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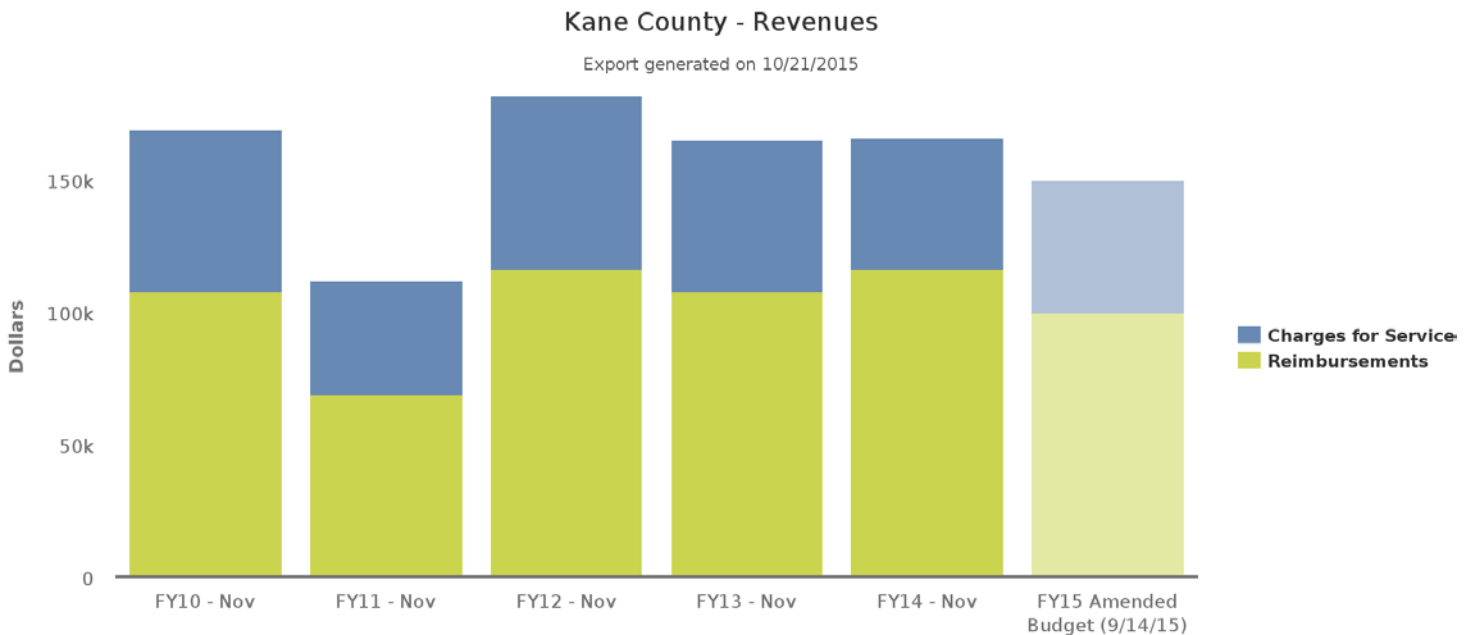
630-232-5915
630-208-3838 (FAX)

November 30, 2015

Public Defender Audit

Background

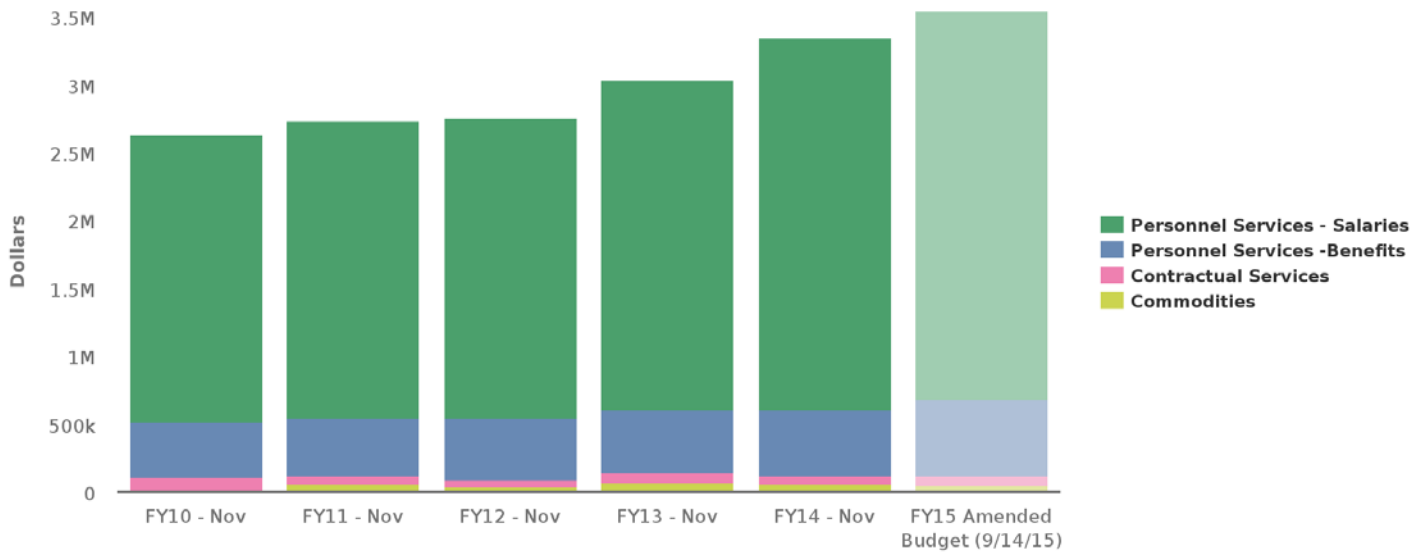
Per the 2015 Budget Book, the Public Defender’s mission is “to provide superior legal services to indigent clients.” The following graphs display actual revenues and expenses for fiscal years 2010 through 2014, and the amended budget for fiscal year 2015.



