

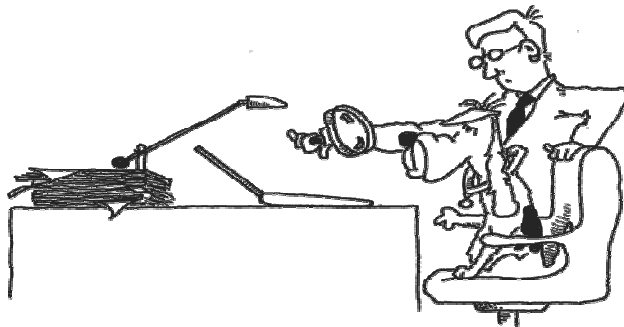
KANE COUNTY AUDITOR'S OFFICE
A U D I T W A T C H

JUNE 2012 ISSUE

Audit Watch is a report issued by the Auditor's Office which contains information of interest to county officials, employees and board members. This issue for the sixth month of the Fiscal Year 2012 is a supplement to the May 31, 2012 financial information prepared and issued by the Finance Department. As of May 31, 2012 county offices and departments would be at 50% of their budgeted expenditures. Allowing for a 3% threshold, the offices and departments listed on the second page of this newsletter are at or over 53% of budget expenditures.

- * Budget overages are based upon actual expenditures plus encumbrances in relation to the budget. Encumbrances in the Transportation Division, Building Management and other departments where noted represent commitments for future projects.
- * Debt Service expenditures are comparable with the prior year.
- * Details pertaining to other significant expenditures can be obtained from the Finance Department.

SEE PAGE TWO FOR COMPLETE LIST



SPECIAL POINTS OF INTEREST:

- *Next AP payment cycle dates are 7/2, 7/16. & 7/30.*
- *Next Payroll Dates are 6/22, 7/6 & 7/20.*
- *Print MasterCard statements the Monday before AP cut-off.*
- *Please put a note and highlight on PEV's for address change.*
- *PEV's are for employees use only and not for Contractors.*
- *All payables, including PEVs are due at 12:00 pm on the Tuesday before the AP payment cycle due date.*

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General Fund:		
Building Management	66%	44%
County Clerk	56%	50%
Regional Office of Education	61%	62%
Treatment Alternative Court	71%	37%
Juvenile Custody	59%	64%
Juvenile Justice Center	53%	44%
Elections	59%	44%
Special Revenue Funds:		
Operational Support	67%	85%
Riverboat	69%	79%
Motor Fuel Tax	75% (2)	74%
County Highway	54%	61%
County Bridge	70%	47%
County Highway Matching	99%	50%
Transportation Sales Tax	74% (2)	89%
CDBG	78%	32%
Home Program	80%	82%
Homeless Mgmt. Info Systems	65%	66%
Motor Fuel Local Option	73%	60%
Capital:		
Transportation Capital	76%	81%
Cap. Improve Bond Const.	64%	20%
Transit Sales Tax Bond Const.	91%	80%

- 1) ENTIRELY DUE TO ENCUMBRANCES
- 2) PRIMARILY DUE TO ENCUMBRANCES

THE ABOVE FINANCIAL INFORMATION IS **UNAUDITED**

Other:		
Savanna Lakes SBA	70%	n/a
Plank Road Estates SBA	117%	n/a
Exposition View SBA	730%	n/a
Aurora Area Impact Fees	74% (2)	3%
Greater Elgin Impact Fees	1415% (1)	133%
Northwest Impact Fees	66% (2)	4%
Tri Cities Impact Fees	135% (1)	115%
Upper Fox Impact Fees	56% (2)	5%
North Impact Fees	231% (1)	97%
South Impact Fees	143% (1)	0%
Enterprise Surcharge	78%	72%
Debt Service:		
Juvenile Justice Bonds Debt Serv.	100%	100%
Cap. Improve Bond Debt Serv.	71%	77%
MFT Bond Debt Serv.	81%	77%
Transit Sales Tax Debt Serv.	96%	0%
Adult Justice Fac. Debt Serv.	74%	71%

- 1) ENTIRELY DUE TO ENCUMBRANCES
- 2) PRIMARILY DUE TO ENCUMBRANCES

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Ethics:

After much discussion, a proposed ethics ordinance which included amendments was defeated by the County Board. A previously adopted Ordinance 10-206 with sections considered by the State's Attorney to be unenforceable would still be in effect. In this issue, we are identifying again the prohibited political activities of Ordinance 10-206.

- An employee shall not be required to (a) purchase tickets, solicit orders to purchase tickets, sell, distribute or receive payment for political tickets for any political fundraiser or campaign fund for a specific candidate for political office or (b) financially contribute to any political organization, political party, political rally, political fundraiser, political meeting or event.
- Political contributions shall not be intentionally solicited or accepted on County property by any employee or candidate for elective office. An inadvertent acceptance of a political contribution shall not be considered a violation of this ordinance if reasonable and timely action to return the contribution to its source.
- An officer or employee or a candidate for an elected office may not promise anything of value related to County government, including but not limited to positions in County government, promotions, salary increases, other employment benefits, board or commission appointments, favorable treatment in any official or regulatory matter, the awarding of any public contract, or action or inaction on any legislative or regulatory matter, in consideration for a contribution to a political committee, political party, or other entity that has as one of its purposes the financial support of a candidate for elective office.

