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Human Resources Management Executive Director – Transition Audit

Background

Under statute 55 ILCS 5 section 6-31005 – Funds managed by “County officials” – the County Auditor is required to complete a transition audit of all funds and accounts under the management / control of the “County official.” The County Auditor must present the prepared and filed audit report to the Chairman of the County Board no later than 180 days after the “County official” left office. “County official” in this section means:

“[...] any elected county officer or any officer appointed by the county board who is charged with the management or control of any county funds”

The “County official” in transition is the Executive Director of Human Resources. Ms. Shelia McCraven (predecessor) stopped working April 11, 2017, but was employed through July 1, 2017. Ms. Sylvia Wetzel was appointed into office on May 9, 2017 and started on May 10, 2017 (successor).

The Executive Director of Human Resources manages the following funds:

- 001.120 – Human Resources (*Governmental Fund – General Fund*)
- 010.120 – Insurance Liability Fund (*Governmental Fund – Special Revenue Fund*)
- 246.120 – Employee Event Fund (*Governmental Fund – Special Revenue Fund*)
- 246.120.135 – Employee Event Fund (*Governmental Fund – Special Revenue Fund*)
- 727.120 – Employee Events (*Fiduciary Funds – Agency Trust Fund*)

The transition period under review is March 2017 – September 2017.

Audit Procedures

Performed the following audit procedures:

1. Notified the predecessor of the transition audit and gave the predecessor the opportunity to discuss any matters
2. Validated the list of funds for completeness
3. Performed a physical observation of assets owned / allocated to Human Resource Management (HRM)
4. Reviewed the fund activity during the transition period
 - a. Cash collected / revenue earned
 - b. Expenses incurred
5. Reviewed changes made to processes and procedures during the transition period

Results:

1. Confirmed that the predecessor received the letter of notification, but did not provide a response.
2. Through inquiries with the HRM and the Finance department, validated that the list of funds listed above are complete. Noted that the Employee Event Fund (246) was created during the transition period in response to the *Agency Fund Internal Audit Report* results published April 18th, 2017. The fund was created and set up by the Finance Department. HRM department was not involved in the creation of the fund. Since conception of the fund (246), no activity has occurred through September 30, 2017. All fund related activities and balances are still maintained in fund Employee Event (727).
3. Inquiring with HRM and the Finance department and inspecting HRM department records, validated that the funds listed above do not have petty cash, inventory, or capital assets recorded / allocated to the HRM department or under the Executive Director's control.

Inquiring with HRM and the Purchasing department and inspecting Fifth Third Procurement Card Master statement, confirmed that no employees from HRM maintained an active procurement card during the transition period.

Inquiring with the HRM and the Finance department, the HRM department does not have any capital assets recorded as of November 30, 2016 and no new capital purchases were requested during the transition period.

Performed physical observations over IT equipment and noted minor differences, which the IT department is investigating. Although differences were noted, confirmed with the IT department that no missing IT equipment was reported missing from the HRM department during the transition period.

A list of furniture and equipment listing of assets with cost value between \$500.00 - \$9,999.99 is not maintain by the HRM department, and as such no procedures were performed to validate existence of assets.

4. *Cash collected / Revenue earned*

Employee Event Fund (727) records cash and investment activities, which only the Treasurer's Office controls and allocates to respective funds. Furthermore, confirmed that the HRM department does not have any bank accounts open. As the HRM department, is not in control of these accounts and does not have its own bank account open, no further procedures are performed, as this process is deemed out of scope for this audit.

Insurance Liability Fund (010.120) records revenue. The HRM department receives revenue in the form of refunds and miscellaneous reimbursements from insurance and vending machine companies. Noted that the process changed during the transition period. Instead of the Treasurer's Office depositing and posting these refund checks, HRM is now depositing and posting the checks. Validated that the predecessor was not and the successor is not involved in the process. As this is a process the HRM department performs, and is not directly a function of the Executive Director, no further procedures were performed.

Other funds do not record or collect cash / revenue. Passed on further procedures.

Expenses

Reviewed the funds expense activities and investigated the unusual activities during the transition period. Transactions that were considered unusual were reviewed and deemed appropriate County transactions.

While the HRM department does not have a procurement card, it does borrow Purchasing's card to make purchases. Reviewed the Purchasing Department's procurement card activity and noted all purchases, during the transition period, were appropriately allocated to the HRM department and supported.

5. During the transition period, there were a number of changes to processes and procedures affecting daily operations of the HRM department. Further review of these processes and procedures were deemed out of scope.

Employee headcount in the department reduced from seven full time employees, including the Executive Director, to four full time employees and two temporary staff. Only three of the six full time employees worked under the predecessor and continue to work for the successor.

New agreements and resolutions affecting fund activity were properly approved at the Human Services Committee meetings and County Board meetings. No other agreements outside this process were noted.

No additional processes and procedures changes, other than the ones mentioned in this report, affected the Executive Director's ability to manage her funds.

Conclusion:

No adverse findings were noted, and as such deemed the transition of control / management of funds appropriate.

The Auditor's Office would like to thank the departments of Human Resource Management, Information Technology, and Finance, as well as the Treasurer's Office for its time and cooperation throughout this audit.



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