

# Fiscal Year 2012/2013 Budget Highlights and Goals

## Auditor's Office

### **FY2012 Highlights**

- The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting, the thirteenth consecutive year, for the FY2010 Comprehensive Annual Financial Report (CAFR), which was prepared by the Auditor's Office. In addition, the FY2010 Popular Annual Financial Report (PAFR) also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for the third straight year. Both reports for FY2011 were submitted to the GFOA for the same awards. McHenry County is the only county out of 102 counties in Illinois to receive the PAFR award for FY2010.
- The Internal Audit Division continued ongoing reviews of the internal control structures of major processes within the County's Departments, as well as scheduled internal audits and reviews of the progress of past findings made by either the internal or external auditors. Through the performance of these reviews, suggestions were made to various departments to assist with strengthening the internal controls within their areas of operations.
- The Auditor's Office continued to assist Purchasing with the clean-up project of vendor maintenance in the County's financial management system. During the year, the listing of active vendors was reduced and corrected for approximately 6,200 vendors and the knowledge gained was used to finish the writing of a new Vendor Maintenance Policy and Procedure manual. Training for departments was also offered to assist with maintaining the vendor list.
- GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions* was implemented for the FY2011 CAFR during the compilation of the report in 2012.
- Successfully managed the FY2011 audit process with the external auditors in a timely manner.
- The document image scanning project initiated by the Auditor's Office and the County Clerk for Accounts Payable invoices was fully functioning during the year. FY2012 was started off to have all invoices scanned and the County Clerk's Office will work on scanning some previous fiscal years that have not yet been archived. The next phase will involve rolling out accessibility of the invoices to County departments via OnBase and the financial accounting system. This will create efficiency in the retrieval process and also greatly reduce invoice copies that are retained by departments.
- Processed almost 18,500 invoices during the first 7 months of FY2011 totaling almost \$30 million as compared to approximately 35,600 invoices for the entire FY2011 totaling \$68.5 million. The reviews connected with these invoices have resulted in savings to the County due to reasons such as duplicate invoices, incorrect charges, missed discounts, and freight and sales taxes that should have been deducted.
- Other required reporting included the filing of 398 - 1099's with the IRS for calendar year 2011 applicable payments by County departments. Also, mandatory Continuing Financial Disclosure reporting was performed through the MSRB (Municipal Securities Rulemaking Board) website on the debt certificates owed by the County for various projects.
- The Auditor's Office pointed out and participated in making improvements to the entire Contract Administration process in conjunction with required Purchase Order origination and the approval process flow. In addition, recommendations were made to establish a centralized electronic library of contracts for departments requiring access along with tracking of individual contracts through the County's Financial Management System.
- The Auditor's Office also began the research and produced a monthly Grant Inventory Report in order to assist with better monitoring and awareness of all of the grant programs that have been awarded to County departments. Future phases of this project will include the tracking of grant applications and whether they were awarded to the department.
- Updated necessary changes to the Travel and Business Expense Policy for efficiency, effectiveness, and IRS compliance for County Board approval.

### **FY2013 Objectives**

- Submit the FY2012 CAFR and PAFR to the GFOA for financial reporting awards. The Auditor's Office continues to save the County significant funds in preparing the reports in-house and in coordinating the work and schedules necessary for the audit, in addition to the internal auditing conducted throughout the year.
- Research and implementation on several GASB Statements effective for FY2013-15.
- The Internal Audit Division (IAD) will complete an Annual Audit Plan based upon the performance of an annual risk assessment. The Finance and Audit Committee will be presented with audit reports with listed audit findings, recommendations, and the status of corrective actions.
- The Auditor's Office will provide training sessions for County employees with financial-related, grant-related and internal control subjects.
- The County Auditor and Internal Auditor will earn the designation of CIA (Certified Internal Auditor) during the period of 2012-13.
- Implement a Financial Accounting and Reporting Manual containing all of the policies and procedures related to financial operations.
- In concert with County Administration and Purchasing, monitor the Contract Administration/Centralized Electronic Library for contract agreements processes to ensure that procedures are working properly.
- Develop financial operation monthly reports for Elected Officials and Department Directors.