Revenues include (a) partial reimbursement from the State for the public defender’s salary and (b) any fees imposed by the judge to cover partial costs of representation. Revenues have remained relatively steady, with the exception of fiscal year 2011 when public defender fees fell to \$44k as compared to an average of \$57k (remaining years shown) and State salary reimbursement decreased to \$69k as compared to an average of \$110k (remaining years shown). The Public Defender position was vacant for part of the fiscal year 2011.

Kane County - Expenses

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Overall expenses have increased from \$2.6M actual in fiscal year 2010 to \$3.5M for the 2015 amended budget. The increase of \$900k over five years is due to an increase of salary and wages of \$738k and benefits of \$142k. Most of the increase in salary and wages is attributable to a plan to offer a more competitive wage scale in an attempt to decrease turnover. Salary and wages increased 10% from 2012 to 2013 and another 13% from 2013 to 2014. Increase in benefits is due to higher actual healthcare costs incurred from 2010 to 2014, and to budgeting for 2015 at fully loaded rates.

Summary of Procedures Performed

- Performed fluctuation analysis of current year amended budget as compared to prior year actuals. Included prior year actuals for 2010 through 2014.
- Obtained background information such as organization chart and applicable office mandates.
- Pulled accounts payable spend for a twelve month period (8/1/14-7/31/15), reviewed annual spend greater than \$5k for quotes and or contracts. Randomly selected 14 (or 6% of annual AP spend) invoices to test for proper approval, general ledger coding, contracts/quotes and supporting documentation.

Recommendations and Management Responses

Recommendation 1 – The Public Defender’s Office spends approximately \$45k with Thomson Reuters annually for online access to case law and public records (background check, current addresses, personal assets, etc.). The County spends approximately \$200k with Thomson Reuters on an annual basis, mostly by the State Attorney’s Office, Public Defender and for the Law Library. The different departments/offices currently purchase different pieces of Thomson Reuters offerings, as well as purchasing one component from a completely different vendor. **Recommend bundling the products and requesting bids.** Utilizing the total County spend in this area could provide both an increase in provided services and an estimated 5% (or \$10k) discount in overall expenses.

Management Response – The Public Defender’s Office would certainly participate in a larger group contract, as we would then be eligible for a wider product range at a lower price.

Recommendation 2 - Many vendors providing services are manually creating invoices to the County without distinct invoice numbers. The invoice number should be distinct per that service or product and allow the customer as well as the vendor to track payment, easily resolve any questions, and avoid duplicate entry/payment. When the Public Defender’s Office receives an invoice without a number, the accounts payable clerk simply converts the date to an invoice number or accepts the NWS automatically generated invoice number. For example, the history of invoice numbers for one vendor shows the following examples: 1/15/15 (M/DD/YY), 2015-00000371 (automatically generated), KLC 2.3.15 (vendor initials and date M.D.YY), and 14CF474/Jun15 (case number/abbreviated month/YY). **Recommend requiring regularly used vendors to include a distinct invoice number on each invoice.** Additionally, noted that transcript vendors normally provide a rate per page and number of pages in order for the amount of the invoice to be validated; however, noted one sampled vendor not providing the rate per page. **Recommend that the vendor provide enough information on the invoice in order to validate the charge.**

Management Response – We will request that regularly used vendors start supplying an invoice number, though we have no means of enforcing this if they or their current billing system won’t accommodate the request.

Recommendation 3 – In reviewing supporting documentation of invoices, noted that “total charges” vs “current charges” were being paid on the Verizon Wireless invoices, resulting in a cumulative overpayment of approximately \$700 over the past year. Only current charges should be paid on an invoice because (1) a vendor may be late in processing prior payment or may have misapplied the payment and (2) our record keeping is improved by having a record of each individual invoice. Additionally, it was discovered that Verizon processed an adjustment on an invoice to offset equipment charges, but the adjustment credit was never taken. **Recommend only processing current charges on all invoices and following up with the vendor if past due balances grow because it most likely reflects a payment misapplication by the vendor.**

Management Response - We will start processing payments only on current charges so that overpayment does not happen again.

We would like to thank the Public Defender for her support during the audit as well as Purchasing and IT.

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 – Deputy Auditor