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**EXECUTIVE DIRECTOR OF BUILDING MANAGEMENT**  
**OPERATIONS TRANSITION AUDIT**

Under Illinois State Statute 55 ILCS 5 / 6-31005 – *Funds managed by County officials* – the County Board is required to engage a transition audit of all funds and accounts under the management / control of the county official. The audit report must be prepared and filed to the Chairman of the County Board no later than 180 days after the county official leaves office.

A County official is “[...] *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 Building Management Operations.

The position was held by Mr. Donald Biggs (predecessor) from July 2015 through August 20, 2018. On September 11, 2018, the Kane County Board unanimously agreed on the Chairman’s appointment of Mr. Rickey Sparks (successor). County Board Chairman, Christopher Lauzen, and Director of Building Management, Richard Griffith, Sr., were in charge of the funds during the vacancy.

The Office of Kane County Auditor was engaged to complete the transition audit.

**TIMELINE**

Termination date	8/20/2018
Report due date	2/16/2019

## **BACKGROUND**

The Executive Director of Building Management Operations manages the Facilities Department, the Mill Creek Special Service Area (SSA), and part of the Countywide Capital Projects. The position is charged with the management and / or control of eleven (11) County funds:

<b>Governmental Fund (11)</b>
<i>General Fund (9)</i>
001.080.080 – Building Mgmt - Government Center
001.080.081 – Building Mgmt - Judicial Center
001.080.082 – Building Mgmt - Juvenile Justice Center
001.080.083 – Building Mgmt - North Campus
001.080.084 – Building Mgmt - Aurora Health
001.080.085 – Building Mgmt - Old Courthouse
001.080.086 – Building Mgmt - Sheriff Facility
001.080.087 – Building Mgmt - Transportation (INACTIVE)
001.080.088 – Building Mgmt - ROE Office & Supplies
<i>Special Revenue Fund (1)</i>
520.690.730 – Mill Creek Special Services Area, Development
<i>Debt Service Funds (0)</i>
<i>Capital Projects Funds (1)</i>
500.800.805 – Capital Project.Other-Countywide Expenses
<i>Permanent Fund (0)</i>
<b>Proprietary Funds (0)</b>
<b>Fiduciary Funds (0)</b>

Kane County Facilities Management Department oversees the operation of 950,000 square feet of County buildings and grounds at eight (8) locations. Its mission is to provide a safe, healthy, and comfortable environment conducive to Kane County Government Operations. The department's average headcount is thirty (30) positions: one (1) Executive Director, one (1) Mill Creek SSA Service Associate, two (2) Administrative Assistants, one (1) Director of Building Management, two (2) Custodial Staff, one (1) Jail Maintenance Supervisor, seven (7) Jail Staff positions, eight (8) Maintenance Staff, three (3) Mail Room Staff, and four (4) Judicial Center Staff. Of the thirty employees, three (3) positions report directly to the Executive Director: Director of Building Management, Mill Creek Senior Associate, and an Administrative Assistant. The Executive Director presents the Facilities Department monthly report in the Administrative Committee and is a non-voting participate of the Committee.

Mill Creek SSA, established in 1994, provides administrative services for maintenance, planning and management to the Mill Creek Planned Unit Development (PUD), which consists of approximately 1,600 acres and 2,200 dwelling units in Blackberry and Geneva Townships. The services included are funded through a tax levy paid by the residents for the sole use within the boundaries of the PUD. The Executive Director is an active participate / advisor, but a non-voting member, of the Mill Creek Advisory Board.

The Executive Director along with the Executive Director of Information Technologies co-manage the Countywide Capital Projects schedule, also known as the five-year capital improvement plan (CIP). The

program includes policies and plans for acquisition, maintenance, replacement, and retirement of capital assets. The Administration Committee monitors the CIP activity monthly, and the County Board approves the CIP budget annually. Both Executive Directors present monthly updates on their respective CIPs to the Administrative Committee.

