



COUNTY OF WINNEBAGO

Office of the County Auditor

County Administration Building
404 Elm Street, Room 201
Rockford, Illinois 61101

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September 10, 2019

To: Winnebago County Board Members

From: William D. Crowley, Winnebago County Auditor

Re: Centralized Purchasing System Ordinance compliance internal audit

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 "Maintain a continuous internal audit of the operations and financial records of the officers, agents or divisions of the County. The County Auditor shall have access to all records, documents, and resources necessary for the discharge of this responsibility".

The Winnebago County Board approved a revised Centralized Purchasing System Ordinance (Purchasing Ordinance) in May of 2018 which included several changes to the procurement process and provided clarification of formerly, in our opinion, vague requirements. We have recently performed an internal audit concerning the Purchasing Ordinance. The goals of this internal audit were as follows:

- Determine if the Purchasing Ordinance approved in 2018 was properly implemented
- Determine if departments were in compliance with the Purchasing Ordinance
- Assess if proper controls are in place to compel compliance with the Purchasing Ordinance
- Make recommendations if necessary

The County Auditor's Office routinely tests contract adherence as part of our monthly invoice review process and therefore we consider duplicate testing unnecessary as part of this internal audit.

To address the above goals the County Auditor's Office generated a listing of County expenditures \$5,000 or greater from June 1st, 2018 – June 30th, 2019 originating from the County vendor cash account and the Sheriff's decentralized bank accounts. We selected 50 transactions (attached) representing approximately \$850,000 in expenditures to test. Additionally, our selections were made only from departments subject to the Purchasing Ordinance which omits offices held by certain Elected Officials.

The County Auditor's Office worked directly with the individual departments to acquire the appropriate documents such as invoices, quotes, sole source letters, etc. to complete the testing.

The results of our testing (attached) are as follows:

- 16 of 50 purchases were in complete compliance with the County Purchasing Ordinance
- 9 of 50 purchases were in partial compliance with the County Purchasing Ordinance with the exception of the failure to obtain a purchase order through the Munis workflow process.
- 25 of 50 purchases were not in compliance with the County Purchasing Ordinance for reasons other than failure to obtain a purchase order through the Munis accounting workflow process.

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In total, there were 34 exceptions which fell primarily into four categories:

- 3 quotes were not obtained as required per County Ordinance
- Written justification for sole source procurement had not been submitted to the Director of Purchasing for validity
- Procedures for emergency purchases were not completed properly
- The proper Munis workflows were not utilized by the procuring department

Finding 1:

The Purchasing Director has produced and distributed a detailed summary of the requirements contained in the Purchasing Ordinance on more than one occasion. Regardless, during our testing we noted that several departments did not follow certain requirements and therefore were out of compliance with the Purchasing Ordinance.

Recommendation 1:

We have made departments aware of the issues identified in the report during the testing process which we believe helped improve awareness of the requirements in the Purchasing Ordinance. However, we recommend that the Purchasing Director reaffirm the guidelines contained in the Purchasing Ordinance either through one-on-one meetings or a required short class / tutorial and that all departments reach out to the Purchasing Department with any questions regarding the guidelines contained in the Purchasing Ordinance.

The County Auditor's Office will send a copy of this report to all departments subject to the requirements of the County Board approved Purchasing Ordinance.

Finding 2:

County Administration has developed an accounting system workflow (Munis workflows) to track the procurement of goods and services. Munis workflows provides for a review process before a purchase order is generated and a good or service is ultimately purchased. Unfortunately, the implementation of the use of Munis workflows is currently poor.

Departments failed to use Munis workflows in 34 out of 50 transactions that were tested. Of these 34 transactions that Munis workflows weren't used, 25 items were procured out of compliance with the Purchasing Ordinance.

For the remaining 16 transactions out of 50, Munis workflows were used and a purchase order was issued. In all 16 cases, the item was procured completely in accordance with the Purchasing Ordinance which often times is as a result



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of the County Auditor's Office or Purchasing Office being able to stop the purchase until all requirements were fulfilled.

