

OFFICE OF THE KANE COUNTY AUDITOR
TERRY HUNT, KANE COUNTY AUDITOR

ANDREA RICH
CHIEF DEPUTY AUDITOR

MARGARET TODD-CAVE
STAFF AUDITOR



719 S.BATAVIA AVENUE
GENEVA, ILLINOIS 60134

630-232-5915
630-208-3838 (FAX)

April 18, 2017

Tax Sale Automation Fund Internal Audit

Background

The Tax Sale Automation Fund has been established in accordance with 35 ILCS 200/21-245:

The county collector in all counties may assess to the purchaser of property for delinquent taxes an automation fee of not more than \$10 per parcel. In counties with less than 3,000,000 inhabitants:

- (a) The fee shall be paid at the time of the purchase if the record keeping system used for processing the delinquent property tax sales is automated or has been approved for automation by the county board. The fee shall be collected in the same manner as other fees or costs.*
- (b) Fees collected under this Section shall be retained by the county treasurer in a fund designated as the Tax Sale Automation Fund. The fund shall be audited by the county auditor. The county board, with the approval of the county treasurer, shall make expenditures from the fund (1) to pay any costs related to the automation of property tax collections and delinquent property tax sales, including the cost of hardware, software, research and development, and personnel and (2) to defray the cost of providing electronic access to property tax collection records and delinquent tax sale records.*

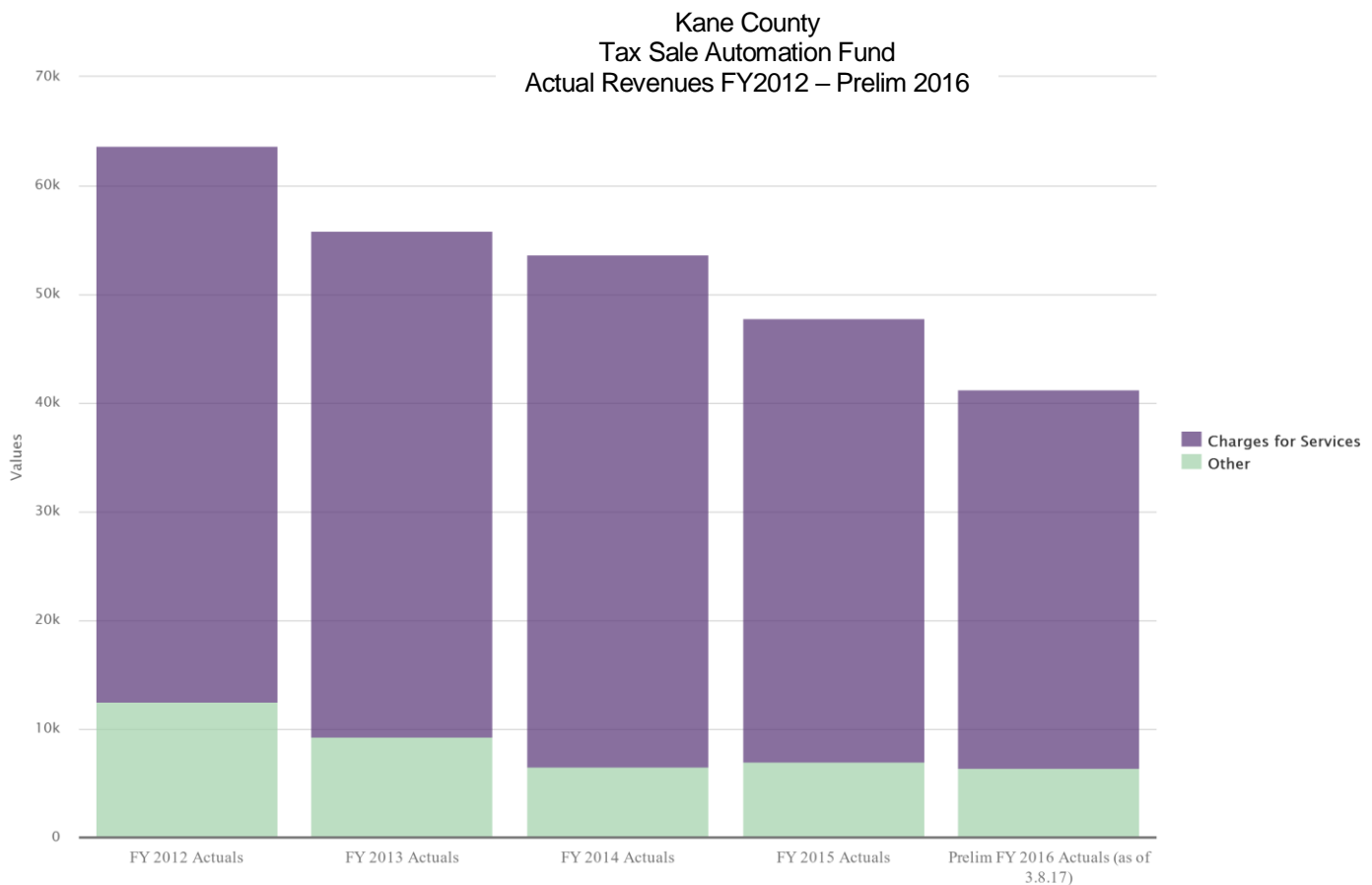
Pertinent points are:

