

# Rock Island County, Illinois

Compliance Report  
November 30, 2015

Schedule of Expenditures of Federal Awards for the Year Ended  
November 30, 2015 and Independent Auditor's Reports in Accordance  
with U.S. Office of Management and Budget Circular A-133

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RSM US LLP

**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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 12, 2016. The County's November 30, 2014 financial statements have been restated due to the implementation of GASB Statement Nos. 68 and 71 to recognize a net pension liability and deferred outflows of resources of the governmental activities. 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs we and the other auditors identified certain deficiencies in internal control, to be a material weakness and significant deficiencies.

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.

We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness, item 2015-01. 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. We and the other auditors consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies, items 2015-02 through 2015-04.

#### **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 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 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.

*RSM US LLP*

Davenport, Iowa  
May 12, 2016



RSM US LLP

**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, 2015. 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.

***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 \$2,388,618 of expenditures of federal awards for the year ended June 30, 2015 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, 2015.

**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 we consider to be material weaknesses. However, we and the other auditors identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-05 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 12, 2016, which contained an unmodified opinion on those financial statements. The County's November 30, 2014 financial statements have been restated due to the implementation of GASB Statement Nos. 68 and 71 to recognize a net pension liability and deferred outflows of resources of governmental activities. Our report included 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 \$2,388,618, respectively, of expenditures of federal awards for the year ended June 30, 2015. Those financial statements were audited by other 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 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.

*RSM US LLP*

Davenport, Iowa  
May 12, 2016

**Rock Island County, Illinois**

**Schedule of Expenditures of Federal Awards  
Year Ended November 30, 2015**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
<b>U.S. Department of Health and Human Services</b>			
(Passed through Illinois Department of Public Health):			
Oral Health Dental Sealants Only	93.994	53480135C	6,384
Oral Health Dental Sealants Only	93.994	63480134D	4,377
SSBG - School Based Linked Health Centers - Public Health	93.994	56380035C	16,267
SSBG - School Based Linked Health Centers - Public Health	93.994	66380036D	8,084
Family Planning - Public Health	93.994	56180067C	8,880
Subtotal			43,992
Refugee Health Services Administration	93.566	50180012C	28,726
Refugee Health Services Administration	93.566	60180004D	22,833
Subtotal			51,559
Public Health Emerg Prepare & Response	93.074	57180075C	61,199
Public Health Emerg Prepare & Response	93.074	67180075D	43,266
Preparedness for Ebola Virus Disease	93.074	67180180D	7,905
Subtotal			112,370
Breast & Cervical Cancer Early Detection	93.283	56180025C	68,068
Breast & Cervical Cancer Early Detection	93.752	66180024D	69,270
Illinois Immunization Program - Vaccines for Children	93.268	Non-Cash	159,298
Family Planning - Public Health	93.217	56180067C	32,422
Family Planning - Public Health	93.217	66180068D	38,715
Subtotal			71,137
Family Planning - Public Health	93.667	56180067C	17,401
SSBG - School Based Linked Health Centers - Public Health	93.667	56380035C	36,633
SSBG - School Based Linked Health Centers - Public Health	93.667	66380036D	56,400
Family Planning - Public Health	93.667	66180068D	10,299
Subtotal			120,733
Total Illinois Department of Public Health			696,427
(Passed through Illinois Department of Human Services):			
Refugee Health Services Grant	93.566	FCSTK01345	51,043
Refugee Health Services Grant	93.566	FCSUK01345	56,460
Subtotal			107,503
Healthy Child Care Illinois	93.596	FCSTI01764	12,979
Total Illinois Department of Human Services			120,482

(Continued)



