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May 22, 2017

**Coroner Internal Audit**

**Background**

Many state statutes apply to the Coroner's Office, as enumerated on the Illinois Medical Examiners and Coroners website at <http://Coronersillinois.org>. For the purpose of this internal audit, the main applicable statutes are 55ILCS 5/Div. 3-3 Coroner and 55 ILCS5/Div. 4-7 Coroner's Fees. Pertinent sections are listed below:

*55 ILCS 5/3-3003. Duties of coroner. The county coroner shall control the internal operations of his office. Subject to the applicable county appropriation ordinance, the coroner shall procure necessary equipment, materials, supplies and services to perform the duties of the office. Compensation of deputies and employees shall be fixed by the coroner, subject to budgetary limitations established by the county board. Purchases of equipment shall be made in accordance with any ordinance requirements for centralized purchasing through another county office or through the State which are applicable to all county offices.*

*55ILCS 5/3-3014. ...The cost of all autopsies, medical examinations, laboratory fees, if any, and travel expenses of the examining physician and the costs of exhuming a body under the authority of subsection (c) of Section 3-3015 shall be payable from the general fund of the county where the body is found.*

*55 ILCS 5/4-7001. ...All fees under this Section collected by or on behalf of the coroner's office shall be paid over to the county treasurer and deposited into a special account in the county treasury. Moneys in the special account shall be used solely for the purchase of electronic and forensic identification equipment or other related supplies and the operating expenses of the coroner's office.*

The Kane County (County) Coroner's Office currently has eight full time office members: the Coroner, who is an elected official, and seven full time staff members. There are also three para-deputies employed as seasonal staff. A Collective Bargaining Agreement between the Policeman's Benevolent Labor Committee, the Kane County Coroner and the County of Kane (the agreement) was recently ratified. The agreement includes all

employees except for the following positions: Coroner, Chief Deputy Coroner, Compliance/Accreditation Manager (which is not a currently filled position) and other short-term employees. The new, current agreement covers the period from December 1, 2010 through November 30, 2017, but was not authorized by the County Board until March, 2017. The current contract expires at the end of fiscal year 2017. A new agreement will need to be reached to cover the upcoming fiscal year(s).

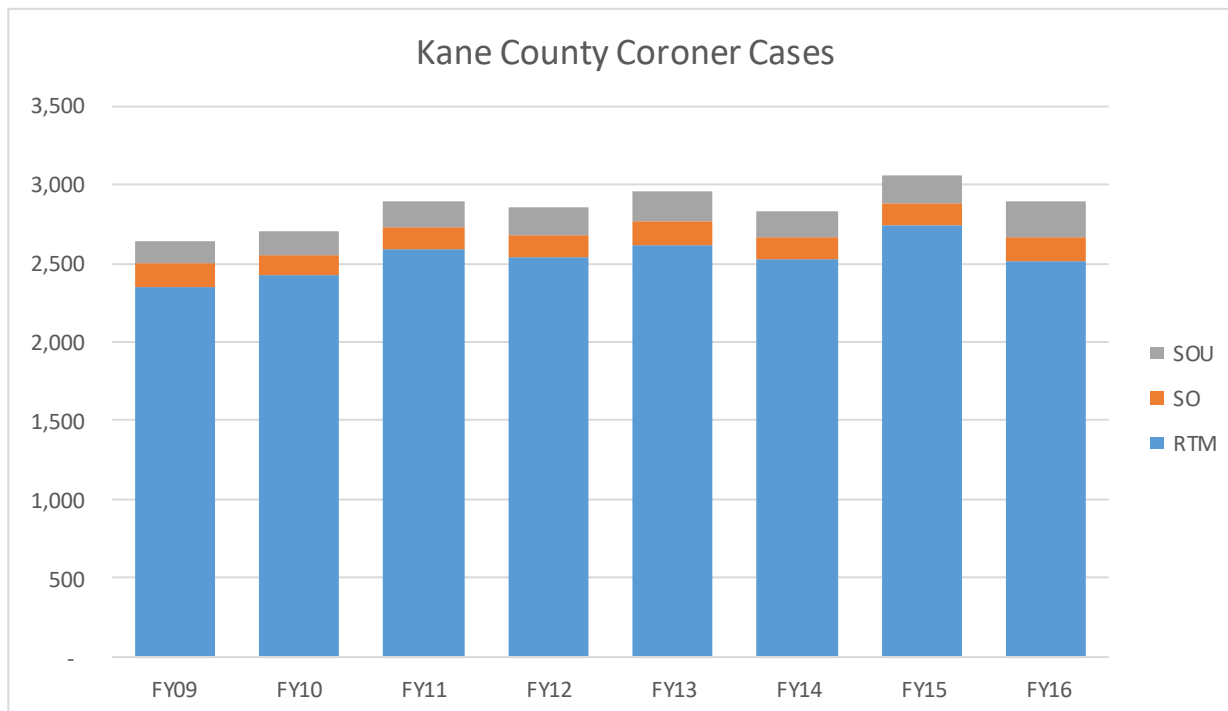
The Coroner’s Office classifies deaths in one of three categories - Return to Medical (RTM), Sign Out (SO) or Sign Out Unnatural (SOU). Definitions are as follow:

RTM – Reported natural deaths in which the death certificate is signed by the physician and requires minimal investigation by the Coroner’s Office.

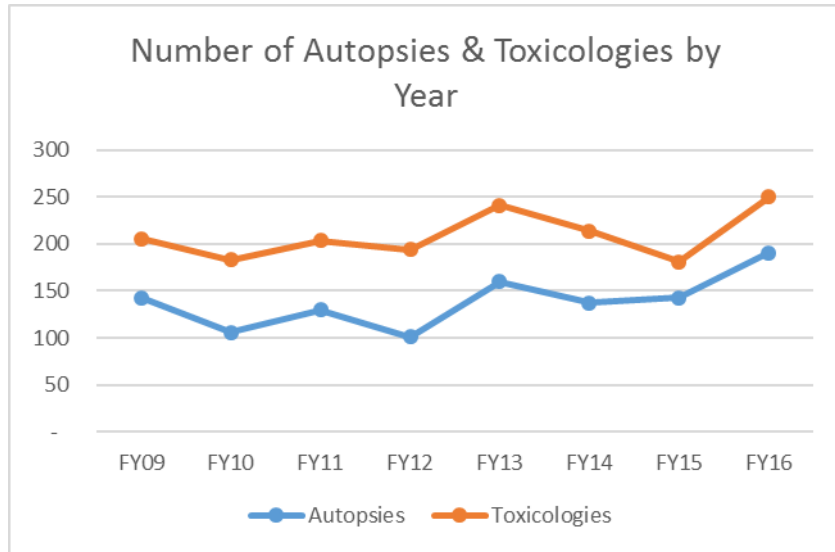
SO – Reported natural deaths in which there is no attending physician available to sign the death certificate but there is documented medical history. These cases require moderate investigation by the Coroner’s Office and may require that toxicology and/or an autopsy be conducted.

SOU – Reported deaths of a suspicious or unusual nature that require intensive and in-depth investigation by the Coroner’s Office to determine the cause of death and the manner of death is determined by the Coroner. These cases usually require toxicology and/or an autopsy to be conducted. Based on monthly data submitted to the County Judicial and Public Safety Committee, the following represents the Coroner’s classification of deaths within the County:

Following are the Coroner’s Office cases as reported to the County Judicial/Public Safety Committee:



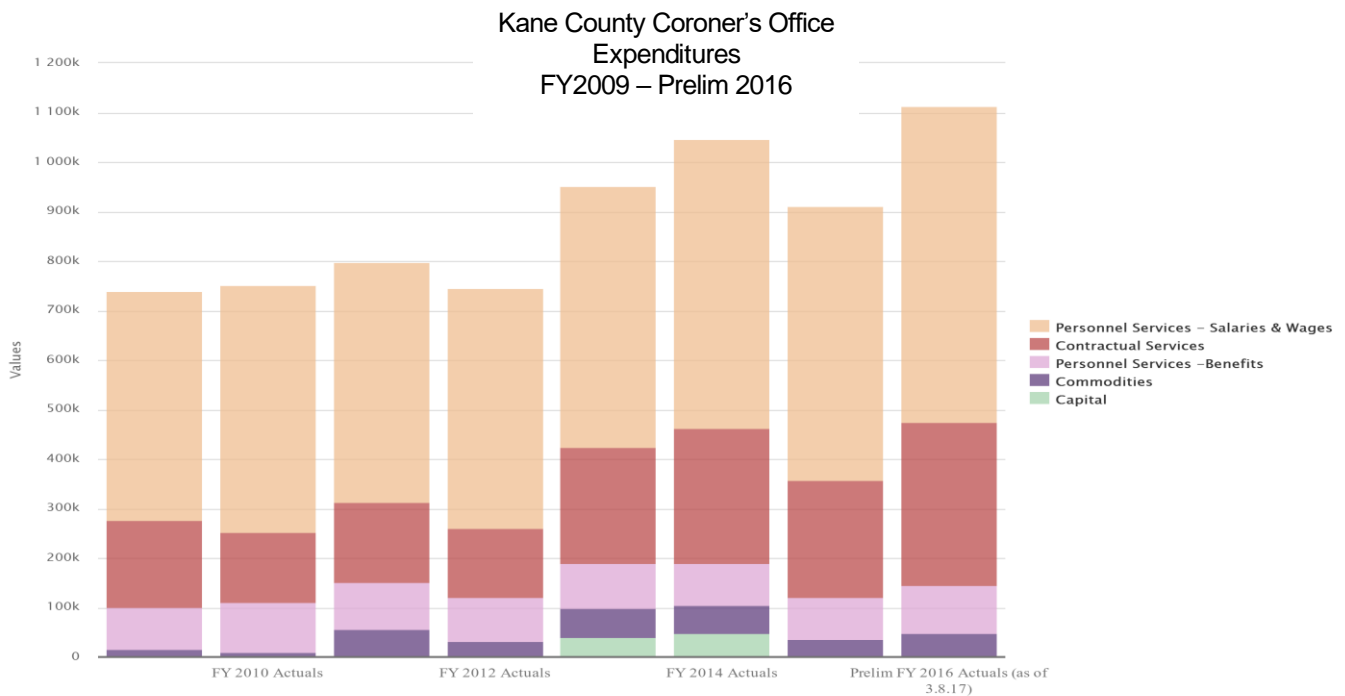
The following represents the number of autopsies and toxicologies per year as reported to the County Judicial/Public Safety Committee:



The major component of Contractual Services in the Coroner’s Office is autopsy and toxicology expense. The autopsy charge has increased from \$800 per case in 2010 to the current charge per case of \$1,125. Below illustrates the year over year change in contractual services expense:

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016 (Prelim)</u>
<b>Contractual Services</b>	\$ 175,530	\$ 142,298	\$ 160,306	\$ 139,006	\$ 234,610	\$ 272,218	\$ 235,436	\$ 329,039
<b>Inc/(Dec) vs Prior Yr</b>		\$ (33,232)	\$ 18,008	\$ (21,300)	\$ 95,604	\$ 37,608	\$ (36,782)	\$ 93,603
<b>% Change vs Prior Yr</b>		-19%	13%	-13%	69%	16%	-14%	40%

Following are the Coroner’s Office total expenditures for fiscal years 2009 through preliminary 2016:



## Summary of Procedures Performed

Audit procedures were performed for the Coroner's general fund (001.490) and Coroner Administration special revenue fund (289.490). The Coroner's Office also has the following funds currently classified as agency funds: Elder Fatality Review Team Fund (701), Child Abuse Prevention Fund (720), Coroner's Escrow Fund (713) and Coroner's Special Fund (719). The following procedures were performed:

- Met with Assistant Chief Deputy Coroner and collected background, processes and procedures.
- Performed five-year fluctuation analysis.
- Confirmed closing of bank account accepting credit card payments.
- Selected five payments to test process from billing to deposit and general ledger coding.
- Reviewed accounts receivable aging for NWS billings (other fees are maintained off-line).
- Obtained fixed asset listing from NWS and selected one non-vehicle fixed asset to physically inspect (vehicle observation is included in separate fleet audit). Additionally, obtained listing of office assets under \$10k and selected one line item to physically inspect.
- Selected 17 invoices from fiscal year 2016 to review for proper approvals, supporting documentation, g/l coding, cutoff and compliance with statute, where applicable. The statute on coroner's fees relating to the Coroner's Administration special revenue fund states that expenses may be for "the purchase of electronic and forensic identification equipment or other related supplies and the operating expenses of the coroner's office". "Other related supplies and the operating expenses" is interpreted as allowing all expenses incurred in running the Coroner's Office.
- Analyzed five year total spend by vendor and reviewed for applicable contracts.
- Reviewed agency funds to determine whether the fund is active or inactive.
- Met with State's Attorney's Office to highlight changes in compensation with the new labor agreement.

