



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 Drug Traffic Seizure 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 the fiscal year ended November 30, 2018. The results of the audit are presented herein.

Results

- All transactions were examined and were found to be consistent with the intent of the Account;
- Significant disbursements from the Account were properly documented; and,
- The Account description in the County's Comprehensive Annual Financial Report is not accurate.

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 Drug Traffic Seizure Account (Account) was established to account for funds seized during drug-related investigations. The seized funds are deposited into the Account and held until disbursed to the appropriate state or federal agency.

Receipts into the Account consist of seized cash related to a drug-related investigation. All of the funds are turned over to the Illinois State Police in the case of a state or local drug investigation or the federal government in the case of a federal drug investigation.

As of the end of fiscal year 2018, the Account had a balance of \$11,875 and is maintained in a non-interest bearing demand deposit account at a local bank. During FY 2018, \$5,264 in receipts was deposited into the Account and \$2,041 was disbursed. The Account is included in the County's Comprehensive Annual Financial Report (CAFR) as an agency fund.

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 all banking records and transactions of the Drug Traffic Seizure bank account for fiscal year 2018. Procedures included verifying that disbursements were reasonable, deposits were made in a timely manner, and that reconciliations were performed and independently reviewed in a timely manner.

There were 3 deposits into the Account and 1 check drawn on the Account during the audit period.

Audit Findings and Recommendations

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 reviewed by Sheriff's Office supervisory staff.

Bank Deposits

The three 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. All deposits were consistent with the nature of the account.

Account Disbursements

One disbursement of \$2,041 was made from the Account. This disbursement was directly related to a prior 2018 deposit into the Account. The disbursement was properly documented and consistent with the nature of the Account. The check was signed by an authorized individual and there were no disbursements exceeding \$5,000 that would have required two signatures.

General Ledger

The general ledger activity is posted annually. At November 30, 2018, the general ledger balance agrees to the reconciled bank balance of \$11,875.

Fund Description

It was noted that the Drug Traffic Seizure Account description in the CAFR is misleading. The description states that the funds are "used to support narcotics enforcement and education activities." Only seized funds are deposited and all of the funds are turned over to the Illinois State Police or a federal agency. The federal agency or Illinois State Police will then remit a percentage of the seized funds back to the Sheriff based on federal law, State Statutes, and the degree of contribution of the Sheriff's Office in the drug-related investigation. Funds

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returned to the Sheriff from these investigations are deposited into the Drug Traffic Prevention Account and used for narcotics enforcement and education. It is recommended that the Sheriff's Office contact the Finance Department to clarify the Account description in the County's Comprehensive Annual Financial Report.

Summary of Recommendations

- It is recommended that the Sheriff's Office contact the Finance Department to clarify the Account description in the County's Comprehensive Annual Financial Report.

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



Bob Grogan, CPA, CFE
County Auditor

#18- 115

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