**Rock Island County, Illinois**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended November 30, 2015**

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>69,167</u>
Key Information Delivery System	93.563	2015-55-007-KP	<u>27,387</u>
Total Illinois Department of Healthcare and Family Services			<u>96,554</u>
(Passed through National Association of Co & City Health Officials):			
Medical Reserve Corps Units	93.008	MRC 15 0998	<u>3,500</u>
(Passed through National Association of County and City Health Officials):			
<b>Total U.S. Department of Health and Human Services</b>			<u>916,961</u>
<b>U.S. Department of Housing and Urban Development</b>			
(Passed through the City of Moline),			
Lead Based Paint Hazard Control Grant	14.900	None	<u>26,309</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>26,309</u>
<b>U.S. Environmental Protection Agency</b>			
(Passed through Illinois Department of Public Health):			
Safe Drinking Water	66.432	55380194C	4,361
Safe Drinking Water	66.605	65380192D	<u>1,250</u>
<b>Total U.S Environmental Protection Agency</b>			<u>5,611</u>
<b>U.S. Department of Agriculture</b>			
(Passed through Illinois Department of Human Services):			
Supplemental Nutrition - Women Infant Child	10.557	FCSUQ01087	333,828
Supplemental Nutrition - Women Infant Child	10.557	FCSTQ01087	340,297
Supplemental Nutrition - Women Infant Child	10.557	Non-Cash	<u>2,108,843</u>
Subtotal			<u>2,782,968</u>
Supplemental Nutrition - Farmers Market	10.572	FCSUQ01252	1,000
WIC Farmers' Market Nutrition Program	10.572	Non-Cash	<u>25,050</u>
Subtotal			<u>26,050</u>
Total Illinois Department of Human Services			<u>2,809,018</u>
(Passed through Illinois Public Health Association):			
Child Adult Care Food Program	10.558	55280069C	<u>1,080</u>
(Passed through Illinois Department of Public Health):			
Summer Food Inspection Program	10.559	55280036C	<u>3,100</u>
<b>Total U.S. Department of Agriculture</b>			<u>2,813,198</u>

(Continued)

**Rock Island County, Illinois**

**Schedule of Expenditures of Federal Awards (Continued)  
Year Ended November 30, 2015**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Identifying Number	Federal Expenditures
<b>U.S. Department of Homeland Security</b>			
(Passed through Illinois Emergency Management Agency):			
Emergency Management Performance Grant	97.042	15EMAROCKI	40,084
Hazard Mitigation Grant Program #1800	97.039	FEMA-DR-1800-IL	44,378
Hazard Mitigation Grant Program #4116	97.039	FEMA-DR-4116-IL	52,279
Subtotal			96,657
Public Assistance Program	97.036	FEMA-4116-161-40CDW-00	77,280
<b>Total U.S. Department of Homeland Security</b>			214,021
<b>U.S. Department of Transportation</b>			
(Passed through Illinois Department of Transportation):			
DTOA Downstate Public Transportation Operating Assistance Grant	20.509	OP-15-34-FED	95,300
Downstate Pub. Transportation Operating Assistance	20.509	OP-16-34	40,031
Subtotal			135,331
(Passed through Illinois Emergency Management Agency):			
Hazardous Materials Emergency Preparedness Planning Grant	20.703	14ROCKIHME	1,553
<b>Total U.S. Department of Transportation</b>			136,884
<b>U.S. Bureau of Justice Assistance (Direct)</b>			
State Criminal Alien Assistance Program	16.606	2015-AP-BX-0822	1,201
<b>Total U.S. Bureau of Justice Assistance (Direct)</b>			1,201
<b>U.S. Department of Justice (Direct)</b>			
Edward Byrne Justice Assistance Grant 2013	16.738	2013-DJ-BX-0228	4,144
Edward Byrne Justice Assistance Grant 2014	16.738	2014-DJ-BX-0090	4,075
Edward Byrne Justice Assistance Grant 2015	16.738	2015-DJ-BX-0066	27,976
Subtotal			36,195
(Passed through Illinois Criminal Justice Information Authority):			
Expanding Multi-Jurisdictional Narcotics Units	16.738	412010	31,898
Violence Prevention Arrest Grant	16.590	384014	5,398
<b>Total U.S. Department of Justice</b>			73,491
<b>U.S. Department of Labor</b>			
(Passed through Illinois Department of Commerce and Economic Opportunity)			
Trade and Globalization Adjustment and Assistance Act	17.245	None	370,827
WIA Cluster:			
WIA Adult Program	17.258	None	434,219
WIA Youth Activities	17.259	None	448,210
WIA Dislocated Workers	17.278	None	1,135,362
Subtotal			2,017,791
<b>Total U.S. Department of Labor</b>			2,388,618
<b>Total Expenditures of Federal Awards</b>			\$ 6,576,294

