



# OFFICE OF THE COUNTY AUDITOR DuPAGE COUNTY, ILLINOIS

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FOR IMMEDIATE RELEASE

FROM THE OFFICE OF THE COUNTY AUDITOR

## ***AUDITOR: POTENTIAL FOR FRAUD AND ERRORS TO INCREASE***

DuPage County Auditor Jim Rasins has warned that County government will be at an increased risk for potential fraud losses and overpayments under the 2008 budget currently under consideration by the County Board for the Office of the County Auditor. Rasins called the potential layoff of two members of the six member team in his Office unacceptable.

“The two positions represent one-third of the staff in the Office. That kind of cut in resources will seriously impact the ability to perform audits and identify and investigate fraud-related matters,” Rasins said.

The Auditor explained that the Office staff has spent a significant portion of time identifying areas susceptible to the misuse of County resources, investigating areas where fraud may be indicated, and following up on allegations of fraud brought to his attention.

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Rasins cited the involvement of his Office in the theft of almost \$1.0 million in restitution funds and the use of County vehicles and employee time for unauthorized purposes, as examples of the results of fraud-related activity. In addition, he has identified payroll overpayments, erroneous amounts billed by vendors, and the issuance of contracts that did not comply with required practices.

“A qualified professional staff is the primary resource used to identify fraud risks and investigate potential occurrences of fraudulent activity,” the Auditor said.

“A reduction in the resources available to perform internal audits will end up costing the taxpayers money in the long run,” he continued.

Rasins also explained that prior to payment by the Finance Committee, he and his staff examine bills presented by vendors for goods and services provided to the County.

Since 2006, the Auditor’s review of the bills has identified \$12.0 million that failed to meet established payment standards. This included amounts that were double billed, not properly authorized, failed to be supported with required documentation, were not properly accounted for, were not considered to be appropriate expenditures of County funds, or failed to comply with contract terms.

Most of the concerns raised by the Auditor resulted in the bills being corrected or better explained. However, some of the bills were never paid because the questions raised were not answered to the satisfaction of the Auditor.

If the budget is adopted as presented, there will be a change in the timing and extent of the audit procedures that are performed on the bills.

“With the potential staff reduction, the Office will either have to reduce the level of diligence and scrutiny given to the bills, or take longer to process them. Neither alternative is acceptable,” he explained.

The Auditor noted that if it takes longer to process the bills for payment, County vendors will be impacted by the late payments. This could lead to vendors increasing amounts billed to compensate for the slower payments. The County could also incur finance and interest charges on the tardy amounts. Both cases would ultimately increase the cost to the taxpayers.

“Identifying deviations from County policies in areas like purchasing and payroll, and evaluating checks and balances, also depend on the availability of staff. It is not a great leap to understand that a staff reduction will decrease the ability to monitor County operations,” he continued.

Rasins explained that cuts in other County operating areas will also contribute to the increased risk that required practices will not be followed. He cited recent history when the County offered early retirement and employee buyout programs that thinned the ranks of County employees.

“These programs required County departments to perform the same tasks with fewer, less experienced people. There was a noticeable increase in the incidence of shortcuts, the failure to monitor contractor performance, the submission of inappropriate and inaccurate bills for payment, and questions about acceptable procedures,” he said.

“We will see the same situation in 2008 and beyond if the proposed budget is adopted,” Rasins continued.

“This is not the time to reduce the resources needed by the Auditor to address those areas,” he concluded.

The Auditor is the latest DuPage County official to decry the impact of the proposed 2008 budget. According to Rasins, the record of service and accountability established by DuPage County government has been exemplary. This has led to high expectations by County residents.

“The implementation of the budget document that has been presented will make it impossible to continue to meet those expectations,” he said.

Rasins said that the adoption of the budget currently under consideration will not provide the resources required for the Office to perform the necessary tasks in a professional manner.

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For further information call (630)407-6075.