



OFFICE OF THE COUNTY AUDITOR

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To: Hon. Gary Grasso, Chairman
DuPage County Emergency Telephone System Board (ETSB)

ETSB Members

From: Bob Grogan, CPA, CFE *ATG*
County Auditor

Subject: Internal Audit of Accounts Payable
#18-91

Date: September 28, 2018

The Office of the County Auditor has completed a limited scope internal audit of the transaction processing of ETSB invoices submitted for payment. The audit identified two invoices totaling \$326.35 that required correction or were entered with an incorrect amount. Corrected invoices were obtained from the Department and the Accounts Payable Division of the Finance Department corrected the erroneous entries. The invoices have been recommended for payment by the County Auditor. The results of the audit are presented below.

Results

My Office has performed voucher pre-audit procedures for the invoices submitted for approval by the ETSB at the October 9, 2018 Board Meeting. The invoices listed on the Bank Account Payment History Report dated September 28, 2018 have been examined by the Office of the DuPage County Auditor and are recommended for payment:

- | | |
|--|---------------|
| • FY2018 Wireline Fund (4000-5800) | \$ 508.78 |
| • FY2018 Wireless Fund (4000-5810) | \$ 10,050.11 |
| • FY2018 Equalization Fund (4000-5820) | \$ 587,278.38 |

Audit procedures identified two invoices totaling \$326.35 that required correction or were entered with an incorrect amount. Corrected invoices were obtained from the Department and the Accounts Payable Division of the Finance Department corrected the erroneous entries. The invoices have been recommended for payment by the County Auditor.

Objective

The County Auditor will perform a series of procedures designed to evaluate the internal controls involved in the processing of transactions in the Enterprise Resource Planning (ERP) system and the MHC Image Express (MHC) system. The actual procedures performed will depend upon the County Auditor's assessment of risks associated with the transactions.

Background/Audit Scope

Invoices and the related supporting documentation are initially prepared and submitted for payment processing by County departments to the centralized accounts payable function administered by the Finance Department. The implementation of the ERP system has resulted in significant changes to the processing and reporting of transactions compared to the accounting systems formerly used by the County. One of the many benefits of the ERP system is the ability to reduce duplicate payments to vendors by requiring unique vendor invoice numbers.

The County Auditor performs audit procedures on the payment documentation after the information has been entered into the ERP system by the Finance Department's Accounts Payable staff. These procedures include reviewing the submitted documentation and comparing it to the information entered into the ERP system. Significant discrepancies noted between the supporting documentation and the information recorded in the ERP system are identified by County Auditor staff as exceptions. In these situations, the invoice recorded in the ERP system is transferred by the County Auditor to a non-processing batch until the exception is resolved. The hard-copy invoice and supporting documentation are returned to the Finance Department with an exception notice.

The County Auditor also performs audit procedures on the payment documentation after the information has been entered into the MHC system. These procedures include reviewing the scanned images of the invoice and supporting documentation and comparing it to the information entered into the MHC system. As is the case with transactions entered into the ERP system, significant discrepancies noted between the supporting documentation and the information recorded in the MHC system are identified by County Auditor staff as exceptions. In these situations, the invoice image scanned in the MHC system is disapproved by the County Auditor and forwarded to the Accounts Payable Division of the Finance Department for correction.

Additionally, after the Bank Account Payment History Report has been generated by the Accounts Payable Division of the Finance Department, the County Auditor verifies that each of the recommended payments was properly posted to the County's General Ledger.

During the claims pre-audit process, the County Auditor reviewed 45 invoices scanned into the MHC system. Two exceptions were noted.

Invoice number [REDACTED] for \$290.08 payable to AT&T was erroneously entered into the MHC system with no General Ledger Distribution information by the Finance Department's Accounts Payable Division. The invoice was disapproved in the MHC system by County Auditor staff on September 11, 2018. The missing information was subsequently entered by Accounts Payable the same day. The invoice was recommended for payment by the County Auditor on September 11, 2018.

Invoice number [REDACTED] for \$36.27 payable to CDW-G was entered into the MHC system with the wrong amount. The Department's authorization label erroneously listed the invoice amount as \$148.82 which was entered into MHC by the Finance Department's Accounts Payable Division. The invoice was disapproved in the MHC system by County Auditor staff on September 12, 2018. ETSB corrected the amount on the authorization label and the invoice was resubmitted by Accounts Payable the same day. The invoice was recommended for payment by the County Auditor on September 12, 2018.

The exceptions are listed below:

Vendor	Amount	Exception
AT&T	\$290.08	The invoice was entered with the General Ledger Distribution information missing.
CDW-G	\$36.27	The authorization label erroneously listed the amount as \$148.82.

Recommendations

Departments should review invoices for completeness and accuracy prior to submission to the Accounts Payable Division of the Finance Department for payment processing.

The Finance Department should verify the accuracy of the data entered into the ERP and MHC systems prior to forwarding to the County Auditor for review and payment recommendation.

Departments should regularly review available ERP reports and real-time transaction information to monitor the progress of invoices submitted for payment to preclude the potential for duplicate or incorrect payments.

Thank you for your continued assistance.

cc: Linda Zerwin, Executive Director
 Tom Cuculich, County Administrator
 Paul Rafac, CFO