Recommendation 2:

We recommend that all departments subject to the Purchasing Ordinance be strictly required to use Munis workflows and obtain a purchase order prior to procuring items above the applicable dollar thresholds. To accomplish this recommendation we would suggest considering the following:

- Provide additional training to departments and certain Elected Officials subject to the Purchasing Ordinance on the required use of the Munis workflows and purchase orders.
- Consider using a 2-way or 3-way match process in the accounts payable system where the invoice is matched with purchase orders and possibly receiving information.
- Investigate if any additional Munis system controls or alerts are available
- Additional monitoring and communication of deficiencies by the County Auditor and Purchasing Director

cc: Steve Chapman, Interim County Administrator
Ann Johns, Purchasing Director

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VENDOR NAME	AMOUNT	FULL DESC	INVOICE DATE	Purchase order used (Y/N)	Purchase in accordance with ordinance (Y/N)	CB Resolution req for purchase 25K	Quotes 5k-25k (Y/N) or Bid >25K or corp purchase agree	Sole Source (Y/N)	Sole Source letter (Y/N)	Emergency Repair (Y/N)	Emergency repair or Bid >25K or procedures followed (Y/N)
AMERICAN BUSINESS FO	6,022.55	AWARD PINS FOR SERVICE AWARDS	05/30/2018	N	N	N	N				
BONNELL INDUSTRIES	15,674.68	PLOW BLADES	09/18/2018	N	N	N	Y				
CDW GOVERNMENT INC	14,389.20	4 COMPUTERS W/2 MONITORS EACH/ENG	07/02/2018	Y	Y	N	Y				
DECKER SUPPLY CO INC	7,723.75	SIGNS AND BARRICADES	05/31/2018	N	N	Y	Y				
ENTRE COMPUTER SOLU	7,092.45	5 HP ProBook 650 Laptops	09/13/2018	Y	Y	N	Y				
E D ENTYRE & CO	183,446.00	#56-2019 KENWORTH M/T370	07/18/2018	Y	Y	Y	Y				
INFORMATION CONTROLS	5,886.90	Attendance Enterprise 2019 Mail	01/16/2019	Y	Y	N	Y				
LM SHEET METAL INC	8,220.00	BUILDING MAINTENANCE SUPPLIES PO #745-12921	03/20/2019	N	N	N	N				
MECHANICAL INC	9,873.00	COIL & PIPING PO 120-53-12429	09/30/2018	N	N	N	N				
MECHANICAL INC	6,703.00	VALVE REPLACEMENT PO 120-53-12731	11/11/2018	N	N	N	N				
MECHANICAL INC	5,775.00	FAN REPAIRS PO 120-53-12662	09/30/2018	N	N	N	N				
MECHANICAL INC	5,222.40	SHAFT ISSUES W/RETURN FAN FOR FER 3	11/18/2018	N	N	N	N				
MECHANICAL INC	5,049.28	130205-HF-101525 NEW BEARINGS IN SOUTH FAN	02/10/2019	N	N	N	N				
MECHANICAL INC	11,600.00	FREEZER FROZEN UP	07/29/2018	N	N	N	N				
MECHANICAL INC	7,813.43	FREEZER FROZEN UP	07/29/2018	N	N	N	N				
METAL CULVERTS INC	8,228.97	CULVERT	09/24/2018	N	N	Y	Y				
