

OFFICE OF THE COUNTY AUDITOR

KANE COUNTY GOVERNMENT CENTER

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February 13, 2007

TO: Chairman Noverini and members of the Finance/Budget Committee

FROM: William F. Keck, Auditor *WFK*

RE: Review of Bank Accounts

Enclosed is our report on the Review of Bank Accounts for offices and departments completed to date.

There is an office and department to be reviewed in the near future but we did not want to delay communication of our current findings, conclusions and recommendations.

cc: K. McConnaughay
D. Rickert
C. Pattelli

REVIEW OF BANK ACCOUNTS

Bank accounts were reviewed for timelines of reconciliations and activity for the following offices and departments:

OFFICE/DEPARTMENT	NUMBER OF BANK ACCOUNTS
Treasurer	11 (Exhibit A)
Recorder	3 (Exhibit B)
State's Attorney	1 (Exhibit C)
Sheriff	
Civil Division	11 (Exhibit D)
Patrol Division	4 (Exhibit E)
Corrections	2 (Exhibit F)
Court Services	8 (Exhibit G)
Juvenile Justice Center	1 (Exhibit H)
Judiciary	3 (Exhibit I)
Health Department	1 (Exhibit J)
Environmental Management	1 (Exhibit K)
TOTAL BANK ACCOUNTS	46

Exhibits in this report are write-ups by the Auditor's Office staff with their findings and in certain instances, conclusions and recommendations. Included herein is a recap of our conclusions and recommendations.

TREASURER

- Bank accounts are reconciled monthly by an employee who does not have responsibility for the issuance of checks.
- KCDEE needs to correct the voided check problem by using check stock in their printer.
- KCDEE needs to investigate 2005 and early 2006 outstanding checks for possible voiding or replacement.
- Treasurer needs to investigate the difference between the bank and books for the various collector accounts and prepare necessary adjustments.
- Treasurer needs to review outstanding checks from 2005 and 2006 for possible voiding or replacement.

RECORDER

- Bank accounts are reconciled monthly but the reconciler is also an authorized check signer on the accounts.
- Bank reconciliation needs to be reviewed and approved by a Supervisor who is not responsible for the issuance of checks.
- Recorder needs to review outstanding checks from 1998 to present for possible voiding, replacement or purging as unclaimed property.

STATE'S ATTORNEY

- Bank account is reconciled monthly but the reconciler is also an authorized signer on the account. However, this control weakness is mitigated by the requirement of two authorized signatures on each check.
- Bank reconciliations need to be as of month-end not an interim date as is the current practice.

SHERIFF – CIVIL DIVISION

- Bank accounts are reconciled manually on a monthly basis and only at the end of the fiscal year but the reconciler is also an authorized check signer on the accounts.
- Monthly bank reconciliations are prepared by the fore mentioned check signer using a computer program which only lists outstanding checks from reconciliation period, not prior periods and is not acceptable for audit review.
- Bank reconciliations need to be reviewed and approved by a Supervisor who is not responsible for the issuance of checks.
- In order to provide a listing of all outstanding checks for audit review, a business accounting program should be purchased and implemented.

SHERIFF – PATROL DIVISION

- Bank accounts are reconciled manually on a monthly basis but the reconciler is also one of the authorized check signers on the accounts.
- Bank reconciliations need to be reviewed and approved by a Supervisor who is nor responsible for the issuance of checks.
- Donor receipts need to be sequentially numbered for control purposes.
- Bank accounts with limited activity should be closed and consolidated with another account.

SHERIFF – CORRECTIONS

- Bank accounts are reconciled monthly but the reconciler is also an authorized check signer on the accounts.
- Bank reconciliations need to be reviewed and approved by a Supervisor who is not responsible for the issuance of checks.
- The software has an available unused bank reconciliation function which needs to be utilized in the reconciliation process.
- Sheriff needs to investigate stale dated outstanding checks for possible voiding, replacement or purging as unclaimed property. The purging of outstanding inmate account settlement checks should be approved by the State's Attorney office in order to avoid legal issues.
- Sheriff's business office Supervisor should review Canteen Vendor payments for IRS income reporting requirements.

COURT SERVICES

- Bank accounts are reconciled monthly by an employee who does not have responsibility for the issuance of checks.
- Court Services Supervisor needs to investigate outstanding checks from 2005 and prior for possible voiding, replacement or purging as unclaimed property.
- Check books and the Director's signature stamp are properly safeguarded when the office is unattended.

