

Rock Island County, Illinois

Compliance Report
November 30, 2013

Schedule of Expenditures of Federal Awards for the Year Ended
November 30, 2013 and Independent Auditor's Reports in Accordance
with U.S. Office of Management and Budget Circular A-133

Contents

Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	1 – 2
Report on compliance for each major federal program; report on internal control over compliance and report on schedule of expenditures of federal awards required by OMB Circular A-133	3 – 5
Schedule of expenditures of federal awards	6 – 8
Notes to schedule of expenditures of federal awards	9 – 10
Summary schedule of prior audit findings	11
Schedule of findings and questioned costs	12 – 15
Corrective action plan	16



**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

To the County Board of
Rock Island County, Illinois
Rock Island, Illinois

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Rock Island County, Illinois (the County) as of and for the year ended November 30, 2013 and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 25, 2014. The County's November 30, 2013 financial statements have been restated due to the implementation of GASB 66, *Technical Corrections – 2012*. Our report includes a reference to other auditors. Other auditors audited the financial statements of Rock Island Tri-County Consortium, the discretely presented component unit, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

The County's basic financial statements include the Public Building Commission and Forest Preserve Commission, blended component units. Our report below does not extend to the Public Building Commission and Forest Preserve Commission because they are reported in separately issued financial reports of the Public Building Commission and Forest Preserve Commission.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We and the other auditors did identify certain deficiencies in internal control, described in the accompanying *schedule of findings and questioned costs* as items 2013-A and 2013-B that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGladrey LLP

Davenport, Iowa
April 25, 2014



**Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance and
Report on Schedule of Expenditures of Federal Awards Required by
OMB Circular A-133**

Independent Auditor's Report

To the County Board of
Rock Island County, Illinois
Rock Island, Illinois

Report on Compliance for Each Major Federal Program

We have audited Rock Island County, Illinois' (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended November 30, 2013. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The financial statements of the Public Building Commission and Forest Preserve Commission were not audited in accordance with the *Governmental Auditing Standards* issued by the Comptroller General of the United States or the OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Accordingly, our audit, describe below, does not extend to these blended component units.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We did not audit the compliance with the requirements of laws, regulations, contracts and grant agreements to its major federal program of the discretely presented component unit, Rock Island County Tri-County Consortium, whose statements reflect \$2,464,098 of expenditures of federal awards for the year ended June 30, 2013 which were audited by other independent auditors whose report thereon has been furnished to us, and our opinion on compliance with the requirements of laws, regulations, contracts and grant agreements to its major federal programs, insofar as it relates to the amounts included for the component unit, is based solely upon the report of the other independent auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, based on our audit and the reports of other auditors, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We and the other auditors did not identify any deficiencies in internal control over compliance that are considered to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-C, that we consider to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended November 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated April 25, 2014, which contained unmodified opinions on those financial statements. Our report was modified to include reference to other auditors. The County's November 30, 2013 financial statements have been restated due to the implementation of GASB 66, *Technical Corrections – 2012*. We did not audit the financial statements of the blended component units of the Forest Preserve Commission and Public Building Commission or of the discretely presented component unit, Rock Island Tri-County Consortium, whose statements reflect none, none and \$2,464,098, respectively, of expenditures of federal awards for the year ended June 30, 2013. Those financial statements were audited by other independent auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the component units, is based solely upon the report of the other independent auditors.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described previously and the reports of the other auditors, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