Any employee who is requested or directed to engage in a prohibited political activity shall report such request or directive to the State's Attorney Office.



Auditor's Update:

New Audit Service:

An ongoing Audit objective is to find additional cost-effective ways to assure that taxpayer resources are used appropriately. We have been impressed with the results of "Hotlines" set up by other Illinois government units. The purpose of these Hotlines is to uncover instances of fraud, waste, and abuse in Government by providing people a safe place to go with their information.

The Auditor's Office is proud to announce the unveiling of the Kane County **Audit Hotline**. The **Audit Hotline** can be used by citizens, vendors and employees to report fraudulent, wasteful or abusive practices within the Kane County Government. These reports can be:

- Phoned in to the **Audit Hotline** by dialing (630) 23-AUDIT (630-232-8348);
- Emailed to auditor@co.kane.il.us;
- Faxed to (630) 208-3838
- Entered online at our website: <http://www.countyofkane.org/Pages/Auditor/default.aspx>,
- Sent by mail to Kane County Audit Hotline, Room 100, 719 S. Batavia Ave, Geneva, IL 60134;
- Brought in person to the Auditor's Office, Room 100 at the Kane County Government Center.

We have designed posters, brochures & business cards to help promote the **Audit Hotline**. If you would like a poster to hang in your office or employee break room please contact us at 232-5915. We also will be involved in the new hire orientation by doing a short presentation on the **Audit Hotline** and will be available to make presentations to all offices and departments. We have sent out Press Release's to all area newspapers to inform the public of the **Audit Hotline** as well.

We have already received three calls with information about possible waste and abuse of taxpayers dollars that we are looking into. Please feel free to contact us with any questions you might have on what should be reported.

Account Payable Transaction Report:

	<u>Number of Invoices</u>	<u>Total</u>
December 2011	2,040	\$ 6,509,708.64
January 2012	2,518	\$ 5,943,458.34
February 2012	1,843	\$ 5,223,021.65
March 2012	1,961	\$ 5,150,090.62
April 2012	1,720	\$ 4,355,489.80
May 2012	<u>1,866</u>	<u>\$ 4,272,226.59</u>
Six Month Total	11,948	\$ 31,453,995.64



Audits:

Audits completed recently include DUI Task Force, Sheriff's Patrol Division Cash Accounts, and Supervisor of Assessments. County-wide Petty Cash audits are in progress.

Illinois Association of County Auditors

We will be hosting the Illinois Association of County Auditors Summer Conference on August 6 & 7, 2012. The purpose of this Conference is to increase the knowledge and effectiveness of Illinois County Auditors. Conference speakers address current industry topics such as Audit Hotlines, fraud investigations, and credit card auditing. We will also showcase some of our local resources with tours of the Kane Comm 911 Center, the Veterans' Memorial, and a Cougars game.

Audit Watch

Our widely read Audit Watch newsletter circulation continues to mount. Distribution has grown to 196 from 87 in the last three months. Please email carlstromlynn@co.kane.il.us to have your name added to the subscription list. Do not be shy! Let us know what you think of our newsletter.

We have received several positive comments on our last two issues of the Audit Watch regarding Fraud. A few asked that we continue with information and/or articles to help educate and inform our employees about fraud, waste & abuse. Here are some recent statistics on fraud and white-collar crime from the Association of Certified Fraud Examiners website:



Cost of Fraud: Is Our Company at Risk?

- The median loss caused by the occupational fraud cases in their study was \$160,000.
- Nearly one-quarter of the frauds involved losses of at least \$1 million.
- The frauds lasted a median of 18 months before being detected.
- Fraud perpetrators often display warning signs that they are engaging in illicit activity. The most common behavioral red flags displayed by the perpetrators in their study were living beyond their means (43 percent of cases) and experiencing financial difficulties (36 percent of cases).
- Occupational frauds are much more likely to be detected by a **tip*** than by any other means (*This is one of the main reasons we implemented our Audit Hotline).
- Fraud and abuse costs U.S. organizations more than \$660 billion annually.
- The average organization loses about 6 percent of its total annual revenue to fraud and abuse committed by its own employees.
- The median loss caused by males is about \$160,000; by females, about \$60,000.
- Men commit nearly 53 percent of the offenses.
- Losses caused by managers are double those caused by employees.
- Median losses caused by executives are 14 times those of their employees.
- The most costly abuses occur in organizations with less than 100 employees.
- The education industry experiences the lowest median losses.
- Occupational fraud and abuses fall into three main categories: asset misappropriation, fraudulent statements, and bribery and corruption.



The Watch Dogs:

Bill Keck

John Harahan

Lynn Carlstrom

REPORT FRAUD, ABUSE & WASTE