## **AUDIT PROCEDURES**

The Auditor's Office performed the following audit procedures, over the agreed transition period (February 2018 to October 2018):

1. Inquire with predecessor and the newly appointed Executive Director
2. Validate County assets assigned to predecessor are properly returned
3. Perform a physical observation of County assets owned / allocated to the Facilities Department, Mill Creek SSA, and Countywide Capital Projects
  - a. Petty cash
  - b. Off balance sheet accounts
  - c. Inventory
  - d. Capital assets (equal to or greater than \$10,000)
  - e. Fixed assets (valued between \$500.00 - \$9,999.99)
  - f. Information technology equipment
  - g. Assets owned by others
4. Review the fund activity during the transition period
  - a. Cash received / revenue earned
  - b. New contracts / agreements approved
  - c. Expenses incurred
  - d. Budget
5. Review the predecessor's paychecks
6. Other observations noted

## **RESULTS**

1. Contacted the predecessor for an opportunity to discuss any matters regarding the transition audit, however, no comment was provided.

Inquired with the successor.

2. The predecessor was assigned a County cell phone, i-Pad, laptop, and vehicle. Confirmed the cell phone, i-Pad and laptop were returned to IT on his last day of employment. The vehicle was turned over to the Department. He was issued a procurement card, which was subsequently cancelled.

3. The Facilities Department, the Mill Creek Special Service Area (SSA), and part of the Countywide Capital Projects funds do not hold petty cash, own bank accounts outside of the Treasurer, maintain a list of inventory, or possess physical assets from others.

*Capital assets (equal to or greater than \$10,000)*

A list of capital assets is maintained for the Facilities Department funds and the Countywide Capital Projects fund, but not for Mill Creek SSA fund.

An updated fiscal year 2018 capital asset list was not available during the transition period, as the capital asset is updated annually in conjunction with the CAFR report and has not yet been prepared. Therefore the fiscal year 2017 list was used to performed physical observations.

The Executive Director is responsible for ninety (90) capital assets. Facilities Department is assigned seventy-seven (77) assets: one (1) building, twenty-three (23) building improvements, thirty-four (34) machinery and equipment, and nineteen (19) vehicles. Countywide Capital is assigned thirteen (13) assets: two (2) buildings, one (1) vehicle, six (6) building improvements, and four (4) machinery and equipment. Reviewing the detailed capital list, noted that eleven (11) assets list the predecessor as the “Responsible Employee”

**RECOMMENDATION #1:** Update the capital list to remove the former Executive Director’s name from the assets.

**MANAGEMENT’S REPOSE #1:**

Rickey Sparks, Executive Director of Building Management will work with whichever internal department to have the former Executive Director’s name removed from the Capital Assets list.

Observed the full population of capital assets classified as vehicles. Twenty (20) vehicles were listed but only sixteen (16) vehicles were observed. After further investigation, two (2) vehicles were auctioned and disposed of during the transition period and should be properly excluded from the FY2018 capital list. The other two (2) vehicles are currently decommissioned, however, neither the “*County Vehicle Evaluation Form*” nor the “*Surplus Property Disposal Form*” have been completed and should be included in the FY2018 capital list.

All other assets were excluded from the physical observation, as the assets related to building improvements and machinery and equipment that could not be validated because assets were not tagged and / or descriptions were not detailed enough to properly validate existence of the asset purchased.

Furthermore, testing of new additions, disposals, and / or transfers during the transition period was not completed, as the information was not available during the transition period.

*IT assets*

Obtained a list from IT and performed a physical observation. Differences were found. IT investigated the differences and agreed. Majority of the differences related to the accuracy of the list maintained by the IT department. Two (2) assets, original purchase price being less than seven hundred (\$700) dollars, could not be found or observed, as such these assets IT has classified as missing / stolen.

*Fixed assets (valued between \$500.00 - \$9,999.99)*

Obtained a list of fixed assets valued between \$500 - \$9,999.99 for the Facilities Department only. Inspected the invoices of the assets purchased during the transition period and noted the assets were properly included on the list and properly excluded from the capital asset list. Noted a list of assets outside of the transition period was / is not maintained, as such further testing could not be completed to validate completeness of the list.

