



# OFFICE OF THE COUNTY AUDITOR

**Bob Grogan, CPA, CFE**

*DuPage County Auditor*

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January 30, 2019

Hon. James Mendrick, County Sheriff  
DuPage County  
Wheaton, IL 60187

Dear Sheriff Mendrick:

The Office of the County Auditor has completed an audit of the Extradition 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 transactions from December 1, 2017 through November 30, 2018. The results of the audit are presented herein.

## **Results**

- All transactions were examined and were generally found to be consistent with the intent of the Account; and,
- The internal controls related to the Account appear to be adequate.

## **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 2018 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 Extradition Account provides advance travel funds to Sheriff's Deputies transporting individuals outside of the County who are in the custody of the Sheriff's Office. The Account was established in 2007 through a \$10,000 check drawn upon the Sheriff's budget appropriation. Prior to transporting a prisoner, a deputy assigned to this function will request funds to cover the anticipated travel costs, including fuel for the Sheriff's vehicle, meals and lodging if applicable. In the cases of long distance travel, airfare and rental car expenses are advanced to the deputy.

The funds are provided to the deputy through a check drawn upon a non-interest bearing bank account administered by the Sheriff's Office.

Upon completing the travel, the deputy returns the unspent funds as well as the travel-related receipts to the Account administrator. The unspent funds are deposited back into the Account, while the expenses are submitted to the Finance Department accounts payable division for reimbursement from the Sheriff's extradition account budget appropriation. The reimbursement check issued by the County Treasurer is subsequently deposited into the Account.

As of November 30, 2018, the Account had a balance of \$6,878 and is maintained at a local bank. During FY18, \$28,829 in receipts were deposited into the Account and \$30,133 was disbursed.

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 banking records and transactions of the Extradition bank account for fiscal year 2018. Supporting documentation for the disbursements and deposits were examined. Procedures included verifying that deposits were made in a timely manner, and that reconciliations were performed and independently reviewed in a timely manner.

### **Audit Findings and Recommendations**

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#### **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 were reviewed by a supervisor.

#### **Bank Deposits**

All deposits processed into the Account during fiscal year 2018 were examined. The deposits were made by a Sheriff's Office Deputy who is not involved in the accounting or collection of the funds.

#### **Account Disbursements**

During fiscal 2018, 73 checks cleared the Account. An examination of the payments noted that the payments were consistent with the nature of the Account. The checks were signed by an authorized individual and no disbursements exceeded \$5,000, which would have required two signatures.

The supporting documentation was examined for the checks. The items examined were for extradition-related travel expenses, with the largest check issued for \$1,200. Each disbursement made was subsequently submitted to the County's accounts payable system for

reimbursement and was recommended for payment by the DuPage County Auditor's Office. All disbursements were found to be properly authorized and accounted for. The amount of each disbursement was agreed to the total of amounts returned unused and the County's reimbursement for the funds expended.

#### **Account Balance**

The Account has an imprest balance of \$10,000, which was established in 2007. As of November 30, 2018, the reconciled account balance was \$6,743, and there were unreimbursed amounts of \$3,257 related to 9 extradition disbursements. Examination of the accounts payable register indicated that these reimbursements were processed during the month of December 2018. The imprest balance of \$10,000 is accounted for.

#### **Recordkeeping**

The transactions for the account are maintained by Sheriff's Office personnel in the QuickBooks Accounting software. Deposits of funds returned from the deputies are coded to "Refunds of Unexpended Advances;" deposits of checks received from the Treasurer are coded to "County Reimbursement of Expenses." It was noted that when deposits include funds from both sources, the entire deposit is coded using one of the codes. It is recommended that the entries accurately identify the source of the funds.

#### **Fund Classification**

The County's general ledger and Comprehensive Annual Financial Report (CAFR) classifies the Account as an agency fund. As defined, an agency fund accounts for situations when the government receives and disburses resources in an agency capacity; i.e; held for a third-party. Because the assets of an agency fund are associated with a third-party obligation, the assets equal the liabilities and there is no equity. Accordingly, receipts and expenditures within the Account are not classified as such, rather they are considered additions and deductions.

It is the opinion of the County Auditor that because the Account was originally funded through an appropriation from the County Sheriff's budget in the General Fund, the funds are not being held in an agency or fiduciary capacity. Although the funds in the Account are not maintained by the County Treasurer, the funds would be returned to the General Fund if the Account were to be closed. This is a repeat audit finding which has been discussed with the Finance Department. As noted in a previous internal audit, it is recommended that consideration by the Finance Department be given to determining whether the current Account designation as an agency fund for financial reporting purposes is appropriate.

#### **Summary of Recommendations**

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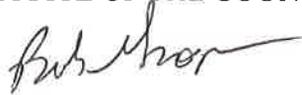
- It is recommended that consideration be given by the Finance Department to determining whether the current Account designation as an agency fund for financial reporting purposes is appropriate. This is a repeat audit finding.
- It is recommended that deposits are accurately coded in QuickBooks.

January 30, 2019

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

A handwritten signature in black ink, appearing to read "Bob Grogan", written in a cursive style.

Bob Grogan, CPA, CFE  
County Auditor

#18- 113

cc: County Board  
Tom Cuculich, County Administrator  
Paul Rafac, Chief Financial Officer