McGladrey LLP

Davenport, Iowa
April 25, 2014

Rock Island County, Illinois

**Schedule of Expenditures of Federal Awards
Year Ended November 30, 2013**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
(Passed through Illinois Department of Public Health):			
Oral Health Dental Sealants Only	93.994	33480136A	\$ 7,520
Oral Health Dental Sealants Only	93.994	43480138B	1,428
Subtotal			<u>8,948</u>
Refugee Health Services Administration	93.566	40180079B	16,625
Refugee Health Services Grant	93.566	FCSRK01345	72,626
Subtotal			<u>89,251</u>
Public Health Emerg Prepare & Response	93.069	27180075	25,013
Public Health Emerg Prepare & Response	93.069	37180075A	65,500
Subtotal			<u>90,513</u>
Public Health Emerg Prepare & Response	93.074	47180075B	41,531
Breast & Cervical Cancer Early Detection	93.283	36180026A	50,441
Breast & Cervical Cancer Early Detection	93.283	46180025B	47,730
Subtotal			<u>98,171</u>
Illinois Immunization Program - Vaccines for Children	93.268	Non-Cash	107,119
Asses Feedback, Incentive Exchange Vaccine for Children	93.268	25180019	4,376
Asses Feedback, Incentive Exchange Vaccine for Children	93.268	35180044A	21,177
Subtotal			<u>132,672</u>
We Choose Health Community Grant	93.531	32180030A	135,785
We Choose Health Community Grant	93.531	42180141B	20,996
Subtotal			<u>156,781</u>
Family Planning - Public Health	93.217	46080079B	38,318
SSBG - School Based Linked Health Centers - Public Health	93.994	46080108B	48,225
Total Illinois Department of Public Health			<u>704,410</u>
(Passed through Illinois Department of Human Services):			
Refugee Health Services Grant - Illinois Department of Human Services	93.566	FCSSK01345	30,093
Healthy Child Care Illinois	93.596	FCSRI01764	41,261
Healthy Child Care Illinois	93.596	FCSSI01764	31,445
Subtotal			<u>72,706</u>
SSBG - Family Case Management - Downstate	93.667	FCSSU03120	16,200
Family Planning	93.667	FCSRE01284	82,752
SSBG - School Based Linked Health Centers	93.667	FCSRE01154	13,447
Subtotal			<u>112,399</u>
Family Planning	93.994	FCSRE01284	1,444
SSBG - School Based Linked Health Centers	93.994	FCSRE01154	81,195
Subtotal			<u>82,639</u>
Total Illinois Department of Human Services			<u>297,837</u>

(Continued)

Rock Island County, Illinois

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended November 30, 2013**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
(Passed through Illinois Department of Healthcare and Family Services):			
Medicaid Match - Local Health	93.778	None	112,020
Key Information Delivery System	93.563	2011-55-007-K3N	13,906
Key Information Delivery System	93.563	2014-55-007-KP	17,680
Subtotal			<u>31,586</u>
Total Illinois Department of Healthcare and Family Services			<u>143,606</u>
(Passed through Illinois Department of Children and Family Services):			
Healthworks Lead Agency	93.658	2194109013	62,784
(Passed through Illinois Public Health Association):			
In-Person Counseling Services	93.525	IP-14-149-059	42,295
(Passed through National Association of Co & City Health Officials):			
Medical Reserve Corps Units	93.008	MRC 13 0998	4,000
Total U.S. Department of Health and Human Services			<u>1,254,932</u>
U.S. Department of Housing and Urban Development			
(Passed through the City of Moline),			
Lead Based Paint Hazard Control Grant	14.900	None	7,381
(Passed through Illinois Department of Commerce & Economic Opportunity):			
Midwest-Public Assistance & Infrastructure Grant	14.228	08-302024	145,158
IL "ike" Disaster Recovery Program	14.228	08-355043	87,696
Subtotal			<u>232,854</u>
Total U.S. Department of Housing and Urban Development			<u>240,235</u>
U.S. Environmental Protection Agency			
(Passed through Illinois Department of Public Health):			
Safe Drinking Water	66.432	35382074A	5,363
U.S. Department of Agriculture			
(Passed through Illinois Department of Human Services):			
Supplemental Nutrition - Women Infant Child	10.557	FCSRE01087	308,232
Supplemental Nutrition - Women Infant Child	10.557	FCSSQ01087	312,129
Supplemental Nutrition - Women Infant Child	10.557	Non-Cash	2,214,280
Subtotal			<u>2,834,641</u>
Supplemental Nutrition - Farmers Market	10.572	FCSSQ01252	1,000
WIC Farmers' Market Nutrition Program	10.572	Non-Cash	20,325
Subtotal			<u>21,325</u>
Total Illinois Department of Human Services			<u>2,855,966</u>
(Passed through Illinois Department of Public Health):			
Summer Food Inspection Program	10.559	35280176A	2,400
Total U.S. Department of Agriculture			<u>2,858,366</u>

