

OFFICE OF THE COUNTY AUDITOR
KANE COUNTY GOVERNMENT CENTER

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KANE COUNTY AUDITOR



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REVIEW OF DEVELOPMENT DEPARTMENT
IMPREST CHECKING ACCOUNT

February 22, 2007

Subsequent to the Review of Bank Accounts report issued February 13, 2007, it was discovered that the Development Department has an imprest or petty cash checking account. Further investigation discovered that a reconciliation of the bank account to the account register is not performed. According to best accounting practices, bank reconciliations should be performed each month to ensure the accuracy and reliability of account activity.

As of February 14, 2007 the book balance is \$826.65. The bank balance at January 31, 2007 is \$1,001.05. The book balance as of January 31, 2007 is \$267.08 for a difference of \$733.97. The difference consists of a delayed recording of a deposit made January 26th (recorded February 8th) for \$732.24, plus an outstanding check #3502 for \$10.68, less an unreconciled item(s) totaling \$8.95.

Since the bank account reconciliation is not performed; we analyzed the type of account activity to determine the purpose of the account.

For fiscal year 2006, checks were issued as follows:

- Preservation Partners \$200.00. Preservation Partners is an Annual Award Luncheon attended by staff.
- Planners Luncheon \$407.50. Luncheon is for 20 county employees to attend the Kane County Planners Holiday Forum held on December 2, 2005. No receipt documentation other than an interoffice memo requesting payment.
- Zoning Board Mileage \$1,596.57. Reimburse zoning board members for mileage to attend meetings. Back up documentation is in the form of a spreadsheet containing all members and their respective miles and amounts due.
- AAA-SIGNS \$200.00. Purchased a quantity of three (3) 24" x 36" corrugated signs for Judicial. No detail to determine reason of the purchase.
- Priority Place \$388.60. The January 16, 2007 Development Meeting minutes describe Priority Place as an annual workshop for water supply planning. \$188.60 was travel expense reimbursement to the Executive Director and \$200.00 was issued to a staff member. No further detail is available.

- Metra \$329.60. Train tickets are purchased for future travel. These are 10 ride tickets ordered via standard mail. The only accepted form of payment is money order or check. The tickets are then sent within 7 business days.
- Ford \$143.25. Repair the remote control (security) for 2004 Explorer.
- Truck Title \$75.00. Purchased 2006 Dodge Dakota through county purchasing program.
- Sejko Car Wash \$100.00. Purchased car wash tickets. Noted several invoices to Tower Car Wash during same period using the county payable system.
- Meeting Expense. Purchased refreshments from local coffee shop for meeting.

EXECUTIVE DIRECTOR RESPONSE:

Phil Bus, Executive Director of Development and Transportation provided the following explanation for the disbursement checks in question:

- *Preservation Partners - 11/05 - \$200.00 - This was an award luncheon that was attended by the Community Services division. The exact number of attendees was not known until two days before the luncheon. Payment was due at time of luncheon.*
- *Kane County Planners Holiday Forum - 11/05 - \$407.50 - The number of attendees was not known until the day of the forum and included members of the Development Department, as well as other key political figures. Payment was due at the door for the exact number of people attending and invoicing was not available.*
- *AAA-Signs - \$200.00 - These signs were purchased at the request of the Board Chairman for a public hearing regarding the Judicial Center. The sign company demanded payment at time of pick-up. The timeframe from ordering to posting was not sufficient for the standard Payable System.*
- *Priority Places - \$388.60 - This is a large-scale annual event that requires the use of a cash box. \$200.00 was issued to a staff member for cash reserves. After the event, the \$200.00 was redeposited into the account on 2/27/06. \$188.60 was for immediate expenses generated for the event by the Executive Director in which an invoice was not an option.*
- *Metra - \$329.60 - These expenses are for 10-ride passes for future travel. These are paid for using the imprest checking account for two reasons: (1) The prices of the tickets are constantly changing; and (2) The tickets are available to the entire department and some of the meetings are scheduled on short notice. We purchase 10-ride tickets because the frequency of use is so unpredictable.*
- *Ford - \$143.25 - The remote security keys for the 2004 Explorer needed to be repaired and/or replaced. Since this vehicle is used primarily by the Executive Director, it was necessary to replace immediately. We did not*

have an account with Fox Valley Ford at that time and payment was demanded upon delivery.

