WIRE TRANSFER AND ACH INTERNAL AUDIT

AUDIT REPORT - ADMINISTRATION DEPARTMENT

October 4, 2018

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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EXECUTIVE SUMMARY

Finance and Audit Committee Members,

An internal audit was performed on the wire transfer and ACH functions and processes within the Treasurer's Office during the month of August 2018. At completion of the audit, three separate reports to three departments (Treasurer's Office, Administration, and Risk Management) were issued from this wire transfer and ACH audit. They represent all of the findings noted during the audit.

The objectives of the wire transfer and ACH audit were to:

- Ensure outgoing wire transfers and ACH transactions are made according to County policy and are properly approved.
- Ensure outgoing wire transfers and ACH transactions are properly supported by appropriate documentation.

In total, our scope included approximately 208 outgoing wires, 127 incoming wires and 2,493 ACH transactions processed by the County from August 3, 2017 through August 9, 2018. During this review process, a sample of 30 outgoing wire transfers, 20 incoming wire transfers, and 20 ACH transactions were tested for proper processing using financial institution's cash management business online banking platform.

Results of our review noted the following:

1) A master list of employees authorized to approve outgoing wire transfers and ACH transactions needs to be developed and maintained by Administration and sent to the Treasurer's Office. Periodic reviews of this list should occur, at a minimum, on an annual basis for updating. This list would be used to ensure outgoing wires and ACH transactions received for processing are approved only by employees appearing on it. It may be determined that not all County Offices/Departments may need their employees on this master list (Preventative Control recommended).

2) Various outgoing wire transfers did not have documented proper approval or sufficient support documentation for the wire amount or the beneficiary Outgoing wire's will be managed through the payables process in the new accounting system on 12/1/2018 (Preventative Control recommended).

Respectfully submitted.

Sincerely,
Shannon Teresi, MAS, CPA, CIA, CFE, CRMA / County Auditor

Don Anderson, CPA, CFE / Chief Deputy Internal Auditor