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, 2015**

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**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	\$ 18,091
Breast & Cervical Cancer Early Detection	93.752	21,302
DTOA Downstate Public Transportation Operating Assistance Grant	20.509	95,300
Edward Byrne Justice Assistance Grant	16.738	36,195
Expanding Multi-Jurisdictional Narcotics Unit	16.738	31,898
Violence Prevention Arrest Grant	16.590	5,398

**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, 2014 through June 30, 2015. 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.

**Rock Island County, Illinois**

**Notes to Schedule of Expenditures of Federal Awards  
Year Ended November 30, 2015**

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**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 \$2,108,843 and \$25,050, 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 received and provided noncash assistance in the form of immunizations in the amount of \$159,298. The immunizations received and provided were included in the determination of federal awards expended for the year.

**Note 6. Total Federal Expenditures by Program**

The following is the total by program which includes funding from multiple pass throughs:

<u>Program Title</u>	<u>Federal CFDA Number</u>		<u>Total</u>
Refugee Health Services Grant	93.566	\$	159,062
Expanding Multi-Jurisdictional Narcotics Unit - Edward Byrne Justice Assistance Grants	16.738		68,093

**Rock Island County, Illinois**

**Summary Schedule of Prior Audit Findings  
Year Ended November 30, 2015**

Number	Comment	Status	Corrective Action or Other Explanation
<b>Findings Related to Financial Statements:</b>			
<b>Significant Deficiencies in Internal Control</b>			
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.	Not Corrected	See response and corrective action plan at 2015-02.
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.	Not Corrected	See response and corrective action plan at 2015-03.
2014-03	The County does not have a process in place to track and monitor worker's compensation claims.	Corrected	
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.	Corrected	
<b>Findings and Questioned Costs for Federal Awards:</b>			
<b>Significant Deficiencies in Internal Control</b>			
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.	Not corrected	See response and corrective action plan at 2015-04.

Rock Island County, Illinois

Schedule of Findings and Questioned Costs  
Year Ended November 30, 2015

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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
WIA Cluster:	
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Worker Formula Grants
10.557	Supplemental Nutrition - Women 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, 2015

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

A. Material Weakness and Significant Deficiencies in Internal Control

**2015-01**

Finding: The County does not have adequate procedures in place to ensure estimated general liability claims payable is reported accurately at year-end.

Criteria: A liability for contingent liabilities should be recorded if the liability is probable to the County at year-end.

Condition: There was pending litigation against the County in which the State's Attorney determined was probable and estimated a liability of over \$7,000,000. The County did not record the estimated liability in the financial records prior to the audit. Subsequent adjustments were made to the financial statements.

Cause: The County's process for estimating claims liability is disconnected from the State's Attorney's office who can provide the best estimate of the County's potential liability when there is pending litigation.

Effect: Material misstatement of the financial statements

Recommendation: We recommend that the County develop a process to obtain information about pending litigation to evaluate, estimate and post an adjustment for the County's potential liability at year end.

