



COUNTY OF WINNEBAGO

Office of the County Auditor

WILLIAM D. CROWLEY
County Auditor
Phone (815) 319-4206
bcrowley@wincoil.us

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

September 22, 2017

To: Margie Mullins, Winnebago County Clerk
From: William D. Crowley, Winnebago County Auditor
RE: Potential Point of Sale Theft (County Clerk's Office)

On September 12th, 2017 two employees in the Winnebago County Clerk's Office reported to management that another office employee appeared to have obtained inappropriate custody of cash which had been generated from sales within the County Clerk's Office. After a review of the complaint by management, the employee in question was immediately placed on administrative leave pending further investigation.

Based on our conversations with County Clerk Office staff and a detailed examination of sale and receipt data, we believe an employee in the County Clerk's Office has potentially committed what is known as point of sale theft. Point of sale theft is where an employee steals money from their employer at the point in a transaction where a sale is made. Employees may steal money as it passes to or from a customer through a sale.

In this particular case in the County Clerk's Office, we believe an employee committed point of sale theft by purposely circumventing the internal controls of the office by collecting proceeds from marriage licenses and deliberately failing to record the sale and generate a receipt for the customer. Had the employee complied with the County Clerk's Office policy of providing all customers with a receipt, this type of theft would not have been possible due to other system controls that are currently in place.

The County Auditor's acquired a listing of all marriage licenses issued within the time period of employment of the employee in question and compared it to the listing of sales recorded in the County's general ledger system. Working with the County Clerk's staff, we were able to identify 22 instances in which a marriage license had been issued but a receipt was never recorded in the County's general ledger (Munis). These 22 instances occurred over a period of approximately 6 months and appear to have resulted in a loss of \$880 to the County. Additionally, the employee in question may or may not have skimmed proceeds for the sale of birth and death certificates during the same time period. However, any amount of point of sale theft would be very difficult, if not impossible, to quantify as the certificates themselves are not pre-numbered from the State of Illinois and printed certificates are routinely reprinted or shredded for various valid reasons.

In reviewing the County Clerk's office procedures for vital records, we believe the current system of internal control is fairly well designed, aided in particular by individual transactions flowing into Munis in real-time. However, we do believe practical modifications to the internal control structure could be incorporated to help reduce the risk of point of sale theft such as:

- At all office locations that collect fees, post a sign that states "Please call xxx-xxx-xxxx if you don't receive a receipt" or something similar. Providing a receipt is a key control as a receipt can only be generated with a corresponding receipt entry in Munis which can't be modified.
- Perform periodic reconciliations between marriage licenses issued and marriage license revenue at least monthly.

It is our mission to provide high quality services and promote a safe community for all people in Winnebago County.



COUNTY OF WINNEBAGO

Office of the County Auditor

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

WILLIAM D. CROWLEY
County Auditor
Phone (815) 319-4206
bcrowley@wincoil.us

- Consider restricting access to birth and death certificate paper stock.
- Consider manually inventorying birth and death certificate paper stock and reconcile periodically to revenue.

Other recommendations which may not be possible due to staffing and technological issues include:

- Prohibit the Account Technician position (bank reconciler) from performing all cashiering duties.
- Link the Munis receipt system with the ability to print licenses and certificates.

Finally, we believe the employees who observed this potential theft and promptly reported it to management should be commended for their actions.

Please let me know if you have any questions or comments at 815-319-4206 or bcrowley@wincoil.us.

Cc: Carla Paschal, Chief Financial and Budget Officer

It is our mission to provide high quality services and promote a safe community for all people in Winnebago County.