



Coroner Transition Audit
MCHENRY COUNTY CORONER'S OFFICE
INTERNAL AUDIT REPORT
March 1, 2021

MCHENRY COUNTY AUDITOR'S OFFICE

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process.

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Finance and Audit Committee Members and County Board,

CORONER TRANSITION AUDIT

EXECUTIVE SUMMARY:

The Auditor's Office performed a transition audit of the Coroner's Office to meet statutory requirements prescribed in the internal audit report. The Sheriff's Office provided temporary oversight of the Coroner's Office from April 2019 – Dec 2020. During this transition, the Sheriff's Office utilized their resources, such as staff, training, equipment and technology to accomplish the Coroner's Office statutory duties. Auditor's Office noted various improvements added such as procedures and policies updated or revised. Overall, they provided short term/temporary leadership over this statutory office while long term leadership was determined.

In addition, the Sheriff's Office allowed future and long term decision making to be made by the incoming County Coroner. During the course of our internal audit review, we made the following recommendations for the new County Coroner to implement and consider:

1. Usage and integration with County's financial system,
2. Petty cash closure,
3. Door key management system/process,
4. Imaging/backup of evidence inventory from each investigation,
5. Further evidence destruction documentation, and
6. Evidence sealing bags changes.

The estimated completion time of corrective actions proposed is by the end of fiscal year 2021. We appreciated working with the Sheriff's Office and new County Coroner in a successful transition audit.

BACKGROUND:

The Sheriff's Office was providing temporary oversight and running operations of the Coroner's Office since April 2019, due to the resignation of the prior County Coroner. Upon, the recent elections in November 2020, a new County Coroner was elected and assumed the duties of the Coroner's Office on December 1, 2020.

Under Illinois State Statute **55 ILCS 5 / 6-31005 – Funds Managed by County officials** – the County Board is required to engage a transition audit of all funds and accounts under the management and control of the county official.

(55 ILCS 5/6-31005) (from Ch. 34, par. 6-31005)

Sec. 6-31005. Funds managed by county officials. In addition to any other audit required by this Division, the County Board shall cause an audit to be made of all funds and accounts under the management or control of a county official as soon as possible after such official leaves office for any reason. The audit shall be filed with the county board not later than 180 days after the official leaves office. The audit shall be performed and the audit report shall be prepared and filed with the Chairman of the County Board by an auditor.

As used in this Section, "county official" means any elected county officer or any officer appointed by the county board who is charged with the management or control of any county funds; and "audit" means a post facto examination of books, documents, records, and other evidence relating to the obligation, receipt, expenditure or use of public funds of the county, including governmental operations relating to such obligations, receipt, expenditure or use.

(Source: P.A. 101-419, eff. 1-1-20.)

The Sheriff's Office overall met the goal

OBJECTIVES:

It is standard procedure for the County Auditor's Office to perform a transition audit when a county official leaves office. The intent of such an internal audit is to provide assurance that monies, assets, and other official inventorial items pertaining to the department are present and accounted for properly. Observations and inquiries were made of the operations and internal controls of the Coroner's Office.

AUDIT PROCEDURES:

- a) Identify the **financial transactions** that are significant to the department's operations, and the internal control procedures that relate to these transactions to determine the type of review needed.
- b) Obtain a listing of **receipts received** by the County Coroner from March 24, 2019 through November 30, 2020 to review on a sample basis for reasonableness, accuracy, and proper posting.
- c) Obtain **payroll records** (source documents) from the period September 1, 2020 through November 30, 2020. The documents are to be reviewed for reasonableness and consistency.
- d) Identify any **cash on hand** and obtain the last three cash counts and agreement/reconciliations to County Coroner's records to ensure cash on hand is being properly accounted for.
- e) Identify all **bank and investment accounts** opened by the department since March 24, 2019, if any; provide all bank and investment account reconciliations as of October 31, 2020 and review for accuracy and timely resolution of reconciling items, and proper sign offs (including supervisory) are documented.
- f) Obtain any **subsidiary financial records** that are reconciled to the county's financial accounting system (GL) as of either most recent quarter-end or for month end October 31, 2020. Review for accuracy, timely resolution of reconciling items, and proper signoffs are documented.
- g) List if there are unrecorded or **outstanding expenditure transactions** to be processed related to prior months; determine reasons why not posted on a timelier basis, if needed.
- h) List any subsidiary records for accounting and financial reporting functions, such as accounts receivable are reconciled to the County's general ledger through the period of March 24, 2019 through November 30, 2020; **ensure reconciliations are accurate**, reconciling items are resolved on a timely basis, and proper signoffs are documented.
- i) Review a sample of ten (10) **invoices** provided to the County Auditor's Office, within the period of December 1, 2019 through November 30, 2020 and review for reasonableness, proper approval, and timeliness of payment compared to invoice receipt date.
- j) Inquire of the newly Elected Official as to whether steps have been taken to **transition all paper and electronic files** to the newly Elected Official to the best of their knowledge and if any files were knowingly disposed of or deleted that should have been retained.
- k) From findings listed in Dr. Keller's (consultant retained for assessing condition of Coroner's Office in 2019) report follow up was conducted to ensure the:
 1. Formal written standardized operating procedures were developed including written guidelines or documented protocols outlining internal operations of the office.
 2. Electronic case management system has been obtained/developed, installed and in use.
 3. Proper equipment recommended has been procured to ensure the storage facility is temperature controlled within standards.
 4. "Property area" in the examination area is secured and access is logged.
 5. Complete field training manual has been developed and implemented to provide to all current Deputy Coroners and all newly hired staff, so that training can be standardized, accurately evaluated, and completed in a professional best practices manner according to the Coroner Accreditation Standards Guidebook.
 6. Obtain a listing of purchasing card expenditures from September 1, 2020 through November 30, 2020 and examine for reasonableness, proper approval, and support documentation was provided prior to approval.
- l) Obtain a monthly **capitalized fixed asset** listing from March 24, 2019 through November 30, 2020, to determine that all capital assets have been accurately listed, depreciation taken was accurately calculated, and book value is accurate. Also, ensure that periodic and consistent reconciliations over fixed assets and related book values are being performed.

SCOPE:

Basically, overall scopes used include a time period from January 1, 2020 through November 30, 2020; however, scopes of twelve months and eighteen months were also used, from March 2019 through November 2020. The scopes included;

- selections of receipts,
- bank and investment account reconciliations,
- monthly capitalized fixed asset listings,
- selection of 10 invoices submitted for payment by the Coroner's Office,
- subsidiary records supporting General Ledger balances, and
- un-recorded and unpaid expenditures.

For more detailed testing (review of reconciliations, payroll records, or cash on hand reconciliation) scopes may be reduced to a month-end, quarter-end, or three to six months instead of the full eleven months or longer (as noted above), due to internal auditing standards, including but not limited to, if operations or financial information is material, level of risk inherent in a process, and proper internal controls in place. This included a listing of purchasing card expenditure transactions.

FINDINGS AND RECOMMENDATIONS FOR IMPROVEMENT:

Based on audit procedures performed, the following were noted:

1. USE OF D365 FOR TRACKING FIXED ASSETS AND RECEIPTS

During our inquiries and observations, we noted that the Coroner's Office has only a handful of fixed assets. However, they are not on the County's D365 financial system, nor are they tracked on any system of the Coroner's. Upon inquiry to Finance, it was stated no assets were listed separately for the Coroner's Office.

Receipts taken in, for example for cremation fees and FOIA, are accounted for on QuickBooks, but that application is not interfaced with the County's Countywide D365 financial system. Previously, the County's financial system did not have receipt capability, but following implementation of D365 it has been recommended for usage of D365 for these purposes.

