



OFFICE OF THE COUNTY AUDITOR

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Hon. Jean Kaczmarek
County Clerk
DuPage County
Wheaton, IL 60187

Dear Jean:

My Office has completed an audit of the fixed assets and non-capitalized computer-related equipment assigned to the custody of the County Clerk's office (Office). The audit was initiated following your election as DuPage County Clerk and conducted prior to your assuming Office. The objectives of the audit were to:

- Verify that the items reported as being in the custody of the Office, were located within the Office at November 30, 2018;
- Determine that the fixed asset records accurately report all fixed assets acquired by the Office;
- Determine that the non-capitalized computer-related equipment records accurately report all computer equipment assigned to the Office.

Summary of Findings

- A color printer acquired in 2000 at a cost of \$8,383 was not located in the Office. This item was removed from the Office by the Information Technology (IT) Department approximately two years ago;
- Three desktop computers assigned to the Office according to the IT Department's computer inventory were not located. The items had been physically removed from the Office by the IT Department between 2003 and 2017; and,
- Two desktop computers located in the Office could not be traced to the IT Department's computer inventory .

Background

In accordance with a system of properly designed internal controls, whenever there is a change in the management of a County office or department, the County Auditor typically performs an audit of the fixed assets assigned to that department.

The County's financial policy requires capitalizing property having an acquisition value of \$5,000 and above and maintaining an annual inventory of capital assets. The Finance Department is responsible for maintaining the records for the County's fixed assets. Periodically, property control (asset) tags are issued to departments by the Finance Department for tangible items such as equipment and vehicles.

Control over the acquisition and disposition of capital assets occurs through the payment transaction process and fixed asset transfer/disposal forms used by the operating departments to notify the Finance Department of changes in an asset's location.

On an annual basis, the Finance Department requires the operating departments to confirm the physical existence of the assets assigned to the departments' custody by verifying the assets to the inventory report provided by the Finance Department. The departments are instructed to note any changes in the asset's location or description on the report and to return the report to the Finance Department. When applicable, these notations are entered into the fixed asset record system and the fixed assets are updated accordingly.

The Information Technology Department maintains a separate, independent record of printers, laptop computers, and desktop computers assigned to the custody of most County departments. Property control tags are affixed to this equipment by the IT Department for physical control purposes. The IT Department is transitioning to a new recordkeeping system and informed the County Auditor that recent acquisitions may not have been recorded at the time of the audit procedures.

Audit Procedures

The Finance Department's 2017 fixed asset records listed two items with property control tags assigned to the custody of the County Clerk. The audit procedures involved reviewing the records, analyzing payment transaction reports for fixed asset acquisitions subsequent to the Finance Department's records, and interviewing personnel. It was found that no additional fixed assets had been acquired by the Office during fiscal year 2018.

The Information Technology Department was unable to provide a current listing of the computer-related equipment records assigned to the custody of the Office. A listing from 2017 was used and a review of the payment transaction reports for computer equipment acquisitions subsequent to the 2017 listing identified no additional computer equipment had been acquired for the Office during fiscal years 2017 or 2018.

Ten items, representing a 33% sample size of non-capitalized computer-related equipment, was selected from the IT Department's computer equipment listing for testing by the County Auditor. Additionally, five computer-related items not included in the

initial sample were selected from a visual examination of the Office to determine whether these items were properly accounted for.

Audit Findings

Of the 17 sample items selected for the audit, 6 exceptions were noted by the County Auditor:

An HP 8550GN color printer was not located. According to the Finance Department fixed asset listing, the printer was assigned property control tag number 74747 and was acquired in November 2000 for \$8,383.

Three desktop computers listed on the Information Technology Department inventory could not be located:

- Compaq Deskpro EN, serial number 6105DYSZN472, asset number 000527
- HP Elitedesk 800 G2, serial number 2UA64421ZW, asset number 005116
- Gateway GP7-800, serial number 0020981055, asset number 000535

Two desktop computers were located in the Office by the County Auditor and were not on the IT Department inventory listing:

- HP, serial number 2UA02215VT, asset number 000627,
- Serial number 8CG715376Y, asset number 005385

The previous County Clerk informed the County Auditor that the HP color printer which was not located had been removed from the Office by the IT Department approximately 2 years earlier. There was no documentation provided to the County Auditor regarding this item's disposition.

A similar explanation was given for the 3 computers which were not found. The computers had been removed from the Office by the IT Department at various times over the past 15 years.

Summary of Recommendations

- The County Clerk should contact the Finance Department to update the fixed asset inventory to reflect the removal of the HP 8550GN color printer, property control number 74747. Given the age of the item, it is likely that the printer has been disposed.
- It is recommended that the Office contact the IT Department to have the computer inventory records updated to remove the 3 computers that were not located in the Office.
- It is recommended that the Office contact the IT Department to update the computer inventory records to reflect the current location for the 2 computers located in the Office.
- In order to maintain an audit trail of equipment assigned to their custody, departments should require documentation for all items removed from their

possession. Further, departments should request reports of the items assigned to their custody on a regular basis and update them as necessary.

- It is recognized that timeliness is paramount when replacing faulty computer equipment in a customer-oriented service environment, thus it is not always expedient to update the inventory records on a real-time basis. However, this constraint should not preclude updating the information when time permits. As noted in previous audits issued by the County Auditor, the historical accuracy of the computer inventory records administered by the Information Technology Department should be addressed.

I would like to express my appreciation to the staff of the County Clerk's Office, Finance Department and Information Technology Department for the assistance provided during this internal audit.

Sincerely,

OFFICE OF THE COUNTY AUDITOR



Bob Grogan, CPA, CFE
County Auditor

cc: County Board
Thomas Cuculich, County Administrator
Paul Rafac, Chief Financial Officer
Don Carlsen, Chief Information Officer

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