MICHALSEN OFFICE FUR	6,950.00	OFFICE FURNITURE	01/04/2019	N	N	N	N				
MOTOR INDUSTRIES	5,754.26	GENERATOR REPAIR PO 120-53-12933	01/31/2019	N	N	N	N				
RF TECHNOLOGIES INC	5,699.24	OTHER DEPARTMENT SUPPLIES	06/28/2018	N	N	N	N				
RKFD STEAM BOILER WO	6,890.00	REPLACE BOILER TUBES	10/08/2018	N	N	N	N			Y	N
RKFD STEAM BOILER WO	14,980.00	REPLACE BOILER BURNER	12/14/2018	N	N	N	N			Y	N
UNITED LABORATORIES	5,267.65	COOLING TWR CONCT/CYC SMT BIOCID BROMINE PO 1:	08/22/2018	N	N	N	N				
WEST SIDE EXCHANGE	53,020.00	312-SKID TRACK LOADER	09/10/2018	Y	Y	Y	Y				
WEST SIDE EXCHANGE	17,700.00	CP25-COLD PLANNER FOR JD TRACK LOADER	09/10/2018	Y	Y	Y	Y				
B & H PHOTO VIDEO	7,787.78	DRONE EQUIPMENT	02/25/2019	N	N	N	N				
STOPTECH LTD	8,254.00	12" STOP STICK KIT (15)	09/25/2018	N	N	N	N	Y	N		
NITE EQUIPMENT INC	16,093.00	TRLOK-2019 B-B BLAT BED TRAILER (NEW)	10/15/2018	N	N	N	N				
HARDER HELSLEY	7,035.00	AUTOMATIC FLOOR SCRUBBER	11/21/2018	Y	Y	N	Y				
GEOSTAR MECHANICAL	9,400.00	EQUIPMENT REPAIR PARTS & SUPPLIES PO#745-13065	03/18/2019	N	N	N	N	Y	N		
IT SANVY LLC	10,809.52	HPE ProLiant DL360 Gen10 DCs/N	09/06/2018	Y	Y	N	Y				
POTTERS INDUSTRIES L	7,152.00	BEADS	10/04/2018	Y	Y	Y	Y				
SHI INTERNATIONAL	6,160.00	Fat Pipe maintenance renewal	12/21/2018	Y	Y	N	Y				
DATAMARS INC	5,142.17	MICROCHIPS	09/21/2018	N	N	N	N	Y			
ANDERSON ROCK RIVER	22,100.00	CAR FOR VEHICLE POOL; 2018 FORD ESCAPE 45681	08/22/2018	Y	Y	N	Y				
ANDERSON ROCK RIVER	21,845.00	AUTOMOBILES, TRUCKS BUSES, TR	07/31/2018	Y	Y	N	Y				
INTERSTATE POWER SYS	10,899.47	242-WOH19119	02/27/2019	N	N	N	N	Y	N		
INTIME SERVICES INC	8,338.00	TIMECLOCK, SCHEDULING, ANNUAL	10/23/2018	N	N	N	N	Y			
ARING EQUIPMENT CO I	13,046.78	341-WOH18345	09/12/2018	N	N	N	N	Y			
OLD AMERICAN INC	11,990.00	HWY Server	07/12/2018	Y	Y	N	Y				
A3I DOORS INC	24,949.17	Overhead Door for PSB	02/08/2018	Y	Y	N	Y				
PERFECTION PROPERTY	5,371.85	MITTIGATE WATER PER IHCRC SPECS/EST	06/28/2018	N	N	N	N				
PERFECTION PROPERTY	34,385.66	JOB#F-18-061175W; FLOOD 6/18/18	06/28/2018	N	N	N	N				
BOELTER COMPANIES	26,153.00	APPLIANCES AND EQUIPMENT, FOOD	07/31/2018	Y	Y	Y	Y				
DURACO INC	49,781.00	patcher	08/21/2018	Y	Y	Y	Y				
IFE GROUP	23,726.94	GAS STEAMER	08/09/2018	Y	Y	N	Y				
PET PUB INC	7,752.00	2019 RABIES LICENSE TAGS	11/27/2018	N	N	N	N				
HIG EMPIRE HOLDCO	8,392.20	CARPET TILE	12/31/2018	N	N	N	N				
HOFFMAN SECURITY	59,731.00	SYSTEM SET UP AND TRAINING	6/5/2019	N	N	N	N	Y			
REMOTEC, INC	17,751.00	RADIO, DIGITAL, VIDEO RECEIVE	4/22/2019	N	N	N	N	Y			
BOS INTEGRITY	9,104.42	OFFICE FURNITURE	5/8/2019	N	N	N	N	Y			