(Continued)

Rock Island County, Illinois

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended November 30, 2013**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
U.S. Department of Homeland Security			
(Passed through Illinois Emergency Management Agency):			
Emergency Management Performance Grant	97.042	13EMAROCKI	38,714
Citizen Corp Grant - State Homeland Security Program	97.067	11CCPROCKI	1,187
Hazard Mitigation Grant Program #1800	97.039	FEMA-DR-1800-IL	5,750
Total U.S. Department of Homeland Security			<u>45,651</u>
U.S. Department of Transportation			
(Passed through Illinois Department of Transportation):			
Non-Metro Public Transportation Operating Assistance Grant	20.509	4310 (RPT-13-035)	55,304
(Passed through Illinois Emergency Management Agency):			
Hazardous Materials Emergency Preparedness Planning Grant	20.703	None	74
Total U.S. Department of Transportation			<u>55,378</u>
U.S. Bureau of Justice Assistance (Direct)			
State Criminal Alien Assistance Program	16.606	2013-AP-BX-0584	2,957
U.S. Department of Justice			
Direct, Edward Byrne Justice Assistance Grant 2013	16.738	2013-DJ-BX-0228	41,831
(Passed through Illinois Criminal Justice Information Authority):			
Expanding Multi-Jurisdictional Narcotics Units	16.738	411010	23,915
Expanding Multi-Jurisdictional Narcotics Units	16.738	410010	5,672
Subtotal			<u>29,587</u>
(Passed through City of Moline):			
Edward Byrne Justice Assistance Grant 2011	16.738	2011-H3873-IL-DJ	1,604
Edward Byrne Justice Assistance Grant 2012	16.738	2012-H1369-IL-DJ	5,101
Subtotal			<u>6,705</u>
(Passed through to the Illinois Violence Prevention Authority):			
Violence Prevention Arrest Grant	16.590	12-FVC014F-02	6,625
Total U.S. Department of Justice			<u>84,748</u>
U.S. Elections Assistance Commission			
(Passed through Illinois State Board of Elections):			
Requirements Monies - Phase III	90.401	None	12,146
U.S. Department of Labor			
(Passed through Illinois Department of Commerce and Economic Opportunity)			
Trade and Globalization Adjustment and Assistance Act	17.245	None	860,492
WIA Adult Program	17.258	None	433,562
WIA Youth Activities	17.259	None	503,227
WIA Dislocated Workers	17.278	None	666,817
Total U.S. Department of Labor			<u>2,464,098</u>
Total Expenditures of Federal Awards			<u>\$ 7,023,874</u>

See Notes to Schedule of Expenditures of Federal Awards.

Rock Island County, Illinois

Notes to Schedule of Expenditures of Federal Awards Year Ended November 30, 2013

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Rock Island County, Illinois (County) and its discretely presented component unit and is presented on the modified accrual basis of accounting. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies expended during the year, is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2. Significant Accounting Policies

Revenue from federal awards is recognized when the County has done everything necessary to establish its right to revenue and the revenue has met the availability criteria. Expenditures of federal awards are recognized in the accounting period when the liability is incurred and approved for reimbursement.