RISK RATING: MEDIUM

RECOMMENDATION:

Transactions pertaining to the balance sheet (fixed assets) and the income statement (cremation fees) should be set up in the D365 system, so that all County offices assets and income are provided in the County's accounting system. Finance is currently working toward management of the County's countywide fixed asset lists in D365, vs Excel. Prior to implementation, an updated Coroner's fixed asset list should be provided to the County Coroner and updated to reflect the current assets. County Coroner should inventory the half of dozen assets greater than \$5,000 and report them to Finance, so they can be appropriately tracked. Coroner's Office staff should compare fixed asset list provided by Finance division annually or biannually and any discrepancies should be noted and investigated.

***MANAGEMENT'S RESPONSE:** We have been working on transitioning all of our accounts payables and receivables over to D365. The finance and auditor's office have worked with us in helping create a more streamlined efficient process. This will eliminate the process of using Quick Books and double entries.*

- *Fixed Assets over \$5,000 are as follows:*
- *2012 Chevrolet Tahoe*
- *2015 Ford Explorer*
- *1 Morgue Cooler*
- *1 Morgue Freezer*
- *1 Autopsy Room Custom Sink*

Estimated Date of Completion: End of 2021

2. PETTY CASH

The Coroner's Office has a \$100 petty cash balance. Upon inspection, there was a disbursement from the petty cash for \$8.35, which was performed on April 4, 2019. It has been over a year since petty cash has been reimbursed for this disbursement. The reimbursement was not prioritized due to limited usage of the petty cash account. Additionally, it was not used to make change for clients per inquiry. It was recommended during the course of the internal audit to close the account, which was completed by the new County Coroner with Finance assistance. This finding has been addressed and deemed closed by the Auditor's Office.

RISK RATING: LOW

RECOMMENDATION: None

MANAGEMENT RESPONSE by County Coroner: *Petty Cash is being closed on February 22, 2021*

Estimated Completion Time: none required

3. KEY HOLDER LOCKED BOX IN EVIDENCE ROOM

There is a box in the evidence room that is kept secure by two locks built into it. There is no inventory of the keys that are in the box even though only two personnel had access to this key box (limited access).

RISK RATING: MEDIUM

RECOMMENDATION:

An inventory of the keys in the locked box should be taken on a semiannual basis, but at the very least annually. In order to get a "baseline" inventory, a list should be documented as soon as possible and formally recorded in the Coroner's Office records. From this listing, future inventories can be compared to it. In order to do this, an activity journal of keys removed and returned to the box should also be kept as formal Coroner's Office records. This way a functioning monitoring of spare keys or keys not used can be in place in case of unauthorized removal of keys occurs in the future.

MANAGEMENT RESPONSE by County Coroner: *I have found many more numerous keys within the office outside of the Locked Box in the Evidence Room. I have been going through these one at a time determining what keys go where. There seems to be quite a number of keys that don't match up anywhere. Once I have all keys matched or unmatched to locks they will be labeled and inventoried and put into the Evidence Room Locked Box that are not used on a somewhat regular basis. The*

locked box will be reviewed to the inventory list on a semiannual basis at minimum and any activity documented in a journal.

Estimated Completion Date: End of 2021

4. ITEMS DEPOSITED IN THE EVIDENCE ROOM ELECTRONIC BACKUP

When items are deposited into the evidence room, a detailed inventory is taken on a form and signed by those staff involved in ensuring the recording of the inventory was properly performed. When an item(s) are removed from the evidence room for destruction (by a vendor), the form is marked for the partial removal(s) or removed entirely if all the forms contents are removed.

It was noted that these forms are not imaged with the electronic investigation files, but they are maintained in hard copy

RISK RATING: LOW

RECOMMENDATION: An electronic backup copy of evidence received should be made and placed in a secure location, to have a backup for accidental loss or misplacement. It should be considered to obtain an evidence management system that interfaces with the investigation.