JUVENILE JUSTICE CENTER

- Bank accounts are reconciled monthly by an employee who does not have responsibility for the issuance of checks.

JUDICIARY

- There is no formal bank reconciliation for the DUI Fund account. There is a monthly comparison of bank statements with the check register but this comparison in lieu of a formal reconciliation is done by an authorized check signer.
- A formal bank reconciliation needs to be prepared with the review and approval by a Supervisor for the DUI Fund.
- Speakers at DUI sessions are considered to be independent contractors with compensation oftentimes in excess of the \$600.00 IRS threshold for the issuance of 1099 forms. Speakers with compensation exceeding \$600.00 need to be issued a 1099 form with a copy to the IRS.
- The bank account for the Marriage Fund is reconciled infrequently and the reconciler is also an authorized check signer. However, this control weakness is mitigated by the requirement of two authorized signatures on each check.

HEALTH DEPARTMENT

- Bank accounts are reconciled monthly but the reconciler is also an authorized signer on the account.
- Bank reconciliations need to be reviewed and approved by a Supervisor who is not responsible for the issuance of checks.
- There needs to be vendor follow-up regarding a stale dated outstanding check.

ENVIRONMENTAL MANAGEMENT

- There is no formal bank reconciliation and only a review of bank statements.
- Checks are issued out of sequence and recorded on a listing when cleared by the bank and posted to the bank statement. Checks are not recorded in the check book register.
- Bank reconciliation procedures need to be implemented with proper training in the reconciliation process and cash security.

**REVIEW OF BANK ACCOUNTS
TREASURER'S OFFICE
NOVEMBER 20-23, 2006**

Beginning on Monday, November 20, 2006, I met with Carrollyn Brady of the Treasurer's Office who is responsible for the bank reconciliations on the following accounts:

General Fund	First American Bank
County Highway Fund	The Private Bank
Kane County Health Fund	The Private Bank
Animal Control	First American Bank
Landfill Enterprise	Mid American Bank (Formerly EFS Bank)
KCDEE	First American Bank
County Collector	J P Morgan/Chase 5 Accounts
County Collector	Fifth Third Bank
County Collector	National City Bank
County Collector	US Bank
County Collector	First Bank

The bank reconciliations are being done for all accounts on a monthly basis by Carrollyn who is not the person that issues the checks.

The following items were noted:

The KCDEE runs their own checks and brings them to the Treasurer's Office to be signed. They forget to check the printer which causes checks to be run on non-check stock and therefore causes groups of checks to be voided. They also have outstanding checks from 2005 and early 2006 that need to be reviewed and followed up with the payee to see if they should to be voided and replaced.

The bank reconciliation for the Collector Account with Fifth Third Bank had May deposits that were on the bank statement and not on the books being shown as adjustments on the June 30 and July 31, 2006 reconciliations. July deposits were also noted as not being recorded on the books for the July reconciliation.

The bank reconciliation for the Collector Account with US Bank has an extensive list of outstanding checks that date back to 2004. In February, 2006 the checks from 2004 were purged off the list and (Carrollyn to verify that they were moved to the Treasurer's Unclaimed Property List on the website.) Currently, the reconciliation is showing outstanding checks from March 2005 to current.

TREASURER'S OFFICE

-2-

The bank reconciliation for the Collector Account with J P Morgan/Chase (A/C # 5330264804) which processes payments by credit card, has many adjustments due to:

Deposits not posted by the bank

Deposits not balancing

As of the October, 2006 bank reconciliation, the listing of adjustments to balance the bank statement to the books is showing many adjustments back to May, 2006.

The bank reconciliation for the Collector Account with J P Morgan/Chase (A/C# 5330333598) which may be a web site payment account, has not been reconciled. The bank is showing a higher balance by \$278,183.43 than our book balance as of 10/31/06.

The bank reconciliation for the Collector Account with J P Morgan/Chase (A/C #5330264839) is showing deposits on the bank that were not on the books dating back to 8/2/06 and one outstanding deposit from 8/31/06 for \$267,851.99 that was still not posted by the bank as of 10/31/06.

**REVIEW OF BANK ACCOUNTS
RECORDER'S OFFICE**
November 28, 2006

Bank Statements and reconciliations for the Recorder's Office were provided by David King of that Office. Judy Schonback and David issue checks on the various accounts for this Office. David reconciles the bank statements using a Quikbooks program on a monthly basis.