Response and Corrective Action Plan: The County will work through discussions to gain understanding of procedures to encourage year-end reporting to the County Auditor from all attorneys working with the County. This reporting of estimated occurrences and amounts of liability will be researched as of year-end. The County Auditor will then be assured the information given is closely estimated as reasonable and probable without change. If change is more accurate the County Auditor shall be notified timely to report and record year-end information in the audit as required by law or reporting standards. Emphasis will be placed upon the information being accurate to the County Auditor and not fluctuating upon discussion with other parties.

**2015-02**

Finding: The County's process of estimating allowance for doubtful accounts for Hope Creek accounts receivable did not take into account the large amount of receivable balances that were written off after year end.

Criteria: An allowance should estimate the amount of receivables that are potentially uncollectible at year-end.

**Rock Island County, Illinois**

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended November 30, 2015**

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Condition: In August, a new management company was hired to manage Hope Creek Care Center and part of their process included reviewing old receivable balances. This review resulted in writing off balances they determined to be uncollectible. This review of receivables was in process at year-end when an estimate was made and recorded for the allowance of doubtful accounts. After year-end, Hope Creek wrote off \$800,000 more than their original estimated allowance. Subsequent adjustments were made to the financial statements.

Cause: The new management group at Hope Creek looked at old receivable balances differently and has been more aggressive in identifying accounts for write-off. The original estimate made for doubtful accounts was not revisited as more information was gained on the receivable balances.

Effect: Misstatement of the financial statements.

Recommendation: We recommend the County work with the management company to determine an appropriate estimate for the allowance for doubtful accounts.

Response and Corrective Action Plan: The County will work through discussions to gain understanding of procedures to encourage year-end reporting to the County Auditor from all outside management agencies working with any county offices. This reporting of estimated occurrences and amounts of liability and/or income (lack thereof) will be researched as of year-end. The County Auditor will then be assured the information given is closely estimated as reasonable and probable without change. If change is more accurate the County Auditor shall be notified timely to report and record year-end information in the audit as required by law or reporting standards. Emphasis will be placed upon the information being accurate to the County Auditor and not fluctuating upon discussion with other parties.

**2015-03**

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 operations manager 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 or misappropriation of assets could occur and not be detected in a timely manner.



Rock Island County, Illinois

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended November 30, 2015**

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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.

**2015-04**

Finding: The Consortium has an improper segregation of duties over cash receipts and cash disbursements.

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 or misappropriation of assets could occur and not be detected in a timely manner.

Recommendation: We recommend segregating the duties of cash collection, cash disbursement, recording transactions and reconciling accounts to prevent misappropriation of the Consortium's assets.

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

Schedule of Findings and Questioned Costs (Continued)  
Year Ended November 30, 2015

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III. Findings and Questioned Costs for Federal Awards

A. Significant Deficiency in Internal Control

2015-05

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

Finding: The Consortium has an improper segregation of duties over cash receipts and cash disbursements.

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 or misappropriation of assets could occur and not be detected in a timely manner.

Recommendation: We recommend segregating the duties of cash collection, cash disbursement, recording transactions and reconciling accounts to prevent misappropriation of the Consortium's assets.

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, 2015**

Comment Number	Comment	Corrective Action Plan	Anticipated Date of Completion	Contact Person
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**Findings Related to Financial Statements:**

**Material Weakness and Significant Deficiencies in Internal Control**

2015-01	The County does not have adequate procedures in place to ensure estimated general liability claims payable is properly recored at year-end.	See Response and Corrective Action Plan at 2015.01.	November 30, 2016	County Auditor
2015-02	The County's process of estimating allowance for doubtful accounts receivable did not take into account the large amount of receivable balances that were written off after year-end.	See Response and Corrective Action Plan at 2015.02.	November 30, 2016	County Auditor
2015-03	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 2015-03.	None	County Auditor
2015-04	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 2015-04.	None	Tri-County Consortium

**Findings and Questioned Costs for Federal Awards:**

**Significant Deficiencies in Internal Control**

2015-05	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 2015-05.	None	Tri-County Consortium
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