



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

**Menards Transaction
Audit**

June 2020 – June 2022

September 7, 2022

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Background:

A common way to reduce expenditures is to take advantage of cost saving programs such as rebates. The County, like other consumers, is able to make use of these programs to help lower its total spend. Menards is one such vendor that provides this opportunity for cost reduction. Over the past two years the County has made approximately 1,000 transactions with Menards and spent a material \$89,418. Therefore, a review was performed to determine whether Kane County Departments use and track their Menard’s rebates.

The Rebate process begins with receiving separate rebate receipts included with normal purchasing receipts from Menard’s. A rebate form is then printed out from the Menards website and filled out. This form along with the receipts are mailed to the Rebates International receiving address. Rebates International is the third party that determines amounts of the rebates, records them and mails them out for Menards. Once a rebate amount is determined by Rebates International, a check is then sent out and its information including the amount, check number, rebate number and sent date are recorded online on the Rebates International website under the customer’s account.

After these checks are received, they can be used in full or in part by the recipient. As these rebates are redeemed, the redemption date and amount is recorded again with Rebates International under the user’s account. These checks do not expire and may be recovered if lost or stolen with an inquiry and proof of receipt.

Menard’s regularly runs an 11% rebate on its products. Exact dates are not provided by Menards on their website, but they do notify customers in their weekly ads. From June 2020 to June 2022 the County had spent a total of \$89,418 across 972 transactions with Menards through the accounts payable process.

Department	Number of Invoices
Building Management	630
Transportation	191
Sheriff	51
Animal Control	43
County Clerk	27
Emergency Management (Sheriff)	25
Court Services	2
Mill Creek (Building Management)	2
Other County Wide Expenses (Building Management)	1
Total	972

Objectives:

- To determine if each department has a policy for rebates and their tracking.
- To trace rebate amounts listed as redeemed on Rebates International to County Invoices.
- To evaluate any discrepancies in the rebate tracing with each department.

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Audit Scope & Methodology:

All Menards transactions were reviewed from June 2020 to June 2022 through the accounts payable process. 972 Invoices were investigated across 6 departments as to whether or not a rebate was recorded. The departments reviewed were Animal Control, Building Management, County Clerk, Court Services, the Sheriff’s Office and Transportation.

Amounts were recorded from the Menard’s rebate center, Rebates International which provided information on rebates that were mailed to the departments as well as when they were redeemed.

The rebate amounts shown on the invoices were checked against the amounts claimed to be redeemed by Rebates International.

Departments were then interviewed to determine if they had an existing rebate policy, procedures and to determine rationale for discrepancies between amounts verified in audit and amounts on Rebates international.

Findings:

The following shows the total amount of rebates shown on County invoices as well as the total redeemed on Rebates International.

Menards Rebates June 2020-June2022	
Amounts shown on Invoices	\$2,558
Amounts shown on Rebates International	\$3,453
Amounts Not Yet Redeemed	\$1,008

- Of the six departments/offices reviewed, two of them had not had an account established with Rebates International.
- The four departments that did have accounts varied in the number of accounts that they had. The amounts ranged from one account to seven.
- Only one department had shown a rebate tracking system. None had an established policy.

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Recommendations:

1. A policy be created that requires departments to record when their rebates are redeemed, where they were redeemed, and who made the initial and redeemed transactions.
2. Each department utilizing Menard's as a vendor establishes one set Rebates International account.
3. Rebates are not used to fully cover transactions.
4. Where applicable, have the departments reach out to Rebates International regarding checks not yet redeemed that are not in their possession.
5. Once received, rebates should be treated as petty cash.
6. Departments handle all transactions with Menards through a house account in the accounts payable process and not through purchasing cards.
7. The original point of sale receipt also be attached as documentation for accounts payable.

Best Practices:

- Notify those that sign off on the purchases to hold onto rebates received.
- Create a set location/folder to hold rebates as they come in.
- Establish one Menards rebate account with Rebates International.
- Keep a record of checks that are received independently.
- Routinely compare amounts redeemed on invoices to amounts redeemed on Rebates International.

It should be noted that the maximum total potential savings with these rebates totals to \$9,836 at 11% assuming all purchases were made within a rebate period. Once a policy is created, these rebates will be easier to track and there will be an increase in assurance that rebates earned by the County are being utilized fully and appropriately.

Management Responses:

- **Transportation:** Thank you for the professional manner in which this audit was conducted and for meeting with us to discuss KDOT's rebate tracking system. We look forward to working with you and other County offices to put any required improvements in place.
- **Sheriff:** We have decided not to track the rebate receipts from Menards.
- **Building Management:** No formal response given, but the department indicated that the findings were accurate and the recommendation to create a policy and procedure provides good direction.
- **County Clerk:** Responded that they are looking forward to working with the Auditor's Office on the matter.
- **Finance Department:** Finance will review and work with the Auditor's Office to establish a best practice for this process and to draft a policy as soon as staff workload allows.

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Closing Remarks:

The Auditor's Office would like to thank the Department of Transportation, Building Management, the Kane County Clerk's Office, the Kane County Sheriff's Office and the Finance Department for their cooperation and assistance.