



Office of the County Auditor
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TONI PRECKWINKLE

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May 27, 2015

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:

The Office of County Auditor (OCA) conducts a quarterly follow-up on open findings and recommendations. The OCA will submit a Quarterly Open Findings Status Report to the County Board for referral to Audit Committee every quarter.

Please refer to the following FY'15 2nd quarter - Quarterly Open Findings Status Report. As indicated in the report, to date there have been 75 recommendations made by the OCA for which 49 have been fully implemented, 5 partially implemented and 21 not implemented. The status of the 21 open recommendations is reflected in the attached report.

We express our appreciation to all departments for providing quarterly updates to the recommendations. We are continually available to assist the departments in their implementation of the recommendations.

Respectfully Submitted,

Shelly Banks, CPA
Cook County Auditor

Office of County Auditor

FY'15 2nd Quarter Open Finding Recommendations Status

Capital Construction Contract Monitoring

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
1	A policy and procedure is not in place to ensure that projects remain in compliance and on track if the situation arises where the project manager is removed from the project (i.e. leave, another assignment, etc.).	The OCPP is looking to bring on a Program Manager and Construction Manager (PM/CM) to oversee the Capital Projects. This allows the Department to be seamless on transitions of projects as we will be able to target hiring additional staff when project loads are heavy and relieve that staff when the project loads do not require as many FTEs to oversee projects. The continuity of having PM/CM'S will ensure that projects are still completed timely when the Department suffers from critical staff on leave.	The OCPP is working through the procurement process.	6/30/2015

Cash Reconciliation Project

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
4	There are no written policies and procedures documenting the bank reconciliation process for certain departments.	Management of the departments involved agreed and will implement corrective action.	The departments involved are working on finalizing written policies and procedures.	11/30/2015
6	Bank reconciliations were not always completed accurately with the proper support for variances.	Management of the departments involved agreed and will implement corrective action.	The departments involved are addressing the bank reconciliation process to ensure bank reconciliations are completed accurately with the proper support.	11/30/2015

Court Reporting Orders Process

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
1	Cook County does not have in place internal centralized Countywide oversight and monitoring of the court report orders process to prevent excessive, unnecessary or duplicate requests. Our tests resulted in 16 noted discrepancies within the court report orders process.	<p>Public Defender - We are not sure if it is legal for the County to take ownership of the Countywide court reporting order process due to attorney client privilege and work product privilege.</p> <p>State's Attorney - We currently send all 29As for the payment of Official Court Reporter transcripts to our Chief of the Felony Trial Division for sign off, prior to submission to the Comptroller. The Office of the Chief Judge has directed that all 29As be accompanied by the original order form, certified by the Court Reporter Supervisor as accurate in terms of rate and page count.</p> <p>Chief Judge - The Office of the Official Court Reporters in Cook County is a state office operating under the governing authority of Chief Judge Timothy Evans. We have no objection to the recommendation that the county monitor the transcript billing process and the ordering process as well, as long as the monitoring of orders is limited to Cook County offices.</p>	The individual entities implemented controls to address the deficiencies. A central County entity for County ordering of transcripts has not been established.	11/30/2015

Court Reporting Orders Process

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
2	Currently, court report orders are received in hard copy format generating an immense amount of paper. Transcripts are paper processed and paper processing of court transcripts for use by Cook County departments is antiquated and is not consistent with environmental sustainability.	<p>Public Defender - We are concerned with the mechanics of a centralized document management system.</p> <p>State's Attorney - We have requested an opinion from our Civil Actions Bureau with respect to the legal issues raised at the exit interview involving the acceptance of electronic versions of the transcripts and the possibility of a centralized document management system.</p> <p>Chief Judge - We agree with the auditors in their interpretation of Administrative Regulations for Court Reporting Services Section II.F.S, that beginning January 1, 2015, reporters must upload electronic files of court proceedings to online directories through the state Share File system.</p>	State's Attorney's Office is still reviewing for final opinion.	11/30/2015

