



OFFICE OF THE COUNTY AUDITOR

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To: Paul Rafac, Chief Financial and Administrative Officer
Nick Kottmeyer, Director of Public Works

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

Subject: Limited Scope Internal Audit of Erroneous Invoice Entry
#19-98

Date: November 19, 2019

The Office of the County Auditor has completed a limited scope internal audit of the transaction processing of invoices submitted for payment. The audit identified a potential overpayment of \$102,421.48. The results of the audit are presented below.

Results

The County Auditor identified a potential overpayment in the amount of \$102,421.48 payable to the Wheaton Sanitary District. An invoice for \$97.52 was erroneously entered into the MHC system as \$102,519.00 by the Accounts Payable Division of the Finance Department. The invoice was subsequently approved for payment by the Deputy Director of Facilities. The County Auditor identified the potential overpayment during the claims pre-audit process and disapproved the invoice for payment.

Objective

The County Auditor will perform a series of procedures designed to evaluate the internal controls involved in the processing of transactions in the Enterprise Resource Planning (ERP) 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 payment information has been entered into the MHC system by the Finance Department accounts payable staff. Additionally, the hardcopy supporting documentation is scanned into an image linked to the payment information. The audit procedures include reviewing the submitted documentation and comparing it to the information entered into the MHC system. Significant discrepancies noted between the supporting documentation and the information recorded in the MHC system are identified by County Auditor staff as

exceptions. In these situations, the invoice recorded in the MHC system is “disapproved” by the County Auditor until the exception is resolved.

A Wheaton Sanitary District invoice in the amount of \$97.52, dated October 25, 2019 for water service at the County Jail was properly prepared by the Facilities Management Department and submitted to the Finance Department Accounts Payable Division for payment processing. It was entered into the MHC Accounts Payable system by the Finance Department with an incorrect invoice amount of \$102,519.00. It appears that the invoice date was erroneously typed into the invoice amount field. Subsequent to the entry, the invoice was electronically routed to the Facilities Management department and approved by the Deputy Director of Facilities on November 13, 2019.

On November 19, 2019, during the performance of voucher audit procedures, the County Auditor’s Office noted the discrepancy and disapproved the invoice for payment.

There are no internal controls designed into the MHC system to prevent the overpayment of an invoice due to a data entry error. The system relies on the accuracy and vigilance of the accounts payable staff to correctly enter the information into the system from the invoice. After the invoice is entered into the system, a secondary control is performed by an authorized staff member of the originating department to compare the electronic entry to the invoice and supporting documentation. Following this approval, the document is routed to the County Auditor’s Office for a final review.

In this situation, the County Auditor’s Office identified the \$102,421.48 discrepancy after it had been approved by the submitting department. The invoice has been disapproved for payment by the County Auditor and returned to the Finance Department for correction.

Recommendations

It is recommended that the Accounts Payable Division of the Finance Department correct the amount of the Wheaton Sanitary District invoice to \$97.52 in the MHC system (document number 117882).

It is recommended that the Accounts Payable Division thoroughly review all invoices entered into the MHC system to identify data entry errors prior to routing the invoices to the submitting department for payment approval.

Authorized approvers in the submitting departments should be diligent about reviewing the invoice and supporting documentation and comparing it to the entry in the MHC system before electronically approving the invoice for payment.

Please notify Chief Deputy Auditor Balgemann when the correction of the invoice amount has been processed.

Attachment



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tim.harbaugh@dupageco.org Assigned: 11/12/2019 Approved: 11/13/2019	CountyAuditorVoucherPreAudit@dupageco.org Assigned: 11/13/2019 Final Reminder Sent
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Address 2	Vendor Address 3	Vendor Address 4	Vendor City	Vendor State	Vendor Zip	Invoice #	Invoice Amount	Invoice Date	Post Date	Date Received	Due Date	Invoice
			CAROL STREAM	IL	60197-4490	027573-000	102519.00	10/25/2019	11/12/2019	11/07/2019	11/24/2019	PMT 10

PAYMENTS RECEIVED SINCE LAST BILLING \$79.48

CURRENT CHARGES	BILLABLE USAGE	X	RATE	+	BASE CHARGE	=	AMOUNT
SEWER	19	X	4.51	+	11.82	=	\$97.52

TOTAL CURRENT CHARGES **\$97.52**

PAST DUE BALANCE \$79.48

PENALTIES/ADJUSTMENTS \$0.00

TOTAL DUE BY 4:30 PM ON 11/19/2019 **\$177.00**

TOTAL DUE AFTER 11/19/2019 **\$185.85**

DETACH AND RETURN BOTTOM STUB WITH YOUR PAYMENT IN THE ENCLOSED ENVELOPE TO ASSURE PROPER CREDIT

DETACH HERE PAYABLE TO WHEATON SANITARY DISTRICT DETACH HERE



WHEATON SANITARY DISTRICT
 Mailing: P.O. Box 1389 • Wheaton IL 60187-1389
 Physical: 19649 Shaffner Road • Wheaton IL 60189
 Phone: (630) 688-1515 / Fax: (630) 688-5536
 Email: billing@wsd.dst.il.us; Website: www.wsd.dst.il.us

ACCOUNT NUMBER: 027573-000
 SERVICE ADDRESS: 501 N COUNTY FARM RD



TOTAL AMOUNT DUE BY 11/19/2019 **\$177.00**

TOTAL AMOUNT DUE AFTER 11/19/2019 **\$185.85**

AMOUNT PAID **97.52**