. An examination of the payments noted that the payments were consistent with the nature of the Account. The checks were signed by an authorized individual and no disbursements exceeded \$5,000, which would have required two signatures.

The supporting documentation was examined for a sample of 36 of the 70 checks. The items examined were for extradition-related travel expenses, with the largest 2 checks issued for \$1,000. Each disbursement made was subsequently submitted to the County's accounts payable system for reimbursement and was recommended for payment by the DuPage County Auditor's Office. All disbursements were found to be properly authorized and accounted for. The amount of each disbursement was agreed to the total of amounts returned unused and the County's reimbursement of expenses.

One transfer for \$1,065 was made from the Account to another bank account under the Sheriff's control, the Sheriff's Administrative Account. This amount represents a reimbursement from the County for expenses incurred by the Sheriff's Administrative Account, which was deposited to the Extradition Account in error. The transfer to the Sheriff's Administrative Account was appropriate. It is recommended that when transfers are made, that a brief memo to the file, signed by an authorized signer is included in the files.

Account Balance

The Account has an imprest balance of \$10,000, which was established when the fund was opened in 2007. In prior years, the account balance had been diminished, apparently through unreimbursed amounts. As a result of a recommendation from a previous audit performed by the County Auditor, a deposit of \$2,064 was made to return the account balance to \$10,000. As of November 30, 2017, the account balance was \$8,182, and there were unreimbursed amounts of \$1,818 related to 7 extradition disbursements. The imprest balance of \$10,000 is accounted for.

Fund Classification

The County's fiscal year 2017 Comprehensive Annual Financial Report (CAFR) classifies the Account as an agency fund. As defined, an agency fund accounts for situations when the government receives and disburses resources in an agency capacity; i.e; held for a third-party. Because the assets of an agency fund are associated with a third-party obligation, the assets equal the liabilities and there is no equity. Accordingly, receipts and expenditures within the Account are not classified as such, rather they are considered additions and deductions.

It is the opinion of the County Auditor that because the Account was originally funded through an appropriation from the County Sheriff's budget in the General Fund, the funds are not being held in an agency or fiduciary capacity. Although the funds in the Account are not maintained by the County Treasurer, the funds would be returned to the General Fund if the Account were to be closed. It is recommended that consideration by the Finance Department be given to determining whether the current Account designation as an agency fund for financial reporting purposes is appropriate.

Summary of Recommendations

- It is recommended that when transfers or other unusual transactions occur, a memo with supporting documentation is signed by an authorized signatory and maintained in the files.

- It is recommended that consideration be given by the Finance Department to determining whether the current Account designation as an agency fund for financial reporting purposes is appropriate.

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

#18-20
Attachment

cc: Grant Eckhoff, Chairman, Judicial and Public Safety Committee
Tom Cuculich, County Administrator
Paul Rafac, Chief Financial Officer

**OFFICE OF THE COUNTY AUDITOR
COUNTY SHERIFF CASH ACCOUNT AUDIT - EXTRADITION ACCOUNT
FISCAL YEAR 2017**

	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	TOTAL
BEGINNING BALANCE	\$ 5,954.48	\$ 6,891.56	\$ 7,686.85	\$ 6,445.22	\$ 7,572.55	\$ 7,825.63	\$ 9,056.73	\$ 9,175.26	\$ 9,088.00	\$ 8,078.38	\$ 8,526.44	\$ 7,837.84	\$ 5,954.48
TOTAL RECEIPTS	1,137.08	908.29	2,175.32	6,787.90	2,653.08	2,550.75	1,478.53	1,262.74	1,240.38	3,478.06	2,286.65	2,044.43	28,003.21
TOTAL DISBURSEMENTS	200.00	113.00	3,416.95	5,660.57	2,400.00	1,319.65	1,360.00	1,350.00	2,250.00	3,030.00	2,975.25	1,700.00	25,775.42
ENDING BALANCE	\$ 6,891.56	\$ 7,686.85	\$ 6,445.22	\$ 7,572.55	\$ 7,825.63	\$ 9,056.73	\$ 9,175.26	\$ 9,088.00	\$ 8,078.38	\$ 8,526.44	\$ 7,837.84	\$ 8,182.27	\$ 8,182.27
RECEIPTS													
46006 - REFUNDS OF UNEXPENDED ADVANCES	\$ 364.66	\$ -	\$ 926.71	\$ 612.13	\$ 1,045.95	\$ 124.00	\$ 285.26	\$ 688.64	\$ 950.72	\$ 1,127.74	\$ 460.28	\$ 343.11	\$ 6,929.20
46030 - COUNTY REIMB OF EXPENSES	772.42	908.29	1,248.61	6,175.77	1,607.13	2,426.75	1,193.27	574.10	289.66	2,350.32	1,826.37	1,701.32	21,074.01
TOTAL	\$ 1,137.08	\$ 908.29	\$ 2,175.32	\$ 6,787.90	\$ 2,653.08	\$ 2,550.75	\$ 1,478.53	\$ 1,262.74	\$ 1,240.38	\$ 3,478.06	\$ 2,286.65	\$ 2,044.43	\$ 28,003.21
DISBURSEMENTS													
53520 - EXTRADITION EXPENSES	\$ 200.00	\$ 113.00	\$ 3,416.95	\$ 4,596.00	\$ 2,400.00	\$ 1,319.65	\$ 1,360.00	\$ 1,350.00	\$ 2,250.00	\$ 3,030.00	\$ 2,975.25	\$ 1,700.00	\$ 24,710.85
53808 - STATUTORY AND FISCAL CHARGE	-	-	-	1,064.57	-	-	-	-	-	-	-	-	1,064.57
TOTAL	\$ 200.00	\$ 113.00	\$ 3,416.95	\$ 5,660.57	\$ 2,400.00	\$ 1,319.65	\$ 1,360.00	\$ 1,350.00	\$ 2,250.00	\$ 3,030.00	\$ 2,975.25	\$ 1,700.00	\$ 25,775.42