Delinquent Home Rule Tax Process

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
1	Tax delinquencies are not being followed up in a timely and efficient manner to ensure the most optimal return to the County of money owed.	Management agrees with the recommendations and has plans to address them within its current process and as part of its future state integrated tax processing system implementation (ITPS).	Management has implemented many of the recommendations within the current process and has included the efficiencies as part of the ITPS implementation process.	6/30/2016
2	The delinquent tax account data is not being accurately and efficiently maintained to ensure the reliability of the delinquent tax accounts and amounts.	Management agrees that there is a need for a more accurate and comprehensive system to manage accounts, and as mentioned before, plans to address these issues as part of its ITPS implementation, with select improvements to its interim process.	Management has made improvements to the interim process and continues to move forward with the ITPS implementation.	6/30/2016
3	The Tax Delinquency Assessment Process and Procedures Manual was last updated May 2012 and does not fully define the processes and requirements.	Management agrees with the finding. DOR is currently undertaking an update of all process and procedure documents to ensure that we have a comprehensive set of documents for each of our areas, which is estimated to be completed by Q3 of 2015.	Management continues to work on updating the written procedure documents.	8/31/2015

Employer Sponsored Dental Insurance Benefits Contract

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
1	Risk Management does not have a comprehensive system of controls in place in regards to verifying dependent eligibility.	<p>Cook County employees bear responsibility to inform Risk Management of any changes in dependent status, Risk Management realizes a regular review of enrollment is necessary for the management of all County health plans. Risk Management worked with its benefits consultant to establish a strategy to verify dependent eligibility.</p> <p>Risk Management decided a dependent eligibility verification audit was the best option to protect the County against fraudulent claim expenditures and obtain savings. A third party vendor will verify the legitimacy of every dependent claimed by employees for employee benefits coverage.</p>	Risk Management is working with a third party vendor to conduct a dependent eligibility verification audit.	9/30/2015

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
3	Control deficiencies were identified in regards to the processing of claims and eligibility.	<p>Risk Management took this finding very seriously. Guardian identified the discrepancies as processing errors and corrected the errors immediately after they were identified. Risk Management communicates with Guardian regularly to discuss employee concerns. Guardian is working with Risk Management to further improve its control procedures.</p>	<p>Guardian attributed its control deficiency findings to human error and a system error issue. Guardian corrected the errors and has outlined steps to prevent future errors.</p> <p>Guardian conducts monthly audits on the eligibility and payment analysts to ensure they maintain a 99% percent accuracy rate.</p> <p>Guardian has requested a system enhancement request to flag predeterminations and prevent them from being processed. Guardian expects this system enhancement will prevent future incidents. The coding is scheduled to begin in September 2015 and should be implemented by the end of 2015.</p>	11/30/2015

FPD Cash Management

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
1	The Finance Administration has not finalized written policies and procedures to provide District department employees with a framework for executing cash handling activities.	Finance Administration has drafted the Cash Handling Policies and Procedures and will submit them to the Policy Committee for approval.	Draft Cash Handling Policies are under review.	9/30/2015
2	Management oversight should be increased to ensure adherence to the cash handling internal control processes.	Finance Administration will work with the Law Department to develop and implement the proper controls necessary to mitigate the risks identified.	Finance Administration is working with the Law Department to develop and implement the proper controls necessary to mitigate the risks identified.	6/30/2015
3	Financial records documenting the creation, use and need for change funds should be maintained by the Finance Administration and periodic evaluations should be conducted to ensure change fund amounts remain at appropriate levels for operational needs.	Finance Administration has reviewed the operational needs of each department to determine the need for a change fund. The Nature Centers were given policies and procedures to follow which state that the Cash on Hand is to be maintained specifically for operations and special events and not to be used as petty cash. Finance Administration will incorporate the Change Fund recommendations into the final Cash Handling Policies and Procedures.	The final Cash Handling Policies and Procedures will include the Change Fund Procedures.	6/30/2015
4	Staff limitations resulted in one person being charged with the responsibility of collecting, depositing, and reconciling cash activity.	Finance Administration will review the Law Enforcement Department's current operations and implement the policies and procedures necessary to mitigate the separation of duties issues identified in the finding. Additionally, Finance Administration will implement the necessary procedural changes to address the lack of dual controls at locations without a Smart Safe.	Finance Administration is addressing the separation of duties issue with the Law Enforcement Department and the lack of dual controls.	9/30/2015

