



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

To: Hon. Sean Noonan, Chairman
DuPage County Emergency Telephone System Board (ETSB)

ETSB Members

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

Subject: Internal Audit of Accounts Payable
#19-95

Date: November 5, 2019

The Office of the County Auditor has completed a limited scope internal audit of the transaction processing of ETSB invoices submitted for payment. The audit identified twelve exceptions that required correction by the ETSB and Finance Department.

All but two invoices submitted have been reviewed and released for payment by the County Auditor. The results of the audit are presented below.

Results

My Office has performed voucher pre-audit procedures for the invoices submitted for approval by the ETSB at the November 12, 2019 Board Meeting. The invoices listed on the Bank Account Payment History Report dated November 1, 2019 have been examined and are recommended for payment. The total amounts of the expenditures are:

- FY2019 Equalization Fund (4000-5820) \$1,660,663.58

Twelve exceptions were identified by the County Auditor.

An Office Depot invoice for \$30.49 was submitted to the Finance Department with an incorrect account code on the authorization label. The ETSB corrected the account code which was entered into the accounts payable system by the Finance Department.

Two AT&T invoices totalling \$1,204.46 were entered into the accounts payable system with an incorrect date. The Finance Department corrected the date from 2019 to 2018 on the two invoices.

A Verizon Wireless invoice for \$374.12 listed a credit balance from April 2019. There was no explanation for the credit balance included with the supporting documentation for the invoice. The ETSB stated that a payment for a different ETSB Verizon account had been misapplied to this account by the vendor. The vendor was in the process of correcting the error so that both accounts should have the proper amount due on the invoices for the December pay list.

Four Motorola Solutions, Inc. invoices totalling \$33,088.92 were entered into the accounts payable system with an incorrect purchase order line number. The Finance Department corrected the line number on the four invoices.

The ETSB had received a credit adjustment from AT&T that was due to a pricing error. As a result of the allocation of the credit adjustment, AT&T invoice number S667122122-19052 had a zero balance which prevented it from being entered into the accounts payable system. It was agreed that the credit adjustment amount on AT&T invoice number S667122122-19021 would be increased (reducing the invoice amount due from \$1,253.38 to \$643.10) and the credit adjustment amount on invoice number S667122122-19052 would be decreased (increasing the invoice amount due from \$0 to \$610.28) so that both invoices could be entered into the accounts payable system. The ETSB resubmitted the invoices with corrected amounts to the Finance Department and they were entered into the accounts payable system.

At the October ETSB meeting, a \$650,000 payment to Intergraph Corporation was not approved because the vendor had not successfully completed milestone #4A. During October 2019, the vendor completed the milestone and invoice number DUPG2 MS#4A for \$650,000 was resubmitted to the Finance Department for payment. The resubmitted invoice was missing a separate payment entry and was disapproved by the Auditor. The Finance Department subsequently corrected the entry in the accounts payable system.

Two AT&T invoices could not be approved because there were insufficient funds available in vendor agreement 2710-0001 SERV. The ETSB will obtain a change order to increase the available funds in the vendor agreement and the invoices will be reviewed by the Auditor for the December pay list.

In addition to the above exceptions, the ETSB identified an AT&T invoice that had been approved for payment on the September 27, 2019 pay list but had been posted to the wrong purchase order line resulting in an incorrect account code of 4000-5820-54100 (IT Equipment) for the invoice. The ETSB contacted the Finance Department which corrected the purchase order line and posted the invoice amount to the proper account code 4000-5820-53250 (wired communication services).

Objective

The County Auditor will perform a series of procedures designed to evaluate the internal controls involved in the processing of transactions in the accounts payable system. The actual procedures performed will depend upon the County Auditor's assessment of risks associated with the transactions.

Background/Audit Scope

Invoices and the related supporting documentation are initially prepared and submitted for payment processing by County departments to the centralized accounts payable function administered by the Finance Department.

The County Auditor performs audit procedures on the payment documentation after the information has been entered into the accounts payable system by the Finance Department. These procedures include reviewing the scanned images of the invoice and supporting documentation and comparing it to the information entered into the system. Significant discrepancies noted between the supporting documentation and the information recorded in the system are identified by the County Auditor as exceptions. In these situations, the County Auditor notifies the Finance Department of the problem. When the discrepancies are resolved, the County Auditor approves the invoice.

A Bank Account Payment History Report is generated by the Finance Department after the invoices have been approved and the County Auditor verifies that each of the recommended payments was properly posted to the County's General Ledger.

Audit Findings and Recommendations

The County Auditor audited 61 invoices submitted for payment, twelve exceptions were identified.

The Finance Department should verify that the information written on the invoices match the data entered into the accounts payable system prior to forwarding invoices to the County Auditor for review and payment recommendation.

Some of the exceptions identified by the County Auditor resulted from a delay in updating the ERP financial information. The ETSB is commended for using the system as designed, however the lack of timely updates meant that the balances were not up-to-date when the ETSB submitted the invoices for payment. It is suggested that the Finance Department should upload the approved ETSB invoices entered into the MHC system into the Lawson ERP system whenever transactional activity occurs and match purchase order invoices on the same frequency to ensure that the expenditure and purchase order data relied upon by County departments is timely and accurate in the Lawson ERP system.

The ETSB should verify that purchase order amounts entered by the Finance Department are accurate and include all costs of service for the contract term.

The ETSB should continue to regularly review available ERP reports and real-time transaction information to monitor the progress of invoices submitted for payment to preclude the potential for duplicate or incorrect payments.

Thank you for your continued assistance.

cc: Linda Zerwin, Executive Director
Paul Rafac, Chief Financial and Administrative Officer