



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 *Btg*
County Auditor

Subject: DuPage Social Service Association Account Reconciliation, November 2018
#19-03

Date: January 11, 2019

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 November 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 \$94,619.47.

The June 2018 deposit from the County employee's United Way payroll deduction has not yet been processed. This is a repeat audit finding.

A check issued to a DSSA vendor has remained outstanding for more than a year. This is a repeat audit finding.

The petty cash account was not replenished from a cash disbursement of \$20.00 occurring in May 2018. This is a repeat finding.

A prior audit recommendation to move idle funds to an interest-bearing account was approved by the DSSA Board in October 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 Employee's 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 into the account are made from DuPage County employees payroll deductions administered by the United Way combined campaign and other donations.

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

Previous audits performed by the County Auditor's Office noted that the monthly deposit into the account from the United Way- County employee payroll deduction was not processed for June 2018. The United Way was notified of this discrepancy in November 2018 and it was determined that an application error in the United Way system prevented the June transaction from being transferred into the DSSA account. United Way stated that the problem has been corrected and a payment will be submitted to DSSA in December 2018, for the omitted June donation. **Hereafter, the Finance Department should immediately inform Community Services when a monthly donation amount is not received, so that they can notify United Way of the discrepancy.**

As noted in previous audits, check number 1015 payable to Little Caesars in the amount of \$75 on November 28, 2017, remains outstanding. Discussion with Finance Department personnel indicated that they have tried repeatedly to contact Little Caesars regarding the check, but there has been no response. The Finance Department staff plans to contact the Credit Union and request that a stop payment order be placed on the check. No other information regarding the status of the stop payment has been provided.

DSSA maintains a petty cash fund of \$100 to accommodate small, immediate transactions. In May 2018, a disbursement of \$20 was made from the fund for a client's basic needs. Although the transaction was appropriate, the \$20 in the cash fund has not been replaced such that the balance in the petty cash account is less than it should be. In order to function properly, a petty cash fund should be replenished to its nominal amount after disbursements occur. In prior audit reports, 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 October 2018 DSSA Board meeting and it was 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. As of November 30, 2018, the petty cash fund has not replenished.

A prior audit recommendation suggested that based upon the cashflow history of the account, it would be prudent to consider placing idle funds into an interest-bearing account.

This topic was discussed at the DSSA Board meeting in October and it was decided that a predetermined amount would be kept in the non-interest bearing checking account with the remaining funds invested in the interest-bearing savings account. Following the Board's direction, \$75,000 was transferred from the checking account to the savings account.

If you have any questions, please contact me.

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