



Office of the County Auditor

**Shelly A. Banks, C.P.A.**

Cook County Auditor

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**TONI PRECKWINKLE**

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January 7, 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 Findings Status Report to the County Board for referral to Audit Committee every quarter.

Please refer to the following FY'14 4<sup>th</sup> quarter - Quarterly Findings Status Report. As indicated in the report, to date there have been 50 recommendations made by the OCA for which 28 have been fully implemented, 5 partially implemented and 17 not implemented. The status of the 22 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

## Finding Recommendations Not Implemented as of November 30, 2014

### Liquor Control Commission

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
2	The Liquor Control Commission is collecting a \$250.00 "Change of Officer" fee without the authorization of the County Board.	The LCC intends to begin working on an ordinance amendment to rectify the fee structure. The LCC hopes to submit any ordinance amendments before the November Board of Commissioners meeting.	Review of the proposed, updated ordinance is progressing.	5/31/2014
3	For Fiscal Year 2012, 6 out of 61, 10% of businesses that renewed their Liquor License renewed after the 4/30/12 expiration date, therefore illegally operating without the proper license without any penalty.	The Cook County Liquor Control Commission will explore the option of setting late fees or penalties to liquor license applicants that do not obtain their renewed license by the April 30th deadline. Our intention to do outreach to the license holders during our annual renewal season is to eliminate any overdue renewal application and payments.	Review of the proposed, updated ordinance is progressing.	5/31/2014
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.	We are currently working on developing a policies and procedures manual.	6/30/2014

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
7	The Liquor Control Commission has its own bank account in which the Department of Revenue deposits all fees collected on behalf of Liquor Control and reconciles the bank account on a monthly basis. The Liquor Control Commission prepares and writes all checks out of the checkbook. The bank account has two authorized signers but requires only one signature for disbursement. This leaves the account at high risk for fraud.	LCC has agreed to close the bank account per verbal statement from John Allen and confirmed at the 10/2/13 board meeting.	LCC has been working with OCPO and Budget to determine the best ways to get payments made to the newspapers that publish the legal notices and the Illinois State Police for criminal background checks.	5/31/2014

#### 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.		3/31/2015
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.		3/31/2015

## 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.	<p>As part of the implementation of the new system, management is looking at policies and procedures to ensure consistent county-wide practices. BHR is responsible for approving leaves of absence, includes leaves under the Family Medical Leave Act (FMLA), parental leave policy, and Victims' Economic Security and Safety Act (VESSA). This initiative is ongoing and has an anticipated completion date of January 2016</p> <p>The Comptroller's Office Payroll Department will continue to conduct annual County-wide 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 bi-weekly basis to ensure the accuracy of payroll.</p> <p>The Comptroller's Office will continue to work with the Bureau of Human Resources to have more standard and efficient County-wide human resource and payroll procedures in conjunction with the current payroll upgrade project and the planned time and attendance project.</p>	<p>The Comptroller's office Payroll / E1 system implementation core team conducted timekeeper training for the implementation of the E1 system in July / August 2014.</p> <p>The Comptroller's Office Payroll team continues to work with Human Resources and the User Departments' Timekeepers during the bi-weekly payroll process.</p> <p>The Comptroller's Office continues to participate in Time and Attendance project meetings / work groups (that includes Human resources).</p> <p>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 FY 2016, revised the estimated completion date to 11/30/16.</p>	11/30/2016

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
2	There are numerous payroll codes and no specific guidelines for usage of the codes. There are errors in the Payroll system due to Departments utilizing codes that should not have been used to record payroll transactions.	The Comptroller's Office and the Bureau of Human Resources will conduct an annual review of the payroll codes to ensure they're accurate and used properly. The Bureau of Finance and the Bureau of Human Resources have started to review the payroll codes in conjunction with the current payroll upgrade project.	The initial annual review of the payroll codes was conducted as part of the E1 implementation. The Comptroller's Payroll Supervisor is compiling the necessary supporting documentation to maintain in the file records. We continue to work on updating our procedures and business processes for payroll and garnishments (ongoing- due to post go live matters and items). Revised estimated completion from 10/31/14 to 3/31/15 due to ongoing post go live items and matters.	3/31/2015

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. We 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 in Procurement and 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)	3/10/2015

## 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.	<p>The Sheriff's Office has been implementing the new WEX fuel cards and setting up the new WEX online portal.</p> <p>BOA is currently working with the Sheriff's Office to begin receiving monthly fuel reports. These reports will be reviewed and forwarded to the specific departments as necessary when issues arise.</p> <p>BOA will have new Fleet Manager on staff by January 2015 and will assign this duty to this person.</p>	1/15/2015