The following bank statements and reconciliations for the Recorder's Office were reviewed:

State Bank of Geneva 2 Accounts
J P Morgan/Chase

The following items were noted:

The State Bank of Geneva (A/C#190586) bank reconciliation has a list of outstanding checks from 1998 to present. The checks for the period of 1998 to 2004 totaling \$1549.75. The old outstanding checks range in amounts from \$65.00 down to \$2.00.

The J P Morgan/Chase account has credit cards payments processed through this account. Electronic withdrawals are shown on the bank statement for the credit card discounts and account analysis settlement charges which are used to adjust the book balance for the service charges to process the credit cards.

**REVIEW OF BANK ACCOUNTS
STATE'S ATTORNEY'S OFFICE**
December 21, 2006

Eloise Fara of the State's Attorney's Office in the Judicial Center provided the check book, check register and bank reconciliations for the past 12 months for the account at Valley Community Bank A/C #1501311.

The checking account is used as a petty cash account with \$3000.00 in the account and \$500.00 in cash on hand. After approval by Sandi Chidester or John Barsanti, checks are then written by Eloise, Sandi or Beverly Voss. The checks require two signatures from any of the following staff: Sandi Chidester, Thomas C. Hull, Beverly Voss or Eloise Fara. The expenses are then reimbursed to this account through the check processing procedure with the County Auditor's Office. Eloise is responsible for the bank reconciliations.

The following items were noted on the bank reconciliations:

An old outstanding checks from October, 2005 had a stop payment order issued in March, 2006 and reversed on the petty cash fund. Per Eloise this check was issued in error.

Bank reconciliations are done timely, but are being reconciled to the check Book as of a date other than the end of the month which then shows checks written in the following month as outstanding checks for the prior month end date (November 30, 2006 bank reconciliation has outstanding checks listed through 12/13/06).

**REVIEW OF BANK ACCOUNTS
SHERIFF'S OFFICE-CIVIL DIVISION**

December 5, 2006

On November 30, 2006 I met with Lieutenant Thomas Bumgarner who is responsible for 11 bank accounts for the Sheriff's Office – Civil Division. Activity for all eleven accounts is accounted for using Microsoft Money 2003. Only one signature is required on all accounts.

Bank reconciliation of all bank accounts is performed every month using Microsoft Money 2003. A bank account reconciliation report is produced and kept with bank statement. This report is not acceptable for proper management and audit review. The current reconciliation report only lists those outstanding checks from the reconciliation period and not prior periods. Therefore, an analysis of outstanding checks from prior periods could not be performed.

At the end of the fiscal year Lieutenant Bumgarner will perform a manual bank reconciliation, by month, in a format recommended by the Finance Department's chief accountant. This reconciliation has not been performed for fiscal year 2006.

To eliminate the dual reconciliation process it is recommended that a business accounting software program, such as Quick Books or Peachtree, be purchased and implemented. It is also recommended that segregation of duties between entering payables, approving payables, cutting checks, signing checks and reconciliation be implemented to safeguard cash assets from misappropriation.

CONCLUSION-CIVIL DIVISION BANK ACCOUNTS

Reconciling bank accounts using Microsoft Money 2003 provides assurances that transactions recorded into the software program are accurate. The software program does not have auditable reconciliation reporting capabilities.

Audit procedures would need to be expanded to determine if the bank accounts are included in the County's finance system.

Consideration should be made for segregation of duties and a periodic review of activity by a supervisor. Lieutenant Bumgarner stated that a lack of staffing will not allow the segregation of duties.

**REVIEW OF BANK ACCOUNTS
SHERIFF—PATROL SUBSTATIONS**

December 20, 2006

On December 20, 2006, I met with Captain Ronald Smith at the Patrol Office Facility on Fabyan Parkway for the purpose of reviewing the checking accounts for the following Patrol substations:

Northwest Substation	Old Second Bank-Kane County A/C# 6877435
School Road Substation	Old Second Bank-Kane County A/C#4004400720
Southeast Operational Fund	Old Second Bank-Kane County A/C#1701020080

The account with the most activity is at the Northwest Substation. This checking account is used all year long for the "Kid Card" I.D. program supplies in conjunction with F.O.P. Lodge #14. Donations are received from local business as well as parents of the children receiving identification cards and citizens. There are no receipts issued for any donations to this account. This account has used only 12 checks this past 12 months and has 11 deposits. Captain Ron Smith or Sgt. Chris Collins may sign checks for this location. Captain Smith reconciles the bank account monthly.