FPD Cash Management

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
6	In the VRC location, checks are not deposited in the most efficient and secure manner.	Finance Administration will provide training on final policies and procedures to all employees responsible for cash handling activities. In addition, users of the Remote Deposit Scanner at VRC will be trained on proper usage of the device.	Users of the Remote Deposit Scanner at VRC were trained on the proper usage of the device. Such training was implemented on 5/7/2015; District-wide training on final policies and procedures to all employees responsible for cash handling activities has not been formally implemented yet. The implementation of such training is expected to be completed by 9/30/2015.	9/30/2015

Liquor Control Commission

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
6	The Liquor Control Commission does not have a written policies and procedures manual.	The LCC will now take that experience and the notes gathered to develop a written policies and procedures manual as suggested.	Since the Ordinance changes have been approved, LCC is working on finalizing the policies and procedures manual.	11/30/2015

Motor Fuel Card Purchases

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
2	An accurate fuel card inventory listing is not maintained.	An accurate fleet card inventory is maintained. The Sheriff's Office maintains the inventory based upon information received from using agencies. Using agencies do not update our office in a timely manner when their information changes. The Sheriff's Office agrees that this is an issue that needs to be addressed.	The Fleet Manager was hired and will work with the Sheriff's Office to start receiving the monthly fuel reports. These reports will be reviewed and forwarded to the specific departments as necessary when issues arise.	6/30/2015

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
3	The Sheriff's Office requests using Agencies to review their monthly billing detail for excessive use and possible abuse, there is no follow up to ensure that this is being completed.	Sheriff's Office: It is not, nor should it be the responsibility of the Sheriff's office to review or monitor other agency's fuel usage. If a driver enters in an inconsistent odometer reading the Alerts System notifies the Sheriff's Office, and the driver's supervisor is notified of the inconsistency. The Sheriff's Office has begun assigning a separate card for the equipment. Bureau of Administration: The BOA should be set up by the Sheriff to receive fuel card usage and cost data as well as alerts of possible abuse for all departments excluding the Sheriff and possibly State's Attorney.	The Fleet Manager was hired and will work with the Sheriff's Office to start receiving the monthly fuel reports. These reports will be reviewed and forwarded to the specific departments as necessary when issues arise.	6/30/2015

Payroll

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
1	There is a lack of standardized payroll and timekeeping processes and procedures across the County.	As part of the implementation of the new system, management is reviewing policies and procedures to ensure consistent Countywide practices. This initiative is ongoing and has an anticipated completion date of January 2016. The Comptroller's Office Payroll Department will continue to conduct annual Countywide timekeeper training sessions, which include the issuance of an updated comprehensive user guide for time entry manual. The Comptroller's Office Payroll Department will continue to work with the timekeepers on a bi-weekly basis to ensure the accuracy of payroll. The Comptroller's Office will continue to work with the Bureau of Human Resources to have more standard and efficient Countywide human resource and payroll procedures in conjunction with the current payroll upgrade project and the planned time and attendance project.	The Comptroller's Office Payroll team continues to work with Human Resources (HR) and the User Departments' Timekeepers during the bi-weekly payroll process. The Comptroller's Office continues to participate in Time and Attendance project meetings/work groups (that includes HR). The Comptroller's Office continues to update their payroll and garnishments business processes and procedures based on the recently implemented E1 system. The most recent estimate of completion for the Time and Attendance System is the third quarter of FY2016, ECD revised to 11/30/16.	11/30/2016

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
3	In the Facilities Management Department, there was a lack of controls, oversight and consistency for overtime usage during the period reviewed.	New overtime Punch Policy/approval process has been implemented as of April 14, 2014. Management will review other options such as seasonal flat rate contracts and/or posting bids with in-house staff for seasonal shifts to address peak demands without incurring overtime. Facilities Management will be working with the unions to have more cross training of staff to allow for the ability to cover different facilities if someone is off sick.	Overtime Policy is implemented and in use. Flat rate contract currently is in Procurement and is temporarily on hold. The implementation of seasonal shifts is in process. Cross training completed and will continue as necessary. 2014 DFM overtime has been reduced by 50% over 2013 (Facilities Overtime Costs \$885K vs 2014 Facilities Overtime Costs \$451K).	6/30/2015

