

Rock Island County, Illinois

Compliance Report
November 30, 2014

Schedule of Expenditures of Federal Awards for the Year Ended
November 30, 2014 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 – 16
Corrective action plan	17



**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 the 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, 2014, 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 30, 2015. Our report includes a reference to other auditors who 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 financial statements of the Public Building Commission and Forest Preserve Commission, blended component units, which were audited by other auditors, were not audited in accordance with *Government Auditing Standards*.

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. 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 2014-01 through 2014-04, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Responses 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 County'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 30, 2015



**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, 2014. 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 \$1,968,833 of expenditures of federal awards for the year ended June 30, 2014 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 report 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, 2014.

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. We and the other auditors did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-05, that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding 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 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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated April 30, 2015, which contained an unmodified opinion on those financial statements. Our report was modified to include reference to other auditors. We did not audit the financial statements of the blended component units, the Forest Preserve Commission and Public Building Commission, or the discretely presented component unit, Rock Island Tri-County Consortium, whose statements reflect none, none and \$1,968,833, respectively, of expenditures of federal awards for the year ended June 30, 2014. 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 reports of the other independent auditors.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

McGladrey LLP

Davenport, Iowa
April 30, 2015

Rock Island County, Illinois

**Schedule of Expenditures of Federal Awards
Year Ended November 30, 2014**

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	43480138B	\$ 8,261
Oral Health Dental Sealants Only	93.994	53480135C	2,170
SSBG - School Based Linked Health Centers - Public Health	93.994	46080108B	21,335
SSBG - School Based Linked Health Centers - Public Health	93.994	56380035C	47,602
Family Planning - Public Health	93.994	46080079B	4,845
Subtotal			84,213
Refugee Health Services Administration	93.566	40180079B	45,787
Refugee Health Services Administration	93.566	50180012C	31,588
Subtotal			77,375
Public Health Emerg Prepare & Response	93.074	47180075B	52,245
Public Health Emerg Prepare & Response	93.074	57180075C	40,487
Subtotal			92,732
Breast & Cervical Cancer Early Detection	93.283	46180025B	60,012
Breast & Cervical Cancer Early Detection	93.283	56180025C	21,840
Subtotal			81,852
Illinois Immunization Program - Vaccines for Children	93.268	Non-Cash	121,166
Assess Feedback, Incentive Exchange Vaccine for Children	93.268	35180044A	8,789
Subtotal			129,955
We Choose Health Community Grant	93.531	42180141B	108,319
Family Planning - Public Health	93.217	46080079B	7,159
Family Planning - Public Health	93.217	56180067C	45,603
Subtotal			52,762
Family Planning - Public Health	93.667	56180067C	7,930
SSBG - School Based Linked Health Centers - Public Health	93.667	56380035C	3,598
SSBG - School Based Linked Health Centers - Public Health	93.667	46080108B	28,318
Family Planning	93.667	46080079B	29,442
Subtotal			69,288
Total Illinois Department of Public Health			696,496
(Passed through Illinois Department of Human Services):			
Refugee Health Services Grant	93.566	FCSSK01345	80,828
Refugee Health Services Grant	93.566	FCSTK01345	33,293
Subtotal			114,121
Healthy Child Care Illinois	93.596	FCSSI01764	41,862
Healthy Child Care Illinois	93.596	FCSTI01764	32,709
Subtotal			74,571
Total Illinois Department of Human Services			188,692

(Continued)

