

The seal of Kane County, Illinois, is a large, light gray watermark in the background. It features a central diamond shape with a smaller diamond inside it, and a banner below the diamond with the date "JAN. 16, 1836". The words "SEAL OF THE COUNTY OF KANE" are written around the top and sides of the seal, and "STATE OF ILLINOIS" is written at the bottom. The seal has a decorative border with small triangles and dots.

OFFICE OF THE KANE COUNTY AUDITOR
Penny Wegman, Kane County Auditor

**Kane County
Risk Assessment**

August 17, 2021

Kristin Jenkins
Deputy Auditor

Margarita Guerrero
Michael Trendell
Staff Auditors

719 S. Batavia Ave, Geneva, IL 60134
(630) 232-5915

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Kane County Risk Assessment

Introduction

The Auditor's Office has recently performed a risk assessment of 27 auditable units consisting of 13 County Departments run by Elected Officials and 14 County Departments run by Non-Elected Department Heads. The Auditor's Office has utilized the results of the risk assessment to develop an audit plan for fiscal year 2022. Development of the assessment was based on various risk factors to the County. An Internal Control Questionnaire was developed and this questionnaire was distributed to the Leaders of the 27 Kane County Departments.

Purpose

The Auditor's Office performed the County-Wide Risk Assessment in accordance with the Institute of Internal Auditor's (IIA) Standard 2010 of the International Professional Practices Framework (IPPF) of Internal Auditing which states:

The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization's goals. The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually.

Risk Assessment Methodology

Risk Assessment, as defined by the IIA, is a systematic process for assessing and integrating professional judgements about probable adverse conditions and/or events. Risk is defined as the possibility of an event occurring that will have an impact on the achievement of objectives.

The Auditor's Office developed a questionnaire to compile information on the County's Departments to identify risk concerns. Topics of the questionnaire included:

- FY 2021 Budgeted Amount
- Department Head Count
- Policies & Procedures
- Cash Receipts
- Petty Cash
- Travel and Personnel Expense Vouchers
- Purchasing & Requisitioning
- Purchasing Card
- Payroll
- Information System Security
- Fixed Assets
- Fraud Indicators

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Risk Factors were developed using IIA Guidance, historical knowledge of Kane County Government and best practices in internal auditing.

The Auditor’s Office calculated each Department’s Risk Factor Score based on the results received from the questionnaires and prepared a Department Risk Ranking. To calculate each department’s final Risk Assessment Score, The Auditor’s Office placed the following percentage weight on each factor:

Risk Factors	Percentage
Purchasing/Online Requisitioning	15.00%
Budget (# Employees)	12.50%
Budget (\$ Amount)	12.50%
Fraud Indicators	10.00%
Payroll	10.00%
Purchasing Card	10.00%
Cash Receipts	5.00%
Fixed Assets	5.00%
Information System Security	5.00%
Petty Cash	5.00%
Policies and Procedures	5.00%
Travel & PEV's	5.00%
TOTAL	100.00%

Once the Auditor’s Office rated the various risk factors, the Internal Control Questionnaire results were weighted to arrive at a composite risk score for each County Department, which was used to prioritize the 2022 Audit Plan.

Outstanding Risk Assessments

As of the date of this report, the Auditor’s Office received 26 of the 27 questionnaires, for an overall response rate of 96%. The State’s Attorney Office has not completed or returned the questionnaire despite repeated requests from the Auditor’s Office.

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Risk Score Legend

Risk Score Legend	
Priority	Risk Score
High	31% to 52%
Medium	20% to 30%
Low	10% to 29%