Note 3. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Breast & Cervical Cancer Early Detection	93.283	\$ 25,298
Expanding Multi-Jurisdictional Narcotics Units	16.738	29,587
Non-Metro Public Transportation Operating Assistance Grant	20.509	55,304
Midwest - Public Assistance & Infrastructure Grant	14.228	145,158

Note 4. Component Unit

The amounts included on the schedule of expenditures of federal awards for CFDA Nos. 17.245, 17.258 through 17.259 and 17.278 are expenditures for the period July 1, 2012 through June 30, 2013. The County is the grantee of such funds which are administered and expended by the Rock Island Tri-County Consortium, a discretely presented component unit of the County, that has a June 30 fiscal year-end. The Consortium is audited by other independent auditors.

Note 5. Noncash Assistance

As reported on the schedule of expenditures of federal awards, the County distributed noncash assistance in the form of food coupons and farmer market coupons in the amount of \$2,214,280 and \$20,325, respectively. The food coupons and farmer market coupons distributed were included in the determination of federal awards expended for the year.

As reported on the schedule of expenditures of federal awards, the County also consumed noncash assistance in the form of immunizations in the amount of \$107,119. The immunizations consumed were included in the determination of federal awards expended for the year.

Rock Island County, Illinois

**Notes to Schedule of Expenditures of Federal Awards
Year Ended November 30, 2013**

Note 6. Total by Program

The total for the Maternal and Child Health Services Block Grant CFDA No. 93.994 is \$139,812 and the Expanding Multi-Jurisdictional Narcotics Units – Edward Byrne Justice Assistance Grants CFDA No. 16.738 is \$78,123.

The following is the total by program:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Total</u>
Refugee Health Services Grant	93.566	\$ 119,344

Rock Island County, Illinois

**Summary Schedule of Prior Audit Findings
Year Ended November 30, 2013**

Number	Comment	Status	Corrective Action or Other Explanation
Findings Related to Financial Statements:			
Significant Deficiency in Internal Control:			
12-II-A	The Rock Island County, Illinois Animal Control Facility had an improper segregation of duties over the collection and recording of cash receipts, specifically the collection and recording of animal control fees.	Not Corrected	See response and corrective action plan at 2013-A.
12-II-B	The Consortium has improper segregation of duties of personnel with direct responsibilities for all recordkeeping and reconciling functions and cash receipts and disbursements.	Not Corrected	See response and corrective action plan at 2013-B.

Rock Island County, Illinois

**Schedule of Findings and Questioned Costs
Year Ended November 30, 2013**

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with
Section 510(a) of Circular A-133?

Yes No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
17.245	Trade and Global Adjustment and Assistance Act
10.557	Supplemental Nutrition - Woman Infant Child

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?

Yes No

(Continued)

Rock Island County, Illinois

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2013

II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Significant Deficiencies in Internal Control

2013-A

Finding: The Rock Island County, Illinois Animal Control facility has an improper segregation of duties over the collection and recording of cash receipts, specifically the collection and recording of animal control fees.

Criteria: A good internal control system contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition: The same personnel has the ability to collect cash, issue receipts, monitor the receipt number sequence, reconcile the daily receipts, prepare the deposit and prepare daily reconciliation sheet used by the Treasurer's Office to post the receipt transactions. In addition, the same personnel has access to the cash collected for animal control tags, the listing of the tags collected and performs the reconciliation of the animal control tags issued to cash collections.

Cause: Limited staff in the animal control department.

Effect: Transaction errors could occur and not be detected in a timely manner.

Recommendation: We recommend segregating the duties of collecting from reconciling and reconciling from recording of the fees to prevent mismanagement of cash collected for animal control fees.

Response and corrective action plan: Due to the low available staff, segregation of duties is very difficult. The Auditor's Office performed an in-depth review of cash collection processes at the Animal Control facility during fiscal years 2012 and 2011 and noted that although the Operations Manager has the ability to handle an entire cash receipt transaction, she rarely does so. The County Board has approved the expansion of work hours for the clerical staff at the facility. With these additional available man-hours, the occasion for the Operations Manager to receive payments was reduced but not eliminated.