## Recommendations and Management Response

**Recommendation 1** – Through review of top vendor spend in the Coroner's Office, noted that the Coroner's Office has large annual spend with some vendors without a contract in place. Best practice for procurement of goods or services is to pursue quotes and/or proposals. At a minimum, a contractual agreement clarifies the terms of the agreement (e.g., compensation, services, etc.). Pathologist spend was \$226k in FY16 (\$196 Kalelkar and \$30k Filkins) and \$149k in FY15 (Kalelkar). Spend with NMS (toxicology) averages \$51k over the past four years. The Coroner's Office has expressed that there are limited options for qualified providers of these services. **While that appears to be accurate, limited options should not preclude a contractual agreement. It is recommended to pursue a contractual agreement with service providers in keeping with best financial practices.**

**Management Response** – We will take this into consideration and discuss with our forensic pathologist.

**Recommendation 2** – It is understood that elected officials are vested with “Internal Control” by statute, and are not required to obtain quotes. However, in accordance with best financial practices the pursuit of quotes from multiple vendors will often yield the most favorable price for products and/or services. Additionally, per 55 ILCS 5/3-3003, “purchases of equipment shall be made in accordance with any ordinance requirements for centralized purchasing through another county office”. The County’s Financial Policy states, “As to the County Sheriff and County Coroner, any purchase of equipment shall be made in accordance with all Kane County Code requirements relative to central purchasing.” Through the review of top vendor spend, noted the following vendor with spend greater than \$3k without quotes having been obtained:

- Financial consulting - \$10k in FY17, \$7k in FY16 and \$8k in FY14 (Ken Shepro)

**In general, it is recommended that pursuing quotes for expenditures in excess of the applicable threshold would allow the Office to obtain the best value while utilizing best financial practices.**

**Management Response** – As far as equipment, we are and have always followed the law and the ordinance. Due to the specific nature of some of our services, we are allowed to hire per state statute professional services without bidding because of the specific knowledge required. Ken Shepro has specific county operational knowledge as well as specific coroner’s office knowledge; thus, we entered into a contract with Ken Shepro.

**Recommendation 3** – The Coroner’s Office has several specific general ledger expense codes, such as cremation (50380), autopsies (50430), forensic expense (50440), toxicology (50450), x-rays (50470), lab services (50500) which allow the Coroner to effectively manage his office and for Finance to accurately account for the expenditures. In reviewing the general ledger coding as part of the invoice review, noted that invoices could be more coded more accurately and consistently. For example, neuropathological examinations and forensic dentist invoices were coded to autopsies when they would be more appropriately charged as forensic expense. Autopsy expenses have been inconsistently coded as autopsy expense, or contractual/consulting services or forensic expense. **Although the Coroner is not subject to line item budgetary review, it is recommended that through the consistent use of the correct general ledger expense codes for both budgeting purposes and actual expenditures the Coroner will have a more useful resource for managing his Office.**

**Management Response** – We will work with the Finance Department to be consistent in coding the expenses.

**Recommendation 4** – In the detail testing of the sample of invoices, noted two of the sample of 17 invoices were not recorded in the proper fiscal year period. One exception was for \$4,500 of autopsies, the other exception was for financial consulting services covering May 2014 through April 2016, with the total \$7,300 expensed in 2016. **Recommend requiring that vendors provide invoices in a timely manner to ensure that expenditures can be recorded in the proper fiscal year. Further it is recommended that no invoices**

**covering multiple fiscal years be approved by the Coroner, rather the vendor should be required to provide separate invoices for those charges to allow for proper allocation within accounting periods.**

**Management Response** – We will communicate with our vendors to submit invoices in a timely fashion.

**Recommendation 5** – The Coroner’s Office utilizes NWS to invoice funeral homes for body bags and cremation fees. Fees associated with FOIA requests for autopsy report copies, toxicology report copies, or other reports are invoiced off-line. In the review of accounts receivable, noted the following:

- Customers with credit balances exist. It is possible for billing discrepancies to occur, however they should be corrected as soon as is reasonably possible. Special arrangements with customers “to hold” credit balances to offset future charges is not a sound financial practice. **It is recommended a periodic review of customers with credit balances per performed at least annually, and those customers should be reimbursed.** The actual financial risk is not considered to be material. However, the risk associated with carrying credit balances is that (1) the credit balances can hide an accounts receivable aging issue and (2) the credit balances are not a receivable, but actually a liability. Some of the credit balances date back to 2007: Justen’s Wonder Lake Funeral Home \$50 (2007), Neptune Society Palatine \$100 (2014), Omega Ltd. \$50 (2007), Twin Pines Crematory \$40 (2007).
- On average for the past five years, 60% of receivables are current and 30% of receivables are greater than 90 days. **Recommend establishing an accounts receivable policy which may include guidelines for following up on aging receivables, writing off aging receivables, tracking of non-paying customers, and developing special payment terms (e.g., prepayment, etc.).** Write off is \$6k (for all invoices dated 2015 or earlier – greater than one year).

**Management Response** – We will meet with Finance to determine what we need to do for aging receivables, and developing special payment terms.

**Recommendation 6** – Reviewed agency funds in conjunction with the Agency Fund Internal Audit as well as a review of current transactions. Following is a brief history on the fund and any related recommendations:

- Elder Fatality Review Team Fund (701) – Additions to the fund have come from court orders in cases of elderly abuse. No activity has occurred in the account since 2009. The team is made up of representatives from the Department on Aging, coroners and/or medical examiners, State’s Attorneys, local police departments, local health departments, social service health care agencies, local hospital and health care providers. Loren Carrera, Kane County Chief Deputy Coroner, and Karen Engh, Kane County Assistant Chief Deputy Coroner, are the new co-chairman of the team.
- Coroner’s Escrow Fund (713) – The fund has no activity since 2012 other than the allocation of interest. As noted in the Agency Fund Audit Report, **recommend closing the fund, discontinuing the allocation of interest and transferring the balance (\$3k) to the Coroner’s Administration special revenue fund (289.490).**

- Coroner’s Special Fund (719) – This fund historically received death certificate surcharge grants from the state. In 2016, the account was closed with the balance transferred to the Coroner’s Administration special revenue fund (289.490). NWS doesn’t have the capability to mark an account as inactive in order to receive an alert when transactions attempt to hit the accounts. As a result, revenue was posted to the fund in FY17. As noted in the Agency Fund Audit Report, **recommend moving the activity to fund 289 and periodically monitoring all “closed” funds for activity incorrectly posted to a closed fund.**
- Child Abuse Prevention Fund (720) – The fund has no activity since 2008 other than the allocation of interest. The 2008 activity was a transfer to fund 719. As noted in the Agency Fund Audit Report, **recommend closing the fund, discontinuing the allocation of interest and transferring the minimal balance (\$23) to the general fund.**

**Management Response** – Again, we will work with the Finance Department to close the Coroner’s Escrow Fund (713) and Coroner’s Special Fund (719) and moving balances to 289 special revenue fund.

**Recommendation 7** – In fiscal year 2016, the County spent \$115k with Alarm Detection Systems, Inc. In the Building Management 2015 Internal Audit, it was recommended to combine all security budget and expense under Building Management in order for one party to interact with the vendor resulting in better cost control. **Recommend that the Coroner’s Office transfer the budget and associated expense for Alarm Detection Systems, Inc. to Building Management.**

**Management Response** – Due to this being a building management expense, we believe that these costs should be maintained by the Building Management Department and the monies should come from the General fund.

**Recommendation 8** – The Coroner’s Office spent \$8k in FY16, and \$4k in each of FY 15 and FY14 on vehicle repairs at Duke & Lee’s Service Corporation. Countywide, the County spends approximately \$50k in vehicle repairs performed by outside vendors. As recommended in the 2016 Purchasing Department Performance Audit, a countywide bid for vehicle repair, including insurance repair, should be conducted. **Recommend the Coroner work with the Purchasing Department to put together an RFP for vehicle repair.**

**Management Response** – We will work with the Purchasing Department regarding vehicle repair. However, Duke and Lee’s does good work and will accommodate our untimely need.

We would like to thank the Coroner's Office staff for their assistance in gathering the information and completing the audit in a timely manner.

A handwritten signature in cursive script, appearing to read "Terry Hunt".

Terry Hunt  
Kane County Auditor

A handwritten signature in cursive script, appearing to read "Andrea Rich".

Andrea Rich  
Chief Deputy Auditor