PD CDBG Program

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
1	Planning and Development does not conduct an annual risk assessment of the County's CDBG funded activities or develop an annual monitoring plan as stated in Section 8-Monitoring Policies of the Department's policies and procedures manual.	A consultant team worked with Dept. of Planning and Development (DPD) to revise and update our Policies and Procedures Manual. The manual incorporated recommended best practices, including some practices that DPD had not yet implemented. Different types of monitoring are required for different project types, and some projects may not be suitable for remote monitoring due to data privacy concerns. DPD expects to complete its assessment of risk-based monitoring for CDBG in early 2015 and finalize its risk assessment policy and an annual monitoring plan for projects underway in 2015.	DPD expects to complete its assessment of risk-based monitoring for CDBG, finalize its risk assessment policy and develop an annual monitoring plan for projects underway in 2015. The estimated completion date was revised from 5/31/15 to 6/30/15.	6/30/2015

Sheriff's Office Payroll Overtime

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
3	Documentation to support overtime incurred and paid was lacking, inconsistent and is not being adequately maintained. During our testing, 49 out of 50 or 98% of the employees tested were missing at least one of the three required forms/reports totaling 789 missing forms.	<p>The documentation system used to track overtime is being automated, which will result in a greater level of consistency across the divisions and units of our operations.</p> <p>The 3-Part Forms are being automated.</p> <p>Once the County has implemented its automated timekeeping and attendance system, most processes will become more streamlined.</p>	The Sheriff's Office is working on automating the documentation system along with the Timekeeping Attendance Form. The Sheriff's Office also is serving as a pilot office for the implementation of the Countywide Time and Attendance System.	8/31/2015
4	Proper justification was not provided for the earning of overtime for the audit sample.	<p>The overtime justification memorandum clearly indicates the number of officers assigned to work overtime for each shift and division. The Shift Supervisor bases his/her decision on the daily workload and approves overtime for the number of employees who are needed for each shift.</p> <p>The CCSO has been working with Lexipol to rewrite its policies for over two years. This includes policies and procedures surrounding the assignment and tracking of overtime. We are continuously focused on assessing and updating general orders.</p>	Sheriff's Office will update the Overtime Justification Memorandum to include an area for a brief explanation on the necessity of the overtime.	6/30/2015
5	Overtime is not processed in a timely and efficient manner. Timekeepers are not receiving Timekeeping Attendance Forms in a timely manner for input to the Time Tracker System, which causes errors in posting the overtime and delays in paying the overtime. Overtime was lumped into additional pay periods. The established process requires timekeepers to duplicate data entry for overtime records.	<p>It is current practice to submit Timekeeping Attendance Forms along with the Daily Attendance Sheets on a daily basis to the timekeepers.</p> <p>Late overtime is entered into the system on the actual day the overtime was worked and coded as late overtime. We will work with our internal IT staff to determine if further modification can be made to Time Tracker System to accommodate the recommendation.</p>	The Sheriff's Office is working with their internal IT staff to determine if further modification can be made to Time Tracker System to improve the tracking of late overtime to ensure late overtime actual dates are noted with the processing of the late overtime in future pay periods.	11/30/2015

Sheriff's Office Payroll Overtime

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
6	There is no documented payroll supervisory review or reconciliation of overtime entered and paid to prevent or detect errors or abuse.	A payroll supervisory review and reconciliation process will be established within the next six months.	The Sheriff's Office is working on developing a payroll supervisory review and reconciliation process and has implemented additional controls to help in this area.	11/30/2015

Veterans Assistance Commission

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
10	According to the Cook County Bureau of Administration (BOA), the VACCC has not been working with them to ensure that proper oversight is provided over the distribution of funds to the VACCC.	The VACCC is in the process of meeting with our Veterans Assistance Commission Executive Board to jointly review, develop and update any changes needed to our current policy and procedures manual. The Superintendent provides a thorough monthly report and quarterly report to the VACCC executive board as per our written by laws. The VAC has provided monthly and quarterly reports during the last two years to the Bureau of Administration Bureau Chief on a consistent basis.	The VACCC has consistently provided monthly and quarterly reports to the proper authorities as required, to include the Cook County Budget Department on a timely basis. VACCC is waiting for a scheduled date to meet with the Cook County Board of Commissioners Veterans Committee to discuss and mutually develop a written agreement between the Veterans Assistance Commission of Cook County and the County.	11/30/2015

Finding Recommendations Status Summary to Date

Status	# Recommendations
Implemented	49
Not Implemented	21
Partially Implemented	5
Total	75