



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
#22-11

Date: April 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 six exceptions that required correction by 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 April 13, 2022 Board Meeting. The invoices listed on the Bank Account Payment History Report dated April 1, 2022 have been examined and are recommended for payment. The total of the expenditures is:

- FY2022 Equalization Fund (4000-5820) \$250,095.83

Six exceptions were identified by the County Auditor.

An AT&T invoice for monthly service charges in the amount of \$6,067.64 was entered into the MHC system by the Finance Department with the wrong account information in the description. The invoice was disapproved by the County Auditor on March 16, 2022. The Finance Department corrected the description and resubmitted the invoice to the County Auditor for approval. The County Auditor recommended the invoice for payment the same day.

An AT&T invoice for monthly service charges in the amount of \$904.18 was originally approved by the County Auditor on March 16, 2022. After approval, the County Auditor noticed that it was entered into the MHC system by the Finance Department with the wrong account information in the description. The County Auditor notified the Finance Department on March 16, 2022. The Finance Department corrected the description that same day; however, the purchase order line could not be corrected without deleting the invoice. Since this will not impact the proper payment of the invoice, the purchase order line description was left unchanged.

An AT&T invoice for monthly service charges in the amount of \$1,816.25 was entered into the MHC system by the Finance Department on the wrong purchase order line for vendor service agreement 2031-0001 SERV. The invoice was also entered into the MHC system by the Finance Department without a “Y” entry, indicating a separate check is required for proper account payment application. The invoice was disapproved by the County Auditor on March 28, 2022. The Finance Department corrected the entry and resubmitted the invoice to the County Auditor for approval. The County Auditor recommended the corrected invoice for payment the same day.

A ComEd invoice for monthly service charges in the amount of \$1,147.24 was entered into the MHC system by the Finance Department with the wrong invoice date. The invoice was disapproved by the County Auditor on March 24, 2022. The Finance Department corrected the date and resubmitted the invoice to the County Auditor for approval. The County Auditor recommended the invoice for payment the same day.

A DuPage Public Safety Communications (Du-Comm) invoice for monthly radio maintenance charges in the amount of \$3,600 for vendor agreement 1071-0001 SERV matched out of tolerance due to an incorrect purchase order line entered for the invoice which had insufficient funds available. The invoice was deleted from the Lawson ERP system and re-entered into MHC by the Finance Department under the correct purchase order line on March 16, 2022. The County Auditor recommended the invoice for payment on March 17, 2022.

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 30 invoices submitted for payment, six exceptions were identified.

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.

It is recommended that the ETSB include purchase order line numbers on the authorization label to preclude errors made when entering the purchase order line number for an invoice into MHC.

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.

As reported in the March 1, 2022, Audit Report #22-08, a Finance Department invoice for FedEx shipping services dated December 1, 2021, included an ETSB charge in the amount of \$407.19. A journal entry was done to transfer the cost from the Finance Department budget appropriation to the ETSB; however, the wrong expenditure account was used. Follow-up procedures verified that the \$407.19 journal entry was reversed and re-entered using the correct accounts, as recommended by the County Auditor.

Thank you for your continued assistance.

cc: Linda Zerwin, Executive Director
Jeff Martynowicz, Chief Financial Officer