***MANAGEMENT RESPONSE by County Coroner:** Currently in the process of surveying all inventory in the Evidence/File Room to determine what needs detailed inventory and what is best practices going forward.*

Estimated Completion Date: End of 2021

5. DETAILED LISTING OF ITEMS DESTROYED BY VENDOR

When a bulk of items (medicine or bag tags etc.) is provided to a specified vendor to destroy, there is no sign off on a detailed listing of what was selected for destruction. Only a bulk ticket is used to signify the vendor took items to be destroyed on a specified date. The Coroner does have the ability to provide a detailed listing from the Excel file by using various techniques of printing such as selecting and adjusting "print area" so that only the items being destroyed are selected to be printed.

RISK RATING: MEDIUM

RECOMMENDATION:

In order for a detailed record to exist of items provided to the vendor for destruction, it is recommended that the Coroner's Office develop a printout of all items being destroyed. This list should then be verified by the vendor and Coroner's Office employee and both initial off on the detailed listing. The detailed listing should be maintained with the bulk ticket provided by the vendor. This control step will ensure a complete and accurate inventory of items is maintained.

***MANAGEMENT RESPONSE by County Coroner:** Currently in the process of surveying medication taken for destruction and best practices for documentation. There is a substantial amount of medication left in the Evidence/File Room at this time for destruction.*

Estimated Completion Date: End of 2021

6. SEALING EVIDENCE BAGS

Content held in evidence bags are taped with ordinary packing tape to seal contents. With this type of tape and/or evidence bag, there is no way to determine if any access has been made to the contents following it being inventoried. Additionally, the tape is not initialed over and dated by two people, so that duplication of initials could serve as a deterrent to attempt unauthorized access.

RISK RATING: LOW

RECOMMENDATION:

In order to detect tampering or unauthorized access to contents in these bags, it is recommended that pre-printed serial number seals be obtained and recorded when used or that a bar code system be employed also as a deterrent against unauthorized use of items.

***MANGEMENT RESPONSE by County Coroner:** We have currently switched from brown paper bags with sealing by tape to a clear evidence type plastic bag for medications/personal inventory. The clear plastic bag has lines for clear documentation purposes of chain of command of the handling of these items. There is a self-sealing type measure which is much more secure then taping over a bag. This prevents tampering of these items and you can see what is exactly in these bags from being clear.*

Estimated Completion Date: End of 2021

The following are items noted during our review that are not findings, but are items for the new County Coroner to consider.

OBSERVATIONS:

1. Upon the new County Coroner taking office, new approvers on the D365 Accounts Payable system for invoice approval via “process flow” should be set up and the Sheriff’s Department employees be removed from any access to approve and upload invoices into the D365 system. Following the internal audit completion, it was noted that Administration staff is now managing the process with plans for electronic approvals to occur by the County Coroner. Manual approvals via signature are currently performed by the County Coroner.
2. The contract with a vendor for body removal ended November 30, 2020. A new contract and/or bidding process needs to be commenced in the first quarter of 2021.
3. Ensure that remote access into the Coroner’s Office systems and security has been removed from all Sheriff Department personnel.
4. Ensure Sheriff’s Department employees’ access to the case management system on Computer Aid Dispatch (CAD) has been removed. Also, ensure that no Sheriff’s Department personnel has logged in after midnight on November 30, 2020, which can be determined by a requested report from the CAD system.
5. Ensure Sheriff’s Department employees’ access, via keypad and lock, to the narcotics room has been disabled and removed (keys obtained and passwords deleted).

MANGEMENT RESPONSE by County Coroner:

- 1) *Currently only the Coroner and Deputy Coroner have access to D365 for workflow of accounts payable/receivable. We are in the process of hiring a new Secretary/Deputy Coroner whose duties will include working in D365. This will help with workflow and duties within the office.*
- 2) *A new contract was given to the Coroner's office for body removal services. This is not exclusive but there are very few body removal services within the County. We are currently looking into another service but they have different pricing depending on the circumstances. It is not a cookie cutter process.*
- 3) *To my understanding all Sheriff Department personal have been removed from all IT processes within the Coroner's office.*
- 4) *Same as 3*
- 5) *Same as 3*

This concludes our report.

We want to thank the Sheriff's staff and Elected County Coroner for the helpfulness provided to make this internal audit a success.

Sincerely,

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