- Fees shall be retained by the Treasurer in a fund designated as the Tax Sale Automation Fund.
- The fund shall be audited by the County Auditor.
- Expenditures shall be for the automation of property tax collections and delinquent property tax sales or to defray the cost of providing electronic access.

Types of revenue are described below and illustrated in the chart that follows:

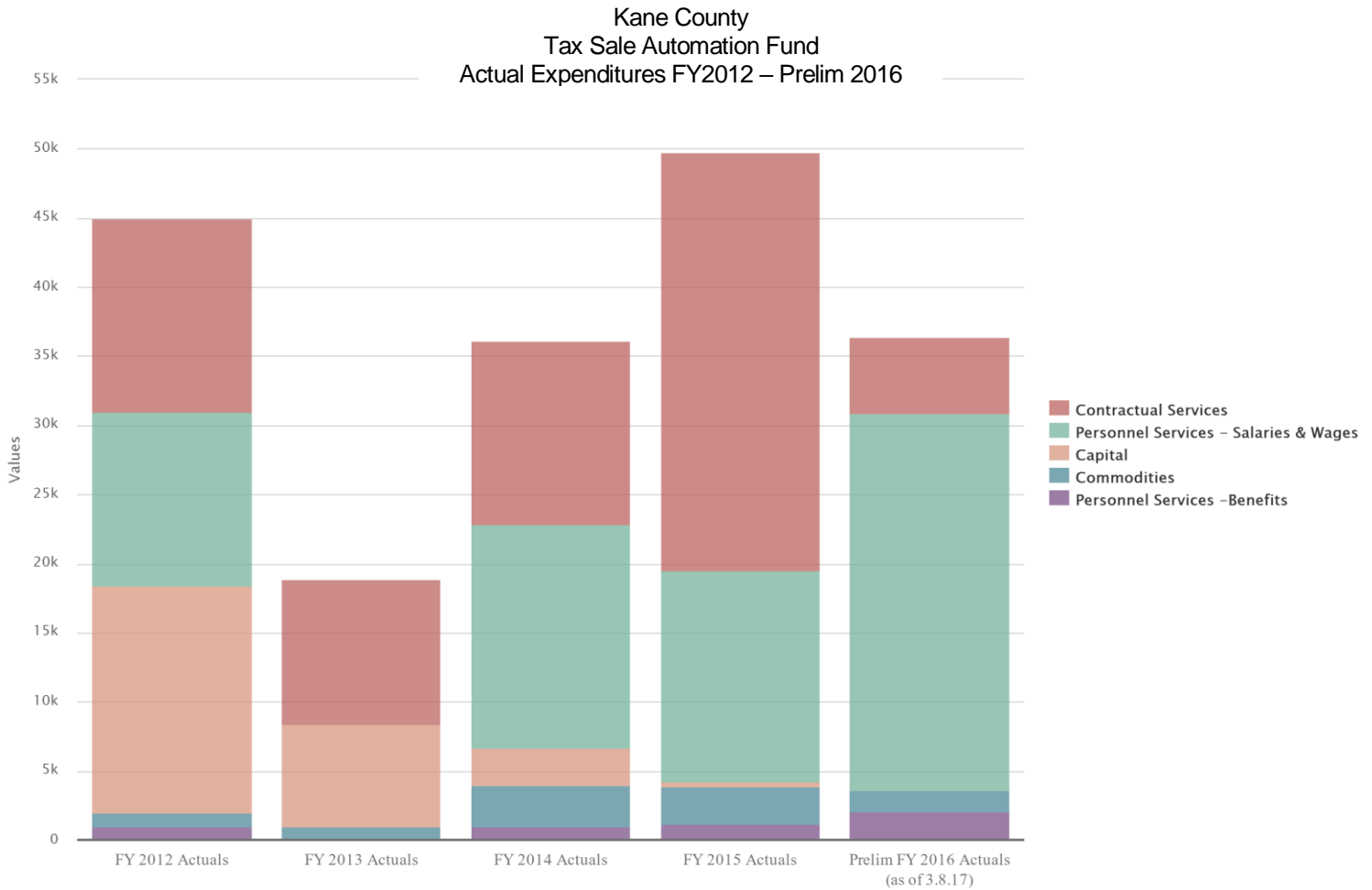
- Charges for Services (indicated in purple on the chart) consist of the following:
 - **Electronic Information Services Fees** are received from the mortgage companies' third party to obtain property tax data electronically.
 - **Tax Sale Automation Fees** is the \$10 fee stated in the statute above for delinquent property tax sales as well as tax sale bidder registration fees.
 - **Miscellaneous Fees** are the \$2 fee to supply duplicate, paper tax bills.
 - **Unclaimed Fees** represent the abandoned portion of unclaimed funds retained by the Treasurer. Per 765 ILCS 1025/11, the Treasurer holds unclaimed funds for seven years, retains those \$5 or less and submits remainder to the state annually.
- Other (indicated in green on the chart) consists of NSF fees for property tax payments, investment income and miscellaneous other income.

Following are revenues for the fund for the last five fiscal years:



The decrease in revenue is primarily driven by a decrease in delinquent property tax sales.

Following are expenditures for the fund for the last five fiscal years:



The majority of expenses in the fund are personnel related – salary and benefits, training, association dues, etc. Contractual Services consist of printing costs. Capital costs have historically been for small automation improvements such as a currency counter, printers, and coin sorter.

Scope and Testing

The following testing was performed:

- Reviewed processes and accounts with appropriate personnel.
- Performed fluctuation analysis for 2011 Actuals through 2016 Preliminary Actuals and 2017 Amended Budget.
- Agreed revenue to supporting documentation.
- Randomly selected 13 invoices paid in 2016 and reviewed for proper approval, supporting documentation, general ledger coding, proper period and allowable expense per the statute.

Findings and Recommendations

Recommendation – As noted in the Treasurer/Collector Internal Audit report, there appear to be some data entry errors in entering invoices. The g/l code recorded on the hard copy invoice does not match the g/l code entered into NWS. In the case of the Tax Sale Automation Fund, legal printing costs were charged to the fund that were intended to be charged to the general fund. **Recommend matching the g/l code on the hard copy invoice to the g/l code entered into NWS.**

Management Response – We will review budget allocation processes.

The Auditor's Office wishes to express our appreciation to Treasurer Rickert and his team for their time and cooperation in the conduct of this audit.

Sincerely,



Terry Hunt – Kane County Auditor



Andrea Rich – Chief Deputy Auditor