



COUNTY OF WINNEBAGO

WINNEBAGO COUNTY AUDITOR

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Purchasing Card Activity Internal Audit (February, March and April 2017 Statements)

Total Findings: 3

Total Recommendations: 3

May 11th, 2017

The mission of the Winnebago County Auditor's Office is to safeguard Winnebago County assets and provide objective, accurate and meaningful information about County operations so that the County Board can make informed decisions to better serve County citizens.

AUDIT TEAM MEMBER(S):

Bryan M. Cutler, Chief Deputy Auditor

Copies of County Auditor's reports are available by request.
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May 11, 2017

Members of the County Board
Frank Haney, County Board Chairman
Amanda Hamaker, County Administrator
Carla Paschal, Chief Financial and Budget Officer

The Winnebago County Auditor's office is required to perform several duties under Illinois Compiled Statute 55 ILCS 5/Div. 3.1. Sec. 3-1005. The Compiled Statute states that the County Auditor is required to "audit all claims against the County, and recommend to the County Board the payment or rejection of all claims presented."

Accordingly, one of the Auditor's Office internal functions is to perform a detailed review of all monthly purchasing card (credit card) support in accordance with the Winnebago County Purchasing Card Policies and Procedures manual (attached). We have summarized our findings and recommendations from the most recent 3 months of activity as indicated below.

Finding 1: (Unacceptable level of exceptions)

In our monthly review of purchasing card support in accordance with the Winnebago County Purchasing Card Policies and Procedure manual we find the volume and type of exceptions to be unacceptable. In examining the purchasing card support for the February, March and April 2017 statements we noted the following exceptions:

- Employees charging purchases to other departments with no authority
- Purchase shipped to employee's personal residence
- Meal purchases lacking approval and detail required in policy
- Omission of required itemized receipts
- Incorrect forms utilized which lacked proper detail
- Correct forms utilized but were poorly completed
- No department head approval on purchasing logs
- No cardholder approval on purchasing logs
- Evidence of employee using another employee purchasing card
- Payments of sales tax for several purchases
- Individual invoices lacking signature approval from cardholder
- Various employees approving logs instead of required department head approval
- Items misclassified between supplies and capital outlay for accounting purposes
- Omission of receipt dating as required

Recommendation 1:

The volume of exceptions noted was high and would be overly cumbersome to communicate to each individual involved. Instead, we recommend a general memo be distributed indicating the exceptions noted in this report and a copy of the Winnebago County Purchasing Card Policies and Procedures manual. This general memo could potentially be a joint

communication from the Auditor's Office and the Purchasing Department. If no improvement is noted a more aggressive approach would need to be considered.

Finding 2: (Informal Purchasing Card Policy)

The Winnebago County Purchasing Card Policies and Procedure manual is an informal document maintained exclusively by the Purchasing Department.

Recommendation 2:

We recommend that County Administration work with the Operations and Administrative Committee to pass an ordinance by the full County Board memorializing a purchasing card policies and procedures manual as part of the County Code.

Recommendation 2-1:

We recommend the following changes to the current informal policy prior to formalization:

- Implement a maximum individual purchase limit in both the policy and card attributes
- Remove the requirement for the cardholder to date every receipt
- Modify meal language to conform to a formalized County policy
- Require CFO to approve department head purchasing logs

Finding 3: (Lack of Formal Business Meals Policy)

In various departments we have noted an increase in the volume of business meals purchased using a purchasing card. The Winnebago County Purchasing Card Policies and Procedure manual provides guidance on business meals but as noted in Finding 2, the purchasing card manual is an informal document maintained exclusively by the Purchasing Department. We are unable to locate any formal (County Board approved) policy regarding business meals or miscellaneous meals.

Recommendation 3:

We recommend that County Administration work with the Operations and Administrative Committee to pass an ordinance approved by the full County Board, memorializing a meals policy as part of the County Code. Examples of meal policies from other local governments are readily available.