The School Road Substation and the Southeast Operational Fund have very few checks issued from the accounts annually (School Road had 3 checks and Southeast had 7 checks). Captain Smith writes checks at the School Road Substation and Sgt. Tom Rosebush writes checks at the Southeast Substation. These accounts are mostly used to supply the National Night Out on Crime activities once a year. Funds are received from various local businesses. Captain Smith reconciles these accounts on a monthly basis.

There are no old outstanding checks on these accounts. The check books are kept in good order and are not on a computer program but are kept by hand entry on the stub or in a check register located in the book with the checks. The check books are kept in a locked desk at their respective locations and there are no pre-signed checks in the checkbook.

CONCLUSION - SHERIFF'S OFFICE-PATROL DIVISION

All bank accounts are reconciled in a timely manner. The accounts are properly safeguarded. Since these accounts are mainly funded through donations, the Sheriff's Office should consider providing sequentially numbered receipts to the donors. This will strengthen internal control of the monies received, deter temptation for misappropriation and provide donor support for tax purposes. The Auditor's Office concurs with the Sheriff's Office desire to close the two bank accounts mentioned above.

**REVIEW OF BANK ACCOUNTS
TOO GOOD FOR DRUGS**

January 12, 2007

I met with Deputy Dawn Roberts at the Patrol Office at 777 E. Fabyan Parkway to review the checking account for Too Good for Drugs Account #000793288234 with US Bank. Checks for this account require two signatures. St. Bill Ferron and Deputy Roberts sign any checks that are written. Up to February, 2006, Lt. Dwight Randall was the other co-signor on the checking account, but he is no longer listed as a signor on the account. The checkbook is kept in a locked desk and only Deputy Roberts has the key.

Deputy Roberts reconciles the accounts every month using the form on the back of the bank statement. They do not use any computer program for this account.

Few donations are being received at this time from local businesses. Local schools will reimburse the account for the tee shirts that are purchased and given to the children during presentations at their schools. Deputy Roberts issues invoices for the shirts and they are then reimbursed by check. If the account needs additional funds, they request funds from the Drug Fund in the Sheriff's Department.

The following was reviewed:

Checks were issued in correct order and were co-signed correctly.

Only one check was outstanding for any length of time (written to one of the Sheriff's Sub stations, but did finally clear.) There were no outstanding checks at the end of November, 2006.

Invoices were reviewed and were found to be for supplies for the program.

Deposits are made the same day as recorded in the check book.

The bank reconciliations are not reviewed by anyone unless there is a problem balancing the checkbook.

They also have a Petty Cash fund which I counted (Cash on hand \$62.32) which balanced.

SHERIFF'S OFFICE-CORRECTIONS

Commissary Account:

The commissary account is a trust account for the benefit of jailed inmates that has cash with them when they are booked or family members make deposits during their incarceration. The inmate's account is administered via the Aramark ACTFAS software program. The software provides a bank reconciliation function but it is not being utilized. Manual bank reconciliations are performed monthly with the assistance of Excel. Outstanding checks are not analyzed for disposition, including submission of unclaimed property to the State Treasurer in accordance with the Uniform Disposition of Unclaimed Property Act.

Two staff personnel have the ability to make disbursements from the account. If the inmate is released during office hours then a check is provided to the inmate. If the inmate is released after office hours, then the check is mailed. The size of the check is typically less than five dollars. There is a sixty day time limit for the inmate to cash the check.

The inmate account can only be negative for medical charges. If the inmate has a negative balance at the time of release than no other record keeping is performed. However, if the inmate returns and he has sufficient funds to pay the negative balance then the amount owed is recovered.

Stale dated checks are returned to the presenter by the bank. If the payee presents the stale dated check to Corrections, than the check is voided and reissued. If the payee does not present the stale dated check, then no other record keeping is performed and the stale dated check is shown as a deposit and reversal on the bank reconciliation.

It was noted that in September of 2006 the existing commissary bank account was closed and a new account was opened. The bank had detected a fraud and caught it early enough so that no funds were lost. The fraud was submitted to the Sheriff's Investigation Department for disposition.

Canteen Account:

The source of funds for the canteen account are from commissions earned from services that the inmates use, such as, copiers, telephone, haircuts and cable television. Disbursement from this account is for expenses to provide the service. There is no procedure in place to determine if any vendors qualify for IRS tax form 1099.

The bank account is manually reconciled on a monthly basis. Activity is manageable and there are seldom any outstanding checks.

