



Office of the County Auditor

Shelly A. Banks, C.P.A.

Cook County Auditor

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TONI PRECKWINKLE

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July 7, 2014

The Honorable Toni Preckwinkle, President
And Board of Cook County Commissioners
118 N. Clark Street, Room 537
Chicago, Illinois 60602

Dear President Preckwinkle and Board of Commissioners:

As requested by Cook County Recorder of Deeds Office, we have conducted an audit of the Fidar Technologies Cook County Credit Amount. We conducted our audit in accordance with the [Cook County Auditor Ordinance](#).

The scope of our work for this audit consisted of reconciling the Cook County credit balance from FidarTechnologies from September 2010 – March 2014. Our objective for this examination was to verify and reconcile the invoices to the appropriate fees and the total credit amount due. The total credit amount due to the Cook County Recorder of Deeds (CCRD) as indicated by Fidar Technologies is \$604,488.16, which is the amount confirmed through the audit.

For future arrangements with Fidar Technologies, we are recommending the Cook County Recorder of Deeds (CCRD) implement some control improvements. The audit report contains 2 audit findings with these recommendations. Please refer to the following audit report for the results of the audit.

We appreciate the assistance of the CCRD and Fidar Technologies in completing this audit. We have discussed our findings with CCRD management and would be pleased to discuss our recommendations in greater detail in order to assist the CCRD with their implementation of our recommendations.

Respectfully Submitted,

Shelly A. Banks, CPA
Cook County Auditor

cc: Karen A. Yarbrough, Recorder of Deeds
Cedric Giles, Chief Deputy Recorder
Carolyn R. Wilhight, Deputy Recorder of Finance



COOK COUNTY GOVERNMENT
OFFICE OF THE COUNTY AUDITOR

Fidlar Technologies Cook County Credit Amount
Internal Audit Report

Report Date: July 2014

Issued By:
Shelly A. Banks, County Auditor

Audit Conducted By:
Frances M. Roybal, Auditor

BACKGROUND

In April of 2010, the Cook County Board approved Contract No. 10-41-23 between the County and Fidlar Technologies (hereinafter “Fidlar”) for the marketing and sale of access to internet data and reproduction of images available through the Office of Cook County Recorder of Deeds (CCRD) through the use of a revenue sharing model. Fidlar was compensated for the use and maintenance of its specialty software and the County was compensated for the sale of such data and images to Fidlar customers via the use of Fidlar’s software on a 70-30 basis, with the County receiving 70% of such sales.

According to the CCRD the contract expired in April of 2011 and was not submitted for renewal. Fidlar continued to provide services to the County but in April of 2012 was instructed by the CCRD to retain all funds in an account for the benefit of the County until a determination could be made on whether or not a new contract was required. Fidlar has accumulated in escrow significant funds for which authority is being requested to transfer the funds to the County.

AUDIT SCOPE AND OBJECTIVES

The scope of our work for this audit consisted of reconciling the Cook County credit balance from Fidlar Technologies from September 2010 – March 2014.

Our objective for this examination was to verify and reconcile the invoices to the appropriate fees and the total credit amount due.

AUDIT RESULTS

Based on our reconciliation and verification of the invoices, we have confirmed the total credit amount due to the Cook County Recorder of Deeds (CCRD) as indicated by Fidlar Technologies is \$604,488.16. The fee and revenue structure was presented by the CCRD in informal documents. We were not able to validate the fee and revenue structure against approved agreements.

The audit also noted 2 findings with recommendations as detailed in the Findings Section.

FINDINGS

Finding #1:

An executed contract with signatures from CCRD and Fidlar Technologies was not provided to support the contractual arrangements that were in place during the period audited. The CCRD did provide an approved proposal from the contractor, a letter from CCRD to County procurement stating that the vendor was procured and a signed purchase order; however the actual contract #10-41-23 executed by both parties with all terms of the agreement was not provided. A written contract approved by both parties should be executed to support all contractual arrangements and any changes in provisions.

Recommendation

We recommend the CCRD ensure that written contracts are executed, properly maintained and adhered to. The CCRD is in the process of finalizing a contract with Fidlar Technologies.

CCRD Response:

We agree with the request to implement a signed agreement between CCRD and Fidlar Technologies. We are currently in progress of reaching a final agreement and it should be in place and fully operable by July 31, 2014.

Responsibility:

Our Legal Counsel will be responsible for the completion of this agreement. Once it is finalized a copy shall be remitted to the Office of the Auditor for support of this finding. The contractual arrangements will be continuously monitored by our Deputy of Finance for monitoring and tracking of earned revenue in addition to contractual compliance.

Estimated Completion Date:

We plan to have a new agreement in place by July 31, 2014.

Finding #2:

There does not appear to be any monitoring procedures in place to ensure Fidlar Technology's compliance with contractual arrangements and revenue payments. The invoices reviewed by the auditor did not indicate any issues; but with the execution of the new contract it is important to implement strong internal controls through a continual monitoring process.

Recommendation

We recommend with the execution of the new contract that the CCRD establish an effective monitoring process to ensure contractual compliance and to ensure that all revenue due to the CCRD is received. The monitoring process should include internal controls such as performing periodic verifications of the subscribers with the invoices billed; reconciling the amount received to the invoices billed; and documenting the review and signoff process.

CCRD Response:

We agree with the request to establish an effective monitoring process to ensure contractual compliance and to ensure that all revenue due to the CCRD is received. The monitoring process will include, but not limited to, the establishment of internal controls for performing periodic verifications of the subscribers with the invoices billed; reconciling the amount received to the invoices billed; tracking the receipt of payments, and documenting the review and signoff process.

Responsibility:

The contractual arrangements will be continuously monitored by our Deputy of Finance for monitoring and tracking of earned revenue in addition to contractual compliance.

Estimated Completion Date:

Effective, May 27, 2014, CCRD has been provided administrative viewing rights to the Fidlar transaction system allowing review of transactions and invoices for validation and support of corresponding revenue accumulated on a monthly basis. Beginning, June 5, 2014 CCRD will review the invoices for May, 2014, validating subscribers and invoices billed. This process will continue throughout the life of the contract.