- *Truck Title - \$75.00 - We issue this check to the County Clerk's office for completion of the paperwork. The actual delivery date of the new truck was not known until approximately a week ahead of time. The delivery of the title from the Secretary of State takes 4-6 weeks to receive; therefore, if the payable system has been used to generate the check for the title, the truck would not have been usable for over two months.*
- *Sejko Car Wash - \$100.00 - These tickets are purchased for the use of the inspectors to wash the outside of their County vehicles. The invoices for Tower Car Wash through the payable system are for the detailing of the Executive Director's vehicle that frequently is used to transport guests.*
- *Meeting Expenses - We utilize local delis and bakery for our meetings. Many of these businesses do not offer invoicing and demand payment upon delivery.*

AUDIT COMMENTS:

Purchases should have been by means of the county payable system. Since the county payable system was not utilized, accounting for the expenditures is inaccurate. To fund this account, staff would present a personal expense voucher (PEV) for amounts equal to checks that have been issued. The offsetting entry is applied to account number 001-4010-416.60-20 Commodities-Operating Supplies instead of the respective line item account.

EXECUTIVE DIRECTOR RESPONSE:

While the Development Department utilizes the County Payable System for the majority of its expenditures, there are instances where the need of a petty cash or imprest account is necessary. Whenever possible, the employees do utilize the Personal Expense Voucher for events or other expenditures. However, the imprest account allows flexibility when it is not possible or cost efficient for the employee to pay for the expense out-of-pocket.

We often work with smaller vendors and businesses that require payment upon delivery of goods or services and cannot or will not establish accounts. One example would be a luncheon that our Planning Department hosted at Francesca's in St. Charles. The final bill was not generated ahead of time and the owner of the restaurant did not invoice. The imprest checking account is available for this type of purpose.

RECOMMENDATION

Authorization for continued use of an imprest checking account must be obtained from the Finance Director with proper notification of the Treasurer. The Finance Director would establish the fund balance and provide applicable policies and procedures. There must be a monthly bank reconciliation of this account.

The Zoning Board of Appeals members, department officers and staff should submit Personal Expense Vouchers for reimbursement of all travel expenses.

The Development Department should consider using the county credit card program for small purchases.

EXECUTIVE DIRECTOR RESPONSE:

We considered the County credit card program, but had a few issues. First, we often have more than one person needing to pay for something at one time, often after-hours. Secondly, some of the vendors, such as Metra, only take checks or money orders as forms of payment. Lastly, we have some venues, such as Priority Places, which need a cash box in order to make change for paying attendees. Currently we can write a check to cash for such events. A credit card would not allow us to do that.

The Development Department's diversity of types of events and vendors does not allow for all expenditures to be paid for through the County payable system. In order to maintain the flexibility necessary in the Department, it is our request that we continue to be allowed the use of the imprest account for such expenses.


AUDIT RESPONSE:

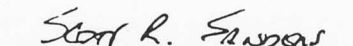
When the imprest checking account and fund balance is approved by the Finance Director, cash remittances can be used for venues and vendors cited above.

We would like to express our appreciation to the Development Department, staff and director for their help and assistance provided during this review.

In accordance with KCC Sec. 2-192 (c) (2) "within thirty (30) days of receipt of the internal audit report, each county officer, agent or division shall submit a written response to the county auditor, outlining the action that has been taken in response to the recommendations made by the auditor."

Respectfully Submitted,


William F. Keck, CPA
County Auditor


Scott R. Sanders
Deputy Auditor

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