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2015 Circularization for Unknown Bank Accounts

Background

Resolution No. 15-277, passed unanimously by the Kane County (County) Board on October 13, 2015, authorizes the Auditor in cooperation with the Treasurer and Finance Director to undertake an investigation to search for unidentified bank accounts and make a formal inquiry of all area banks to disclose any accounts opened or closed by the governmental agencies described in the resolution.

State statute 55 ILCS 5/3-1005 authorizes the Auditor to “maintain a continuous internal audit of the operations and financial records of the officers, agents and/or divisions of the county. As such, the Auditor shall have access to all records, documents, and resources necessary for the discharge of this responsibility”.

Furthermore, Kane County Financial Policy authorizes only the Treasurer to establish financial accounts. All other offices and departments must seek the approval of the County Board to establish financial accounts.

Financial Institutions accepting funds from Kane County governmental agencies other than the Treasurer are required to notify the Finance Director anytime an account is opened or closed.

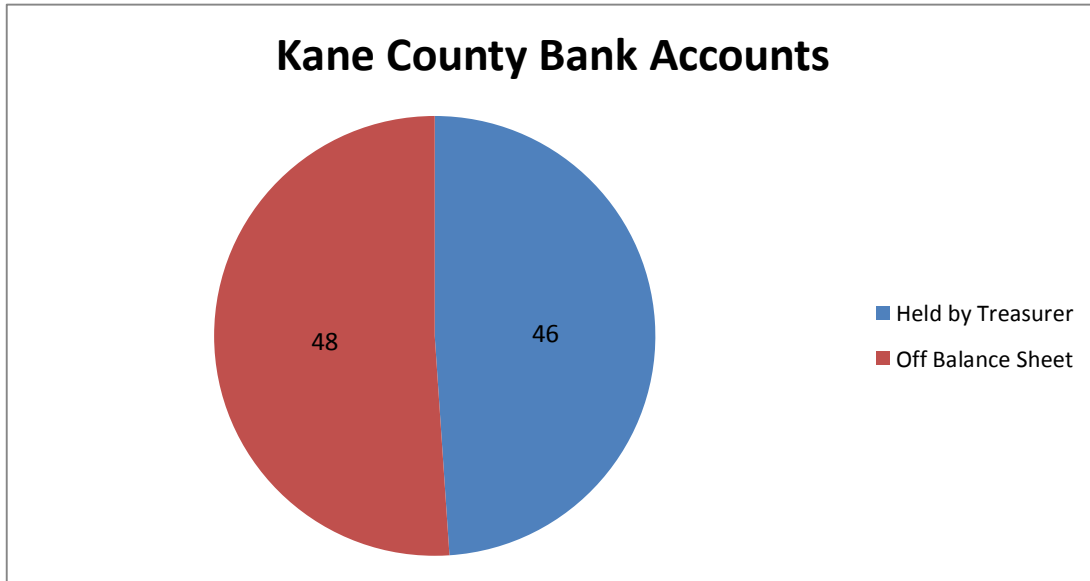
Summary of Procedures Performed

The County Auditor’s Office contacted seventy four (74) financial institutions that have branches in the County of Kane. The purpose of the inquiry was to determine the existence of unknown accounts opened in the name of County of Kane by any person, elected official, or department head.

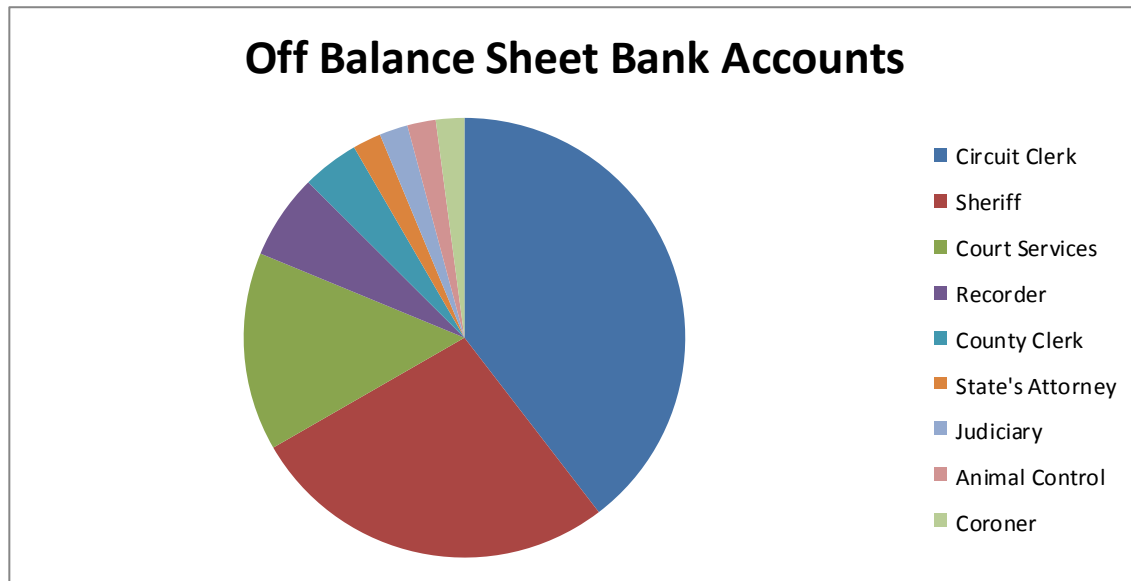
These positive confirmation requests asked the financial institutions to reply to the Auditor with the names, account numbers, and account balances of existing bank accounts as of October 31, 2015.

“Second Request” mailings were sent to institutions which did not reply to the initial request. In addition, information was sought in regard to mergers and closures of banks and/or branches which did not respond, or where the original mailing came back “Return to Sender”.

The following represents the current, reported Kane County bank accounts divided between those accounts held by the Treasurer and Off Balance Sheet Bank Accounts:



Further, the breakout of the above Off Balance Sheet Bank Accounts by department/office is as follows:



Findings

Our search found seven (7) accounts not previously known or reported. The accounts are as follow by department/office:

- KaneComm - Old Second Bank

- Kane County Regional Office of Education (ROE)
 - Kane County Education Services/VALEES – Old Second Bank
 - Kane County Regional Office of Education – American Bank & Trust
 - Kane County ROE– Oak Brook Bank/MB Financial (Chkg)
 - Kane County ROE - Oak Brook Bank/MB Financial (MMkt)

- Sheriff's Office
 - "CRT" – The Private Bank & Trust
 - Southeast Kane County Triad – Old Second Bank

Recommendations and Management Response

Recommendation: The above accounts are currently operating under the County's tax identification number, but not communicated to the Finance Department to be included in reporting. **Recommendation is to either (1) include these accounts in the County's reporting as agency accounts or (2) have the accounts re-established under their own, independent tax identification number.**

Management Response: The Finance Department agrees with this recommendation. If any of these bank accounts still have the County's FEIN at year end, the Finance Department will work with the offices involved to incorporate these bank accounts into the County's financial statements.

The Auditor's Office would like to thank the Finance Department, and the Treasurer's Office, as well as the other departments and offices with Off Balance Sheet Bank Accounts, for their cooperation.



Terry Hunt
Kane County Auditor



Andrea Rich
Deputy Auditor