CONCLUSION - SHERIFF'S OFFICE-CORRECTIONS

Procedures for the commissary account should be further analyzed for efficiencies, accurate record keeping and a less cumbersome reconciliation process. Specifically, with the handling of outstanding checks of smaller dollar amounts, stale dated and voided checks and compliance to the Uniform Disposition of Unclaimed Property Act. The November reconciliation was performed this week. A copy of the reconciliation and bank statement will be provided. Data will be gathered and submitted to the Auditor's Office covering activity from implementation of the Aramark ACTFAS software to date. The Auditor's Office can then make a determination of the accuracy of the existing reconciliation process.

Procedures should be created to determine if payments made to vendors qualify for IRS tax form 1099.

Overall there were no material discrepancies with respect to bank account reconciliations performed by the Sheriff's Department; however, opportunity does exist for efficiency improvement.

**REVIEW OF BANK ACCOUNTS
COURT SERVICES**

December 5, 2006

Bank statements and reconciliations for Court Services checking accounts were provided by Ellen Wise. Ellen or one of the directors approves vouchers for payment. A signature stamp for James P. Mueller is used to sign checks when he is not available to sign them in person. Ellen keeps this signature stamp along with the check books in her locked desk. Two funds have checks run via computer. These checks are also kept in a room that is locked at night.

Due to staff changes this year, Ellen has been reconciling the bank accounts monthly. Someone else in the office will be trained to do this in the near future.

There are 8 Funds that have checking accounts presently in Court Services:

Electronic Monitoring	State Bank of Geneva
Juvenile Probation	State Bank of Geneva
Restitution	State Bank of Geneva
Juvenile Court Restitution	State Bank of Geneva
Employee Education	State Bank of Geneva
Substance Abuse	State Bank of Geneva
Juvenile Court Services	US Bank
Executive Director	State Bank of Geneva (petty cash)

The following items were noted:

The bank reconciliation for Juvenile Court Services has outstanding checks (23) from 2005 or prior in the amount of \$2184.24. Getting current addresses for these remittances has been a problem.

The bank reconciliation for the Substance Abuse Fund and the Juvenile Probation Fund each has one outstanding check from 2005.

The Restitution Fund has outstanding checks (6) from 2005 or prior totaling \$609.17. These are balances from old cases. The Circuit Clerk now handles the restitution so few checks are being written from this fund which has a large balance at the end of October, 2006.

COURT SERVICES

-2-

The Employee Education Fund receives funds from interest earned on checking accounts. This fund is used to reimburse employees of the Chief Judge for educational classes taken that benefit Court Services. A \$500.00 maximum per person, per year is allowed.

The Executive Director (petty cash) Fund has been used in the past for deposits required for various functions and rentals. This fund is seldom used since the County has begun issuing checks through the Auditor's Office on a more timely basis.

**REVIEW OF BANK ACCOUNTS
JUVENILE JUSTICE CENTER**

December 13, 2006

On December 13, 2006, I met with Rosemary Esquivel at the Juvenile Justice Center to review the bank reconciliations for the checking accounts with State Bank of Geneva, account #191353.

Rosemary prepares the checks after approval by Mike Stodieck. One signature is required on the checks and either Mike or Rick Anselme have authority of sign checks on this account. A signature stamp with Mike Stodieck's signature is available and has only been used twice this year.

The Challenge Program has a soda machine from which the monies are deposited in the checking account and checks are written to buy the product for the machine as well as treats and field trips for the Challenge Program residents.

Rosemary reconciles the bank account every month. No formal reconciliation is prepared since very few checks (6) and deposits (8) were recorded from 12/01/05 to 11/30/06.

**REVIEW OF BANK ACCOUNTS
D U I FUND (VICTIM IMPACT FUND)
January 5, 2007**

A review of the following bank account for the DUI Fund (Victim Impact Fund) was completed on January 5, 2007 in the office of Kathryn Seifrid at the Judicial Center.

State Bank of Geneva A/C # 45810

This fund receives monies from DUI offenders that must attend classes which are held at the Judicial Center's multi-purpose room. These funds are deposited into the checking account once or twice monthly. Checks are then written monthly to various speakers or translators who provide the classes or assist with these classes. Kathryn prepares the checks which require only one signature. Mary Hyatt and Kathryn Seifrid are the two who are allowed to sign the checks and usually it is Mary. Kathryn is issued a check once a month for \$25.00 for her services to the DUI program.

The following was noted during the review:

Although the bank statements are compared to the check register every month, no formal bank reconciliation is done. The bank statements are occasionally late in getting to Kathryn which may be a mail problem or an internal mail sorting problem.

