



OFFICE OF THE COUNTY AUDITOR

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To: Hon. Greg Schwarze, Chairman
DuPage County Emergency Telephone System Board (ETSB)

ETSB Members

From: Bill White, J.D. *WFW*
County Auditor

Subject: Internal Audit of Accounts Payable
#22-25

Date: July 5, 2022

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 three exceptions that required correction by the ETSB and the Finance Department.

All 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 July 13, 2022 Board Meeting. The invoices listed on the Bank Account Payment History Report dated July 1, 2022 have been examined and are recommended for payment. The total of the expenditures is:

- FY2022 Equalization Fund (4000-5820) \$450,516.20

Three exceptions were identified by the County Auditor.

A Motorola Solutions, Inc. invoice for replacement batteries in the amount of \$1,427.88 was submitted by ETSB for payment on service agreement 5524-0001 SERV. The Finance Department entered the invoice in the MHC system under the service agreement; however, the invoice was dated prior to the service agreement effective date. The invoice was disapproved by the County Auditor on June 21, 2022. The ETSB requested that the invoice be paid non-encumbered. The Finance Department re-entered the invoice in the MHC system as non-encumbered and resubmitted it to the County Auditor. The County Auditor recommended the invoice for payment on June 22, 2022.

A Motorola Solutions, Inc. invoice for monthly maintenance charges in the amount of \$39,455.16 was entered into the MHC system by the Finance Department as \$39,445.16. The invoice was disapproved by the County Auditor on June 10, 2022. The Finance Department corrected the entry and resubmitted the invoice to the County Auditor for approval the same day. The County Auditor recommended the corrected invoice for payment on June 10, 2022.

An Eola Power LLC invoice for monthly preventive UPS maintenance charges in the amount of \$700 was entered into the MHC system by the Finance Department as \$400. The invoice was disapproved by the County Auditor on June 10, 2022. The Finance Department corrected the entry and resubmitted the invoice to the County Auditor for approval the same day. The County Auditor recommended the corrected invoice for payment on June 10, 2022.

In addition to the above exceptions, the following were noted:

A payment for Motorola Solutions, Inc. invoice number [REDACTED] in the amount of \$116,375.18 for radio consoles and a 5-year warranty was voided on June 3, 2021, due to complications and project delays, as reported in the June 30, 2021, Audit Report #21-65. The issues were resolved, and a replacement invoice dated June 10, 2022, for \$116,375.18 was submitted by the ETSB. The County Auditor recommended the invoice for payment on June 22, 2022.

A Rave Mobile Safety invoice for software licenses in the amount of \$119,200 was coded to the incorrect account, as reported in the May 4, 2022, Audit Report #22-14. Follow-up procedures performed by the County Auditor verified that a budget transfer and Change Order was processed to change the account code for service agreement 5162-0001 SERV.

An Intergraph Corporation (Hexagon Safety & Infrastructure) invoice for \$113,079.75 for service agreement 1914-0001 SERV had an incorrect account coding on the purchase order line, as reported in the May 4, 2022, Audit Report #22-14. After discussion with the Finance Department and the ETSB, it was determined that a new account code for capitalized software costs was needed. Follow-up procedures performed by the County Auditor verified that the new account code was created and the invoice amount moved to the new account code.

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 28 invoices submitted for payment, three exceptions were identified.

The ETSB should verify the completeness and accuracy of invoices prior to submission to the Finance Department for entry into the ERP and MHC systems.

The Finance Department should verify the completeness and accuracy of invoices entered into the ERP and MHC systems prior to forwarding to the County Auditor for review and payment recommendation.

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
Jeff Martynowicz, Chief Financial Officer