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.	<p>Sheriff's Office:</p> <p>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 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.</p> <p>Bureau of Administration:</p> <p>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.</p>	<p>The Sheriff's Office has been implementing the new WEX fuel cards and setting up the new WEX online portal.</p> <p>BOA is currently working with the Sheriff's Office to begin receiving monthly fuel reports. These reports will be reviewed and forwarded to the specific departments as necessary when issues arise.</p> <p>BOA will have new Fleet Manager on staff by January 2015 and will assign this duty to this person.</p>	1/15/2015

## Veterans Assistance Commission

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
1	The VACCC does not have up to date formal written policies and procedures.	The VAC 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 guided by Military Veterans Assistance Act 330, Illinois Compiled Statutes. The VACCC will expand the language covering all VACCC benefits offered, amounts of assistance and supporting documentation required included in the updated procedures manual this year.	The VACCC has begun several steps in updating and developing a current comprehensive policy and procedures guide. We are currently still researching recommendations to ensure we are within the parameters of the Illinois Compiled Statutes of the Military Veterans Assistance Act 330.	3/31/2015
3	The policies for income determination for veterans to qualify for financial assistance are not clearly defined or consistently applied.	The VAC 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 VACCC will update the income determination and calculations to ensure they are consistently applied.	We are still researching all content areas to ensure consistency as we have uncovered that we cannot count SNAP benefits according to federal law. We have made an immediate modification to our policy to correct this. We are still researching other segments of the federal law and State of Illinois law to come into full compliance. This research is currently ongoing.	3/31/2015
8	The VACCC is paying staff as independent contractors without ensuring that the proper contractual relationship is in place.	The Cook County Bureau of Administration and legal team took it upon themselves to terminate our status as Cook County employees, strip the VACCC of funding to adequately compensate staff with pension and benefits and now pay VACCC staff as outside vendors.	We are expected to meet and negotiate a contract for services with an outside agency to handle our employee payroll, compensation, taxes, healthcare benefits, pension requirements and deductions.	3/31/2015

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 Chiefs on a consistent basis.	We are still developing the appropriate written agreement between the VACCC and the County, this is ongoing.	3/31/2015

#### 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.		6/30/2015

## Fleet Fringe Benefit

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
2	<p>There is no reconciliation conducted between the inventory reports, payroll fringe benefits reports and the Vehicle Disclosure Authorization Forms.</p> <p>There is no oversight to reconcile the employees reported for fleet fringe benefits to the employees assigned a take home vehicle.</p> <p>There was no oversight to ensure that the Vehicle Disclosure Authorization Forms were being submitted on all employees approved for a take home vehicle.</p>	<p>The BOA will keep a central inventory of all take home vehicles including copies of Vehicle Disclosure Authorization forms.</p> <p>The BOA will request payroll data from the Comptroller in order to reconcile the data with the inventory and Vehicle Disclosure Authorization Forms and make sure there is proper reporting.</p>	<p>BOA is conducting its first quarterly audit of employees with fleet fringe benefits. A memo was sent to all Bureau Chiefs, Department Heads, and Elected Officials informing them that the BOA will be performing this function.</p> <p>Fleet Management will be working with all department vehicle coordinators to update information as necessary.</p> <p>This audit will be conducted 4 times per year: January, April, July, October.</p>	1/15/2015

## Wage Garnishments

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
1	The Comptroller's Office does not have strong internal controls in place to ensure that wage garnishments cannot be changed or stopped without the appropriate management approval.	<p>The Comptroller's Office will continue to conduct periodic training to ensure staff are kept up to date on garnishment matters. The Comptroller's Office did create an internal payroll procedure manual which includes the garnishment process in FY 2013 to address a FY 2012 external audit finding and maintains a comprehensive system user manual for the garnishment staff. Comptroller's office is updating the garnishment procedures to ensure duties are properly segregated and documented between staff and supervisors, bi-weekly reconciliations and reviews are preformed and documented in a timely manner to address any potential issues, and staff disciplinary matters are addressed according to the Bureau of Human resources disciplinary process. The garnishment procedures and user manual will be submitted to the staff for review and a signed acknowledgment upon approval by the Bureau of Human Resources in conjunction with corresponding collective bargaining agreement.</p> <p>The Comptroller's Office is working with the County's ERP and external vendor team to implement software controls to prevent unauthorized changes to garnishments.</p>	<p>The external technical team implemented a bi-weekly sequel query process to produce a bi-weekly report that identifies garnishment changes from pay period to pay period for supervisory review, follow up and maintenance. Also, a User audit security report was created, implemented and is processed on a periodic basis for supervisory review, follow up and maintenance. Garnishment team is currently working on post live clean up of previous system data (FMIS) that was interfaced into the E1 system during the implementation phase. We continue to work on updating our procedures and business processes for payroll and garnishments (ongoing-due to post go live matters and items). Revised estimated completion from 10/31/14 to 3/31/15 due to ongoing post go live items and matters.</p>	3/31/2015