Rock Island County, Illinois

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended November 30, 2014**

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	<u>164,500</u>
Key Information Delivery System	93.563	2011-55-007-K3N	2,000
Key Information Delivery System	93.563	2014-55-007-KP	29,684
Key Information Delivery System	93.563	2015-55-007-KP	7,409
Subtotal			<u>39,093</u>
Total Illinois Department of Healthcare and Family Services			<u>203,593</u>
(Passed through Illinois Public Health Association):			
In-Person Counseling Services	93.525	IP-14-149-059	<u>100,929</u>
(Passed through National Association of Co & City Health Officials):			
Medical Reserve Corps Units	93.008	MRC 14 0998	<u>3,500</u>
(Passed through University of Illinois Chicago):			
We Choose Health - Midamerica Center for Public Health	93.531	None	<u>3,383</u>
Total U.S. Department of Health and Human Services			<u>1,196,593</u>
U.S. Department of Housing and Urban Development			
(Passed through the City of Moline),			
Lead Based Paint Hazard Control Grant	14.900	None	<u>25,310</u>
(Passed through Illinois Department of Commerce & Economic Opportunity):			
Midwest-Public Assistance & Infrastructure Grant	14.228	08-302024	8,532
IL "ike" Disaster Recovery Program	14.228	08-355043	58,212
Subtotal			<u>66,744</u>
Total U.S. Department of Housing and Urban Development			<u>92,054</u>
U.S. Environmental Protection Agency			
(Passed through Illinois Department of Public Health):			
Safe Drinking Water	66.432	45382074B	5,313
Safe Drinking Water	66.432	None	927
Total U.S. Environmental Protection Agency			<u>6,240</u>
U.S. Department of Agriculture			
(Passed through Illinois Department of Human Services):			
Supplemental Nutrition - Women Infant Child	10.557	FCSSQ01087	388,608
Supplemental Nutrition - Women Infant Child	10.557	FCSTQ01087	360,402
Supplemental Nutrition - Women Infant Child	10.557	Non-Cash	2,099,042
Subtotal			<u>2,848,052</u>
Supplemental Nutrition - Farmers Market	10.572	FCSTQ01252	1,000
WIC Farmers' Market Nutrition Program	10.572	Non-Cash	19,275
Subtotal			<u>20,275</u>
Total Illinois Department of Human Services			<u>2,868,327</u>
(Passed through Illinois Department of Public Health):			
Summer Food Inspection Program	10.559	45280170B	1,300
Total U.S. Department of Agriculture			<u>2,869,627</u>

(Continued)

Rock Island County, Illinois

Schedule of Expenditures of Federal Awards (Continued) Year Ended November 30, 2014

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	14EMAROCKI	39,946
Hazard Mitigation Grant Program #1800	97.039	FEMA-DR-1800-IL	558,179
Total U.S. Department of Homeland Security			<u>598,125</u>
U.S. Department of Transportation			
(Passed through Illinois Department of Transportation):			
Job Access and Reverse Commute Operating & Admin Assist.	20.516	JRC-13-005(4354)	62,030
DTOA Downstate Public Transportation Operating Assistance Grant	20.509	OP-14-34-FED	39,996
Subtotal			<u>102,026</u>
(Passed through Illinois Emergency Management Agency):			
Hazardous Materials Emergency Preparedness Planning Grant	20.703	13HMEROCKI	3,324
Total U.S. Department of Transportation			<u>105,350</u>
U.S. Bureau of Justice Assistance (Direct)			
State Criminal Alien Assistance Program	16.606	2014-AP-BX-0290	2,195
State Criminal Alien Assistance Program	16.606	None	27,809
Total U.S. Bureau of Justice Assistance (Direct)			<u>30,004</u>
U.S. Department of Justice (Direct)			
Edward Byrne Justice Assistance Grant 2013	16.738	2013-DJ-BX-0228	504
Edward Byrne Justice Assistance Grant 2014	16.738	2014-DJ-BX-0090	36,671
Subtotal			<u>37,175</u>
(Passed through Illinois Criminal Justice Information Authority):			
Expanding Multi-Jurisdictional Narcotics Units	16.738	410010	13,462
Violence Prevention Arrest Grant	16.590	384014	651
(Passed through to the Illinois Violence Prevention Authority):			
Violence Prevention Arrest Grant	16.590	12-FVC014F-02	17,453
Total U.S. Department of Justice			<u>68,741</u>
U.S. Elections Assistance Commission			
(Passed through Illinois State Board of Elections):			
Requirements Monies - Phase III	90.401	None	23,423
U.S. Department of Labor			
(Passed through Illinois Department of Commerce and Economic Opportunity)			
Trade and Globalization Adjustment and Assistance Act	17.245	None	467,693
WIA Cluster:			
WIA Adult Program	17.258	None	385,550
WIA Youth Activities	17.259	None	408,590
WIA Dislocated Workers	17.278	None	707,000
Subtotal			<u>1,501,140</u>
Total U.S. Department of Labor			<u>1,968,833</u>
Total Expenditures of Federal Awards			<u>\$ 6,958,990</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, 2014

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. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to 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	\$ 17,394
Expanding Multi-Jurisdictional Narcotics Units	16.738	13,462
DTOA Downstate Public Transportation Operating Assistance Grant	20.509	39,996
Midwest - Public Assistance & Infrastructure Grant	14.228	8,532

Note 4. Component Unit

The amounts included on the schedule of expenditures of federal awards for CFDA Nos. 17.245, 17.258, 17.259 and 17.278 are expenditures for the period July 1, 2013 through June 30, 2014. 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 and its compliance with its federal programs 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 \$2,099,042 and \$19,275, 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 \$121,166. 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, 2014**

