



OFFICE OF THE COUNTY AUDITOR

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To: Dr. Barbara Hanek, DVM, Administrator
Laura Flamion, Operations Manager

From: Bob Grogan, CPA, CFE *BG*
County Auditor

Subject: Animal Services Bank Reconciliation and Deposit Verification – February through June 2019

Date: August 23, 2019

The Office of the County Auditor has reviewed Animal Services cash and credit card sales activity and the amounts to be transferred from the Illinois Funds account to the County Treasurer for the months of February through June 2019.

Results

Credit card receipts of \$91,630 from February through July 2019 should be transferred from the Illinois Funds account to the County Treasurer.

Objective

The County Auditor will perform a series of procedures designed to review the processing of credit card activity for the relevant months, reconciliation of the bank statements and allocation of the interest income and bank fees among the revenue accounts in order to determine the amounts to be transferred to the Treasurer.

Background / Audit Scope

DuPage County Animal Services accepts cash, checks and credit cards as forms of payment for the various fees and services provided. The funds generated from these fees and services are deposited with the County Treasurer and credited to the Animal Services special revenue fund. The credit card receipts are processed through a service bureau (currently JetPay) and deposited into a non-interest-bearing clearing account at the Illinois National Bank (INB). The INB account maintains a daily \$1,000 balance and was initially established with funds withheld from credit card receipts. The credit card processing fees are deducted from the INB account and paid to the card processor service bureau each month. On a daily basis, credit card receipts are swept from the INB account to an interest-bearing account at the Illinois Funds, which is a local government investment pool administered by the Illinois State Treasurer. The credit card receipts remain on deposit

with the Illinois Funds until an authorization to transfer funds to the County Treasurer is initiated by Animal Services.

In recent years, internal audits of the reconciliation process have indicated that transfers from the Illinois Fund account to the Treasurer were often delayed by several months. It was recommended in those audits that funds be transferred by the 10th of the month following deposit with Illinois Funds.

In February 2019, the staff member responsible for the bank reconciliations went on leave due to a family emergency and has subsequently separated employment with the County. No credit card receipts have been transferred from the Illinois Funds to the County Treasurer for the months of February 2019 through July 2019. The Animal Services Operations Manager requested assistance from the County Auditor's Office to reconcile the accounts and determine the amounts to be transferred.

The procedures included verifying that the transactions affecting the bank accounts were appropriate and the transfer of funds to the County Treasurer were made on a timely basis. The Auditor also reviewed the cash/check transactions processed by Animal Services to determine that they were deposited with the County Treasurer on a timely basis.

Audit Findings

Timeliness of Cash Deposits

During the audit period, it was noted that deposits of cash and checks with the County Treasurer were more timely than in previous months.

Deposits Pending

An analysis of the daily receipt transactions of Animal Services was performed by the County Auditor. Listed below are the monthly credit card receipts that should be transferred from the Illinois Funds account to the DuPage County Treasurer:

February	\$20,125.40
March	\$ 9,300.56
April	\$15,094.75
May	\$26,053.64
June	<u>\$21,056.12</u>
Total	\$91,630.47

These amounts represent revenues that have not been recorded in the Lawson ERP general ledger. It is important that the revenues are recorded on a timely basis to facilitate proper internal control and evaluation of operations. Further, the existence of large amounts of funds outside of the control of the County Treasurer increases the risk of loss.

Allocation of Interest and Fees

The appropriate information regarding the allocation of the interest earned and the processing fees incurred on the credit card sales will be provided to the Finance Department to adjust the accounts in the general ledger.

Staffing Concerns

It has previously been noted that the staff traditionally assigned to perform the accounting activities within Animal Services have not had the education nor the professional experience necessary for a multi-million dollar enterprise. Considering that Animal Services is a special revenue fund with a significant budget and numerous daily cash and credit transactions requiring maintenance and analysis of voluminous data, it is recommended that Animal Services management consult with the Human Resources Department to evaluate the skills required for the position and adjust the job description and requirements.

Audit Recommendations

- It is recommended that the transfer of the indicated credit card receipts from the Illinois Funds to the County Treasurer be initiated;
- Previous internal audits noted that Animal Services does not charge any fees for credit card transactions. This recommendation is repeated; and,
- It is recommended that future staffing of the accounting role be evaluated to provide adequate skills in the accounting function of Animal Services.

If you have any questions, please contact me.

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cc: County Board
Sheryl Markay, Chief Policy and Program Manager
Joan Olson, Chief Communications Officer
Paul Rafac, Chief Financial and Administrative Officer