4. *Cash received / revenue earned*

The Facilities Department and Countywide Capital Project funds do not generate revenue or collect cash. Furthermore, employees do not have access to these functions within NWS.

Mill Creek SSA fund is the only fund, under the control of the Executive Director, that generates revenue through property tax levies, which are approved annually by the County Board. Neither the Executive Director nor his agencies are involved in process of determining the tax levy or collecting the tax levy, as such pass on further review.

*Contracts / agreements approved*

As the Executive Director is an authorized agency to enter agreements on behalf of the County, contracts and agreements entered into during the transition period were reviewed. Below is a high-level summary of the number of contracts entered into during the transition.

<b>Contracts approved</b>			
<b>Timing</b>	<b>Facilities</b>	<b>Mill Creek</b>	<b>Capital Projects</b>
<b>Predecessor February 1 - August 20</b>	4	1	6
<b>Vacant August 21 - September 11</b>	0	5	1
<b>Successor September 12 - October 31</b>	1	1	0

New agreements and resolutions affecting fund activity were properly approved at the respective standing committee meetings and County Board meetings. No other agreements outside this process were noted.

## *Expenses*

The Executive Director is responsible for reviewing invoices and approving invoices for payment from his funds. For invoices from Facilities Department and Countywide Capital Projects, the Executive Director approves invoices greater than thirty thousand (\$30,000) dollars, and for Mill Creek he approves all invoices. During the transition period, both the Director of Building Management and the County Board Chairman reviewed and approved invoices.

As the Executive Director can approve his own charges, reviewed the predecessor's Personal Expense Vouchers (PEVs) requests and procurement card transactions during the transition period. All expenses appeared to relate to County business.

Significant vendor invoices paid by these funds had corresponding active contracts and / or County Board approval.

## *Budget*

Multiple budget adjustments were requested during the transition period. Three (3) resolutions were approved amending the CIP budget relating to fiscal year 2018 for combining multiple year phases of the project into one year for a cost saving opportunity. The fourth resolution related to an adjustment made to add a new project to the CIP schedule. All resolutions were drafted and presented by the predecessor and appropriately approved by County Board. There was one (1) resolution for a fiscal year 2017 Facilities Department budget adjustment. The department was over budget and requesting additional funds to pay for the remaining FY17 related expenses. No budget adjustments were proposed for the Mill Creek fund and the Facilities Department funds for fiscal year 2018 during the transition period and are operating within budget.

5. As the Executive Director is responsible for reviewing and approving payroll hours, reviewed the predecessor's paychecks. No exceptions were noted while inspecting the paychecks issued during the transition period and validated there were no additional paychecks issued subsequently to his termination date. Further, his last paycheck was paid out timely and in line with his final approved Personnel Action Form (PAF).
6. Other observations noted:
  - The predecessor left the County to work for a major vendor of the Facilities Department. To eliminate conflict of interest / independence issues, the successor and the vendor mutually agreed not to let the predecessor be involved in the County's activity / account.
  - The successor changed the invoice approval processes for Facilities Department. He now approves all invoices greater than one thousand (\$1,000) dollars.
  - The Facilities Department is tasked with entering into and renewing lease agreements for County property. It further is responsible for billing and collecting rent payments from the leasee.

**RECOMMENDATION #2:** The function of entering into leases, renewing leases, and billing / collecting rent payment should be assigned to another agency, who has a better working knowledge of lease agreements and NWS access to perform the financial responsibilities.

**MANAGEMENT'S REPOSE #2:**

Rickey Sparks, Executive Director of Building Management is in agreement with the County Auditor's assessment that this function should not be part of Building Management's role. However, when Building Management proposed moving this function to another department, it was not accepted.

- On February 11, 2019, the County Board approved (Resolution #19-32) a fiscal year 2018 budget adjustment of \$283,762 for the Facilities Department fund.


**CONCLUSION**

The transition of control / management of funds is deemed appropriate, as no adverse findings were identified.

The Auditor's Office would like to thank all those who assisted us in our review. Your cooperation and generous assistance is greatly appreciated.

Regards,

OFFICE OF THE KANE COUNTY AUDITOR



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