



OFFICE OF THE COUNTY AUDITOR

Bob Grogan, CPA, CFE
DuPage County Auditor

421 N. County Farm Road
Wheaton, Illinois 60187
(630) 407-6075
FAX: (630) 407-6076
www.dupageco.org/auditor

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 internal audit of the Arson Task Force Account (Account) maintained by the County Sheriff's Office. The internal 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; and,
- Disbursements from the Account were properly documented.

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 Fire Arson Task Force is a multi-agency group consisting of police and fire personnel from agencies throughout the County who investigate suspicious fires. The Arson Task Force bank account (Account) was established by the County Sheriff's Office to facilitate transactions related to this group.

As of the end of fiscal year 2018, the Account had a balance of \$4,099 maintained in a non-interest bearing demand deposit account at a local bank. During FY 2018, \$2,357 in receipts were deposited into the Account and \$4,388 was disbursed. The Account is included in the County's Comprehensive Annual Financial Report (CAFR) as an agency fund.

The receipts into the Account during FY2018 consisted primarily of funds received from Task Force members for clothing and equipment items and fees to attend an annual banquet. Disbursements from the Account were to the banquet facility and for the equipment and uniform suppliers.

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 Arson Task Force 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 5 deposits into the Account and 11 checks drawn on the Account during the audit period.

It should be noted that while the Account is administered by the Sheriff's Office, the day-to-day operation is currently overseen by a municipal member of the Task Force. The procedures described relate to the Sheriff's Office during the audit period.

Audit Findings and Recommendations

Internal Controls

The County Auditor obtained an overview of the internal controls relative to the Account. During the County Auditor's internal audit of the Account's activity for FY2015, it was recommended that the Arson Task Force use a 3-part receipt form to document the receipt of donations, fees, and clothing purchases with one copy provided to the member or donor, one copy provided with deposit documentation, and the third copy retained with Arson Task Force financial records. It was noted that the receipt forms were generally used during the audit period to document funds received into the Account.

Additionally, it was recommended that the Arson Task Force formalize in writing its financial policies and procedures. A procedures manual specific to the Task Force was completed and presented to the Arson Task Force Board. These recommendations, including the use of the multi-part receipt form, were included in the Task Force's Standard Operating Procedures, revised on February 15, 2017.

A review of the bank statements noted that the reconciliations were performed on a timely basis and were reviewed by supervisory personnel.

Bank Deposits

All 5 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; however, best practices dictate that a copy of the receipt forms for collected fees should be provided. It appears that the pre-numbered receipt forms were not used in situations where funds were mailed

January 30, 2019

in to the Task Force. It is suggested that the pre-numbered receipts forms should be mailed back to the sender in these situations.

Account Disbursements

There were 11 disbursements made from the Account was examined. The disbursements were properly documented and were consistent with the nature of the Account. There were no checks issued for over \$5,000 which would require two signatures.

As with the other accounts maintained by the County Sheriff's Office utilizing the QuickBooks accounting software, it was noted that the County's general ledger accounts were added to each transaction in order to facilitate and standardize the reporting of Account activity.

Summary of Recommendations

- It is recommended that a pre-numbered receipts form should be returned to the sender when funds are received through the mail.

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

#18-118

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