Department Risk Score Rankings

Departments Risk Score				
Rank	Department	Elected or Non-Elected Office	Risk Score	Risk Ranking
1	Sheriff	Elected	52%	High
2	Public Defender	Non-Elected *	38%	High
3	Community Reinvestment	Non-Elected	38%	High
4	Court Services	Non-Elected *	38%	High
5	Judiciary	Non-Elected *	36%	High
6	Transportation	Non-Elected	33%	High
7	Building Management	Non-Elected	33%	High
8	Information Technologies	Non-Elected	31%	High
9	Health	Non-Elected	30%	Medium
10	Circuit Clerk	Elected	27%	Medium
11	Development	Non-Elected	25%	Medium
12	County Clerk	Elected	25%	Medium
13	Supervisor of Assessments	Non-Elected	23%	Medium
14	Animal Control	Non-Elected	22%	Medium
15	County Board	Elected	22%	Medium
16	Finance	Non-Elected	21%	Medium
17	Treasurer	Elected	20%	Medium
18	Human Resource Management	Non-Elected	20%	Medium
19	Law Library	Non-Elected *	19%	Low
20	Kane Comm	Non-Elected	18%	Low
21	Environmental Management	Non-Elected	16%	Low
22	Coroner	Elected	16%	Low
23	Recorder	Elected	13%	Low
24	Auditor	Elected	12%	Low
25	Merit Commission	Non-Elected	11%	Low
26	Veterans	Non-Elected	11%	Low
27	State's Attorney	Elected	UNK	UNK

**Non-Elected, but falls under the purview of the Elected Chief Judge*

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Audit Plan

The Auditor’s Office does not strictly schedule audits only for the departments with the highest-ranking risk scores. Other factors affecting the audit plan include Constitutional Allowances, Board priorities, prior audit results and the opportunity for greater impact in adding value to Kane County.

Department Detail

	Department	Elected or Non-Elected Office	Risk Score	2021 Budget	Head Count
1	Sheriff	Elected	52%	\$ 33,657,142	317
2	Public Defender	Non-Elected *	38%	\$ 4,261,852	49
3	Community Reinvestment	Non-Elected	38%	\$ 9,290,804	10
4	Court Services	Non-Elected *	38%	\$ 16,169,228	184
5	Judiciary	Non-Elected *	36%	\$ 4,065,504	108
6	Transportation	Non-Elected	33%	\$ 86,111,797	71
7	Building Management	Non-Elected	33%	\$ 5,754,558	30
8	Information Technologies	Non-Elected	31%	\$ 6,740,047	41
9	Health	Non-Elected	30%	\$ 15,454,743	76
10	Circuit Clerk	Elected	27%	\$ 7,578,607	105
11	Development	Non-Elected	25%	\$ 1,170,491	19
12	County Clerk	Elected	25%	\$ 4,042,261	36
13	Supervisor of Assessments	Non-Elected	23%	\$ 1,263,205	26
14	Animal Control	Non-Elected	22%	\$ 893,859	15
15	County Board	Elected	22%	\$ 6,869,441	28
16	Finance	Non-Elected	21%	\$ 1,209,526	11
17	Treasurer	Elected	20%	\$ 925,723	15
18	Human Resource Management	Non-Elected	20%	\$ 4,437,983	5
19	Law Library	Non-Elected *	19%	\$ 299,475	2
20	Kane Comm	Non-Elected	18%	\$ 2,307,645	21
21	Environmental Management	Non-Elected	16%	\$ 1,064,811	7
22	Coroner	Elected	16%	\$ 1,179,860	10
23	Recorder	Elected	13%	\$ 1,874,271	11
24	Auditor	Elected	12%	\$ 299,097	6
25	Merit Commission	Non-Elected	11%	\$ 98,472	4
26	Veterans	Non-Elected	11%	\$ 340,836	4
27	State's Attorney	Elected	UNK		

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Summary

This risk assessment will be used to determine the Audit Plan for the upcoming Fiscal Years. We are sharing the results of the Risk Assessment to maintain transparency. If a Department or Office has a “High Risk” score this simply means that their services provided or functions they are responsible for, by design, are high risk. A “High Risk” score does **not** indicate that Department or Office is being managed ineffectively or inefficiently. By nature, those Departments or Offices with higher budgets, headcount and revenues/expenditures will fall in at a higher risk. High risk areas may indicate opportunities for more internal control testing during our scheduled audits. The assessment identifies those areas with the highest risk factors, and those areas may benefit from added audit services.