



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
#21-98

Date: January 4, 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 or 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 January 12, 2022 Board Meeting. The invoices listed on the Bank Account Payment History Report dated December 28, 2021 have been examined and are recommended for payment. The total amount of the expenditures is \$1,133,932.63 posted to the following fiscal years:

- | | |
|--|--------------|
| • FY2021 Equalization Fund (4000-5820) | \$146,790.68 |
| • FY2022 Equalization Fund (4000-5820) | \$987,141.95 |

Three exceptions were identified by the County Auditor.

An AT&T invoice for ADI monthly access charges in the amount of \$1,968.41 was submitted by ETSB with the incorrect amount of \$3,047.38. The Finance Department entered the incorrect amount in the MHC system. The invoice was disapproved by the County Auditor on December 10, 2021. ETSB submitted a revised invoice to the Finance Department and the amount was corrected in the MHC system to \$1,968.41. The County Auditor recommended the invoice for payment on December 13, 2021.

A Lilly Consulting LLC invoice for 9-1-1 training in the amount of \$8,000 for vendor agreement 5371-0001 SERV matched out of tolerance due to an incorrect service code associated with the purchase order. The Procurement Division of the Finance Department corrected the service code on December 16, 2021. The invoice was deleted from the Lawson ERP system and re-entered into MHC by the Finance Department. The County Auditor recommended the invoice for payment that same day.

The ETSB used FedEx shipping services in September 2021 in the amount of \$244.08. A journal entry was done to transfer the cost from the Finance Department to ETSB. However, it was charged to the 52200 Operating Supplies & Materials account instead of the 53804 Postage & Postal Charges account. This error has not yet been corrected.

In addition to the three exceptions, the County Auditor discussed the following two General Ledger transactions with ETSB and Finance Department personnel:

A credit in the amount of \$117,405.23 posted to the 54110 Equipment and Machinery account on November 29, 2021. ETSB stated that this was an insurance settlement to reimburse ETSB for the cost of seventeen radios purchased in January 2021 from Motorola Solutions, Inc. to replace radios damaged in a fire. The reimbursement reduced the FY2021 expenditures for the 54110 Equipment and Machinery account.

A \$429.99 reimbursement payable to Linda Zerwin for a one-year renewal of the ETSB domain certificate was paid on October 29, 2021, from the FY2021 budget, but was actually for FY2022. On November 23, 2021, a journal entry was made to credit 4000-5820-53600 Dues & Memberships for \$429.99 and debit 4000-9102-14001 Prepaid Expenses. On December 2, 2021, a journal entry was made to debit 4000-5820-53600 Dues & Memberships \$429.99 and credit prepaid expenses. The journal entries properly reduced the FY2021 expenditures for account 53600 and increased the FY2022 expenditures for account 53600.

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 50 invoices submitted for payment, three exceptions were identified.

It is recommended that the Finance Department correct the journal entry for the \$244.08 FedEx charges. The journal entry should be reversed and re-entered as Postage & Postal Charges with a credit to 1000-1150-53804 and a debit to 4000-5820-53804.

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