(Continued)

Rock Island County, Illinois

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2013

2013-B

Condition: The Consortium has a limited number of personnel with direct responsibilities for all recordkeeping and reconciling functions and cash receipts and disbursements. From an internal control standpoint, this combination of duties is not conducive to adequate segregation of duties to prevent losses from employee error or dishonesty.

Criteria: Internal controls should be in place that provide reasonable assurance that not one individual handles a transaction from its inception to its completion.

Cause: The Consortium has a limited number of staff to allow for adequate segregation of duties.

Effect: Transaction errors could occur and not be detected in a timely manner.

Recommendation: It does not appear to be economically feasible to hire additional personnel to help segregate the accounting functions. However, the Board's close supervision and review of accounting information appears to be the most economical and appropriate manner to help prevent and detect errors and irregularities in the Consortium's accounting and financial reporting.

Response and corrective action plan: The Consortium's management and Consortium's Board close supervision and review of accounting information is the most economical and appropriate manner to help prevent and detect errors and irregularities in the Consortium's accounting and financial reporting. There is no anticipated completion date for this item.

B. Instances of Noncompliance

No matters reported.

(Continued)

Rock Island County, Illinois

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2013

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Internal Control

2013-C

U.S. Department of Labor

Passed through Illinois Department of Commerce and Economic Development
Trade and Globalization Adjustment and Assistance Act (CFDA 17.245)

Federal Award Year: 2013

WIA Cluster (CFDA 17.258, 17.259 and 17.278)

Federal Award Year: 2013

Condition: The Consortium has a limited number of personnel with direct responsibilities for all recordkeeping and reconciling functions and cash receipts and cash disbursements. From an internal control standpoint, this combination of duties is not conducive to adequate segregation of duties to prevent losses from employee error or dishonesty.

Criteria: Internal controls should be in place that provide reasonable assurance that not one individual handles a transaction from its inception to its completion.

Questioned Costs: None

Cause: The Consortium has a limited number of staff to allow for adequate segregation of duties.

Effect: Transaction errors could occur and not be detected in a timely manner.

Recommendation: It does not appear to be economically feasible to hire additional personnel to help segregate the accounting functions. However, the Board's close supervision and review of accounting information appears to be the most economical and appropriate manner to help prevent and detect errors and irregularities in the Consortium's accounting and financial reporting.

Response and Corrective Action Plan: The Consortium's management and Consortium's Board close supervision and review of accounting information is the most economical and appropriate manner to help prevent and detect errors and irregularities in the Consortium's accounting and financial reporting. There is no anticipated completion date for this item.

B. Instances of Noncompliance

No matters reported.

Rock Island County, Illinois

Corrective Action Plan Year Ended November 30, 2013

Comment Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
----------------	---------	------------------------	--------------------------------	----------------

Findings Related to Financial Statements:

Significant Deficiencies in Internal Control

2013-A	The Rock Island County, Illinois Animal Control Facility had an improper segregation of duties over the collection and recording of cash receipts, specifically the collection and recording of animal control fees.	See Response and Corrective Action Plan at 2013-A.	November 30, 2014	County Auditor
2013-B	The Consortium has improper segregation of duties of personnel with direct responsibilities for all recordkeeping and reconciling functions and cash receipts and disbursements.	See Response and Corrective Action Plan at 2013-B.	November 30, 2014	Tri-County Consortium

Findings and Questioned Costs for Federal Awards:

Significant Deficiencies in Internal Control

2013-C	The Consortium has improper segregation of duties of personnel with direct responsibilities for all recordkeeping and reconciling functions and cash receipts and disbursements.	See Response and Corrective Action Plan at 2013-C.	November 30, 2014	Tri-County Consortium
--------	--	--	-------------------	-----------------------