There were no outstanding checks older than one month during the last 12 months.

The check register and the check stub balance do not agree. The difference is \$5.11. The January, 2006 interest from the bank account (\$4.26) was not recorded on the check stub. The remaining difference of \$.85 is from the prior year.

Checks are being issued to the speakers who may currently be County of Kane employees. These amounts could be in excess of \$600.00 per year. The speakers who are not County of Kane employees could also be issued checks totaling in excess of \$600.00 per year. 1099's are not being issued at year end for these earnings. A letter is sent with each check notifying the recipient that they are responsible to report this as income for tax purposes. This may not be acceptable to the Internal Revenue Service who may require the 1099's be issued to these employees/speakers with correct notification to the IRS.

There is currently a large balance in this account (over \$20,000). The funds will be used to purchase a sound system in 2007 for use during the classes held for DUI offenders.

**REVIEW OF BANK ACCOUNTS
MARRIAGE FUND OF THE CIRCUIT COURT**

December 4, 2006

An independent audit by the accounting firm of Wermer, Rodgers, Doran and Ruzon LLC was completed for the period July 1, 2005 through June 30, 2006 per the letter and report dated 10/19/06. A copy was provided to the Auditor's Office at the time of this review.

This fund has one bank account with the State Bank of Geneva.

Kathryn Seifrid writes the checks for this fund which are required to have two signatures on the account. Kathryn also reconciles the bank statements.

The following items were noted during this review:

The last reconciliation of this account was done June 30, 2006 for the examination of the accounting firm noted above.

Interest earned on the account is not recorded every month, but was brought up to date for the May, 2006 bank reconciliation.

Check# 1094 dated 4/17/06 was found to have only one signature on the check which the bank processed and the accounting firm did not note in their report.

The balance in the check book has not been brought forward since July.

**REVIEW OF BANK ACCOUNTS
HEALTH DEPARTMENT ADMINISTRATION
12/11/06**

On Monday, December 11, 2006 I met with John Harahan of the Health Department Administration Office in Aurora, Illinois to review the bank reconciliations for the Banco Popular checking account #2514100589.

After invoices are approved by John, a staff person in the office prepares the checks which are signed by one person (usually John) although there are a total of four on staff with check signing authorization. Funds are received from the 4 health department offices for fees from services as well as from funds or grants to the Health Department. These are deposited daily at the bank. John reconciles the bank account. They use a manual check book ledger to record checks and deposits.

There is only one old outstanding check. Check # 1118 8/16/05 \$480.00 payable to Custom Homes by D R Weiss was refused by the bank in May, 2006, because of stale dating and endorsement problems. This check needs to be followed up with Custom Homes by D R Weiss to see if a replacement check can be issued.

One other check was recorded in the register with the incorrect check number in October, 2006.

**REVIEW OF BANK ACCOUNTS
ENVIRONMENTAL MANAGEMENT**

12/15/06

Bank statements and reconciliations were requested from Environmental Management in early December, 2006 for the period beginning December, 2005 to present. Heidi Jakubaitis could provide bank statements but no formal reconciliations had been done. On December 15, 2006, Heidi delivered all the bank statements for the past 12 months and a listing of checks to the Auditor's Office for review.

The only checking account is with Old Second Bank – Kane County, Account #1400005576. Tim Harbaugh is the only signature on this account.

The following items were noted:

The bank statements were reviewed by Heidi when they arrived, but were not compared to the checkbook as no one was recording the checks in any listing until they cleared the bank. The bank statements were placed in a file.

Twenty three (23) checks were written from December, 2005 through August, 2006 when the last check was written. The checks were written to residents of the Mill Creek Special Service Area when the refuge hauling company changed without adequate notice to the residents who could no longer use the company's stickers. Reimbursement for these refunds was provided by the former company to the County.

Checks were issued out of the proper sequence starting in 2005 and were not being recorded on the check book register. As stated above, the checks were added to a listing of checks written when they cleared by bank and were shown on the bank statement. There are currently two pads of unused checks. These are not in sequence with each other.

Checks have not been ordered since 2000. When the next check order is needed, the new check numbers will need to start with #1551 since #1550 was used in 2005 and the current unused check is #1377.

When reviewing the bank statements it was noted that a check was post dated 3/23/06 (#1375 \$10.50) but cleared the bank on 2/27/06. A check dated 9/09/05 (#1485 \$27.30) cleared the bank on 8/14/06. There is also a signed blank check in the box of unused checks. Unused checks were not kept in a secured area until recently.