



OFFICE OF THE COUNTY AUDITOR

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To: Mary Keating, Director of Community Services
Paul Rafac, Chief Financial Officer

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

Subject: DuPage Social Service Association Account Reconciliation, September 2018
#18-104

Date: November 6, 2018

The Office of the County Auditor completed an audit of the DuPage Social Service Association (DSSA) bank account. Audit procedures were performed to review the internal controls and independently recreate the reconciliation performed by the Finance Department for the bank statement as of September 30, 2018.

Results

Audit procedures determined that the reconciliation was performed by a Finance Department staff member who does not have disbursement or deposit responsibilities with respect to this account. The reconciliation was acknowledged by initials and date of the staff member performing the reconciliation and the employee who reviewed the reconciliation. The book balance of the account is \$93,419.49.

A deposit from the United Way payroll deduction was not received in June.

An exception was identified whereby a check (no. 1015) issued by DSSA and payable to Little Caesars has been outstanding for more than ten months. The check is dated November 28, 2017.

The petty cash account has not been replenished from a cash disbursement of \$20 occurring in May, 2018.

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. A review was performed to determine if the reconciliation of the DSSA account was timely and accurately performed.

Background / Audit Scope

The DuPage Social Service Association maintains a non-interest bearing checking account at the DuPage County Employees Credit Union to make payments for social programs in situations when grant funds are not available. These payments do not require County Board approval and are not audited by the County Auditor prior to disbursement. Deposits are made from DuPage County employees' United Way combined campaign donations and other donations. In accordance with the Credit Union's requirements, a nominal balance of \$5.00 is maintained in an interest-bearing savings account established at the Credit Union. There has been no activity in this latter account.

This limited scope internal audit was designed to test if the bank reconciliation was performed on a timely basis and reviewed by an individual independent of deposit and disbursement activities. Procedures included verifying that disbursements were reasonable and deposits were made on a timely basis.

The procedures performed by the County Auditor were not designed, nor are intended, to provide a thorough assessment of the internal control risks associated with the processing of transactions in the DSSA account.

Audit Findings and Recommendations

It was noted that a deposit from the United Way payroll deduction was not received for June 2018, but deposits were received the following three months, July, August, and September. It is recommended that the Finance Department contact United Way for an explanation of why no funds were received in June.

It was noted that DSSA issued a check (no. 1015) to Little Caesars in the amount of \$75.00 on November 28, 2017. As of September 30, 2018, the check remains outstanding. Discussion with Finance personnel indicated that they have tried repeatedly to contact Little Caesars regarding the check, but there has been no response. Finance plans to contact the Credit Union and request that a stop payment order be placed on the check.

DSSA maintains a petty cash fund to accommodate small transactions. In May 2018, a disbursement of \$20 was made from the fund for basic needs - transportation. In order to function properly, a petty cash fund should be replenished to its nominal amount after disbursements occur. It was noted that this has not occurred. In a prior audit report, it was suggested that DSSA establish a process to replenish the petty cash fund on a monthly basis, if necessary, to ensure that there are sufficient funds available. Pursuant to this suggestion, the topic was discussed at the DSSA Board meeting on October 17, 2018. Board members decided to increase the petty cash fund from \$100 to \$200 and replenish it on a quarterly basis, or any time the balance falls below \$100, whichever comes first.

A prior audit recommendation suggesting that some funds be moved to an interest-bearing account was also discussed at the DSSA Board meeting. Board members decided that a predetermined amount would be kept in checking, with the remaining funds in savings.

If you have any questions, please contact me.

cc: Tom Cuculich, County Administrator
Carmi Cyrus, Finance Department