Note 6. Total by Program

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	\$ 191,496
Expanding Multi-Jurisdictional Narcotics Unit - Edward Byrne Justice Assistance Grants	16.738	50,637
Violence Prevention Arrest Grant	16.590	18,104
We Choose Health	93.531	111,702

Rock Island County, Illinois

**Summary Schedule of Prior Audit Findings
Year Ended November 30, 2014**

Number	Comment	Status	Corrective Action or Other Explanation
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.	Not Corrected	See response and corrective action plan at 2014-01.
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.	Not Corrected	See response and corrective action plan at 2014-02.
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.	Not Corrected	See response and corrective action plan at 2014-04.

Rock Island County, Illinois

**Schedule of Findings and Questioned Costs
Year Ended November 30, 2014**

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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
--	------------------------------	--

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
17.245	Trade and Global Adjustment and Assistance Act
WIA Cluster:	
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Worker Formula Grants
20.509	DTOA Downstate Public Transportation Operating Assistance Grant
97.039	Hazard Mitigation Grant

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

Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
--	---	-----------------------------

(Continued)

Rock Island County, Illinois

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2014

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

2014-01

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.

2014-02

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.

(Continued)

Rock Island County, Illinois

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2014

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.

2014-03

Condition: The County does not have a process in place to track and monitor worker's compensation claims. While the Human Resource department approves worker's compensation claim expenditures, they don't have a system to monitor the outstanding liability to the County. An audit adjustment was required to record the year-end accrual for worker's compensation claims.

Criteria: The accurate recording and accounting accumulation of worker's compensation transactions including year-end accruals is a critical function of the County.

Cause: Due to limited personnel and departmental turnover.

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

Recommendation: We recommend the County utilize a third-party administrator to track and monitor worker's compensation. If a third-party administrator is not utilized, the County Human Resources department should maintain a listing of all employees with worker's compensation claims that are open to assist with validating claim expenses and recording the amount of the year-end accrual.

Response and corrective action plan: The County has submitted a request for proposal for a third-party administrator to handle all aspects of tracking and monitoring worker's compensation. The County anticipates hiring a third-party administrator in the next fiscal year.

2014-04

Finding: The County's schedule of expenditures of federal awards for the fiscal year ended November 30, 2014 was adjusted by \$282,977. The schedule was overstated by state monies being included for a grant.

Criteria: OMB Circular A-133 requires grant recipients to report all federal expenditures on the schedule of expenditures of federal awards.

(Continued)

Rock Island County, Illinois

**Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2014**

Condition and context: The County did not properly identify the difference between state funds and federal funds that were mixed in a grant award from a state agency related to transit. The County originally considered the full amount of the award to be federal but only a portion of the grant award was from federal dollars.

Effect: Improper reporting of federal expenditures can result in suspension of funding.

Cause: The grant administrator provided the state and federal expenditures in total to the County Auditor who prepares the schedule of federal awards.

Recommendation: We recommend the County establish a process to review grant awards to determine the extent that federal dollars are included and considers the possibility that state funding may be included if the grant award is being passed through a state agency.

Response and corrective action plan: The County will expand its review of grant awards to include determination of the funding source in order to identify both state and federal sources.

B. Instances of Noncompliance

No matters reported.

III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiencies in Internal Control

**2014-05
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: 2014
WIA Cluster (CFDA 17.258, 17.259 and 17.278)
Federal Award Year: 2014**

Condition: The Consortium has a limited number of personnel with direct responsibilities for all recordkeeping and reconciling functions and cash receipts and cash disbursements of Federal Awards. 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.

(Continued)

Rock Island County, Illinois

**Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2014**

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 Board's 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, 2014**

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

Findings Related to Financial Statements:

Significant Deficiencies in Internal Control

2014-01	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 2014-01.	None	County Auditor
2014-02	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 2014-02.	None	Tri-County Consortium
2014-03	The County does not have a process in place to track and monitor worker's compensation claims.	See Response and Corrective Action Plan at 2014-03.	November 30, 2015	County Auditor
2014-04	The County's schedule of expenditures of federal awards for the fiscal year ended November 30, 2014 was adjusted by \$282,977 as the schedule was originally overstated by that amount due to state monies being included for a grant.	See Response and Corrective Action Plan at 2014-04.	November 30, 2015	County Auditor

Findings and Questioned Costs for Federal Awards:

Significant Deficiencies in Internal Control

2014-05	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 2014-05.	None	Tri-County Consortium
---------	--	---	------	-----------------------

