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

Results

- All transactions were examined and were found to be consistent with the intent of the Account, and;
- The current method of recordkeeping precludes the expedient determination of which cases comprise the Account balance.

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 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 2017, the Account had a balance of $8,652 and is maintained in a non-interest bearing demand deposit account at a local bank. During FY 2017, $744 in receipts was deposited into the Account and $1,625 was disbursed. The Account is included in the County’s Comprehensive Annual Financial Report (CAFR) as an agency fund which we believe is the correct classification.

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 2017. Procedures included verifying that disbursements were reasonable, deposits were made in a timely manner, and that reconciliations were performed and independently reviewed in a timely manner.

There were 2 deposits into the Account and 3 checks 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**

Both 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. All deposits were consistent with the nature of the account and had sufficient supporting documentation.

**Account Disbursements**

Three disbursements totaling $1,625 were made from the Account. Two of these were directly related to prior 2017 deposits into the Account; one was related to a case from 2015. The disbursements were properly documented and were consistent with the nature of the Account. The checks were signed by an authorized individual and there were no disbursements exceeding $5,000 that would have required two signatures.

**Accounting by Case Number**

The funds received for each seizure are held in the Account until the Sheriff’s Office is directed to disburse them to either the State of Illinois or a federal agency. Thus, the balance in the Account is comprised of the undischbursed funds, representing a liability (accounts payable). Currently, there is no expedient method to ascertain which cases comprise the Account balance.

The proper accounting treatment in QuickBooks would be to record each seizure deposited into the Account as a liability (accounts payable) identified by its case number. This change will improve the internal controls over the Account.
General Ledger

The Finance Department initially posted the Account’s FY17 receipts and disbursements to an incorrect general ledger account - “Demand Deposit - CCC Agency” (8500-4850-10002-0000). The Account’s cash balance was properly recorded in the “Cash – Other Agency Funds” account (8500-4850-10000-0002). This error was corrected by the Finance Department in April 2018.

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

#18-22
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 - DRUG TRAFFIC SEIZURE ACCOUNT
### FISCAL YEAR 2017

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### REVENUE

- **41404 - State Portion Fund Seizure**
  - **TOTAL**: $744.00

### EXPENSES

- **53808- Fiscal and Statutory Charges**
  - **TOTAL**: $1,625.00

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