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
2	The garnishment amounts are not reconciled each pay period to ensure that the amounts required to be garnished are actually being garnished each pay period and to account for any changes made to existing garnishments	Starting in FY 2014, The Comptroller's Office garnishment supervisor is performing bi-weekly reconciliations by comparing each transaction contained on the current bi-weekly payroll deduction report to the previous bi-weekly report to ensure that each deduction was made successfully and to address any potential issues with staff or vendors in a timely manner. The Comptroller's Office is planning to work with the County Auditor and the County's ERP and external vendor team to automate the reconciliation process during FY 2014	The external technical team implemented a bi-weekly sequel query process to produce a bi-weekly report that identifies garnishment changes from pay period to pay period for supervisory review, follow up and maintenance. Also, a User audit security report was created, implemented and is processed on a periodic basis for supervisory review, follow up and maintenance. Garnishment team is currently working on post live clean up of previous system data (FMIS) that was interfaced into the E1 system during the implementation phase. We continue to work on updating our procedures and business processes for payroll and garnishments (ongoing- due to post go live matters and items). Revised estimated completion from 10/31/14 to 3/31/15 due to ongoing post go live items and matters.	3/31/2015

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
4	The written policies and procedures for the Garnishment Department are outdated and do not include the necessary controls to ensure compliance.	<p>The Comptroller's Office did create an internal payroll procedure manual which includes the garnishment process in FY 2013 to address a FY 2012 external audit finding and maintains a comprehensive system user manual for the garnishment staff.</p> <p>The Comptroller's office is updating the garnishment procedures to ensure internal controls are in place and duties are properly segregated between staff and supervisors. The supervisors are performing bi-weekly reconciliations and reviews in a timely manner to address any potential issues.</p> <p>The Comptroller's Office plans to conduct an annual review and update of the garnishment procedures on an on-going basis.</p>	<p>The external technical team implemented a bi-weekly sequel query process to produce a bi-weekly report that identifies garnishment changes from pay period to pay period for supervisory review, follow up and maintenance.</p> <p>Also, a User audit security report was created, implemented and is processed on a periodic basis for supervisory review, follow up and maintenance.</p> <p>Garnishment team is currently working on post live clean up of previous system data (FMIS) that was interfaced into the E1 system during the implementation phase. We continue to work on updating our procedures and business processes for payroll and garnishments (ongoing- due to post go live matters and items). Revised estimated completion from 10/31/14 to 3/31/15 due to ongoing post go live items and matters.</p>	3/31/2015

## Juvenile Probation Fund

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
1	The Chief Judge Juvenile Justice Special Revenue Fund accounts for more than the original intended purpose of hiring additional officers. Through the years, it appears that the fund has evolved into a subsidy to reimburse probation officer salaries as opposed to an allocation for the specific purpose of hiring additional probation officers.	The Office of the Chief Judge concurs with the recommendation for discontinuing the use of the fund and transfer the salaries of the officers recorded there to the budget of the Juvenile Probation and Court Services Department 326, effective in FY2015.	Per Budget Memo to Comptroller dated 12/9/14:  Fund 538 Juvenile Probation As you know, a recent audit by the County Auditor we requested jointly, recommended that this special purpose fund be eliminated. As such, we have not budgeted for this fund in the 2015 Budget and request that you close the fund and offset the fund's deficit in the Public Safety Fund's year-end balance for 2014. Memo is attached for your reference.	1/31/2015

Finding #	Finding Statement	Corrective Action Plan (CAP)	Most Recent Update	ECD
2	The Juvenile Justice Special Revenue Fund accounts receivable balance in November 30, 2013, indicated that only \$1.8 million of the \$10.3 million balance appears to be collectible. We noted that the accounts receivable balance included balances as far back as January 2010 thru the current year and that all budgeted funds from the AOIC for that time period have been received.	The Office of the Chief Judge concurs with the county's recommendation to correct the imbalance in the application of subsidy payments by closing Fund No. 538 and writing off the receivable. From this point forward, all subsidy revenues will be recorded in the General Fund to reimburse General Fund salaries.	The Comptroller's general accounting / financial reporting team with the assistance of the Budget team need to prepare and process the necessary write off entries for uncollectible balances during the FYE 2014 general ledger closing process (plan to complete GL closing process by February / March 2015). Revise completion date to 3/31/15.	3/31/2015

### Finding Recommendations Status Summary to Date

Status	# Recommendations
Implemented	28
Not Implemented	17
Partially Implemented	5