



**LOGAN COUNTY, ILLINOIS**

**SINGLE AUDIT**  
**November 30, 2011**



**CliftonLarsonAllen**

**LOGAN COUNTY, ILLINOIS**

**SINGLE AUDIT REPORT**

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**Independent Auditor's 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***

Chairman and Members of the County Board  
Logan County, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Logan County, Illinois (County) as of and for the year ended November 30, 2011, which collectively comprise Logan County, Illinois' basic financial statements, and have issued our report thereon dated March 30, 2012. We conducted our audit 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.

**Internal Control Over Financial Reporting**

Management of Logan County, Illinois is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Logan County, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2011-1, 2011-2, 2011-3, and 2011-4 to be material weaknesses in internal control over financial reporting.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Logan County, Illinois' financial statements are free of 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*.

We noted certain matters that we reported to management of Logan County, Illinois in a separate letter dated March 30, 2012.

Logan County, Illinois' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Logan County, Illinois' responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the County Board, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Peoria, Illinois  
March 30, 2012

**Independent Auditor's Report on Compliance With Requirements  
That Could Have a Direct and Material Effect on Each Major Program  
and on Internal Control Over Compliance and Schedule of Expenditures  
of Federal Awards in Accordance With OMB Circular A-133**

Chairman and Members of the County Board  
Logan County, Illinois

**Compliance**

We have audited Logan County, Illinois' (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2011. Logan County, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Logan County, Illinois' management. Our responsibility is to express an opinion on Logan County, Illinois' compliance based on our audit.

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 Logan County, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Logan County, Illinois' compliance with those requirements.

In our opinion, Logan County, Illinois complied, in all material respects, with the 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, 2011.

## **Internal Control Over Compliance**

Management of Logan County, Illinois is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Logan County, Illinois' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we considered to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2011-1, 2011-2, 2011-3, and 2011-4 to be material weaknesses.

## **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Logan County, Illinois as of and for the year ended November 30, 2011, and have issued our report thereon dated March 30, 2012. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Logan County, Illinois' 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan County, Illinois' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Logan County, Illinois' responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the County Board, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

Peoria, Illinois  
March 30, 2012

**LOGAN COUNTY, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended November 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>U.S. Department of Agriculture</b>				
Passed through Illinois Department of Human Services:				
Special Supplemental Nutrition Program for Woman, Infants, and Children (Major)	10.557	Noncash Vouchers M11GM313900	\$ 343,104 46,470	\$ - -
		11GQ01219	55,794	-
Peer Counseling (Major)	10.557	M11GM313980	17,738	-
		11GQ00313	8,003	-
			<u>471,109</u>	<u>-</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	11GQ01455	<u>1,000</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>472,109</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>				
Passed through Illinois Department of Public Health:				
Public Health Emergency Preparedness	93.069	07181052	26,108	-
		27181052	17,516	-
			<u>43,624</u>	<u>-</u>
ARRA - Staffing for Immunizations	ARRA - 93.712	5180360	1,369	-
Immunization Grants	93.268	Commodities	102,042	-
			<u>103,411</u>	<u>-</u>
Centers for Disease Control and Prevention, Investigations, and Technical Assistance (Major)	93.283	26180019	78,494	-
		16180019	78,383	-
		15380202	1,500	-
			<u>158,377</u>	<u>-</u>
Environmental Public Health and Emergency Response	93.070	13283006	2,221	-
		23283005	295	-
			<u>2,516</u>	<u>-</u>
Total passed through Illinois Department of Public Health			<u>307,928</u>	<u>-</u>
Passed through Illinois Department of Human Services:				
Teen Parent Services	93.667	M11GM313840	4,220	-
Social Services Block Grant	93.667	M11GM313300	4,800	-
			<u>9,020</u>	<u>-</u>
Total passed through Illinois Department of Human Services			<u>9,020</u>	<u>-</u>

**LOGAN COUNTY, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended November 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>U.S. Department of Health and Human Services (Continued)</b>				
Passed through Illinois Department of Healthcare and Family Services: Child Support Enforcement	93.563	2011-55-007-K2AX	\$ 9,196	\$ -
Medical Assistance Program	93.778	N/A	<u>17,422</u>	<u>-</u>
Total Passed Through Illinois Department of Healthcare and Family Services			<u>26,618</u>	<u>-</u>
Passed through National Association of County and City Health Officials: Medical Reserve Corps	93.008	MRC 10 0295	2,373	-
		MRC 11 0295	<u>3,004</u>	<u>-</u>
Total Passed Through National Association of County and City Health Officials			<u>5,377</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>348,943</u>	<u>-</u>
<b>U.S. Environmental Protection Agency</b>				
Passed through Illinois Department of Public Health: Performance Partnership Grants	66.605	25380273	100	-
		15380116	<u>300</u>	<u>-</u>
			<u>400</u>	<u>-</u>
State Indoor Radon Grant Program	66.032	11 LOGANCHD	<u>1,832</u>	<u>-</u>
Total passed through Illinois Department of Public Health			<u>2,232</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>2,232</u>	<u>-</u>
<b>U.S. Department of Transportation</b>				
Passed through Illinois Emergency Management Agency: Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	1HMEPLOGA11	8,539	-
		2HMEPLOGA11	<u>32,112</u>	<u>-</u>
			<u>40,651</u>	<u>-</u>

**LOGAN COUNTY, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended November 30, 2011**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>U.S. Department of Transportation</b>				
<b>(Continued)</b>				
Passed through Illinois Department of Transportation:				
Airport Improvement Program	20.106	AAA-4033	\$ 42,556	\$ -
Child Passenger Safety	20.613	OP2-0054-136	2,739	-
Total passed through Illinois Department of Public Health			45,295	-
Total U.S. Department of Transportation			85,946	-
<b>U.S. Department of Homeland Security</b>				
Passed through Illinois Emergency Management Agency:				
Emergency Management Performance Grants	97.042	11EMALOGAN1 ODP 10 EMAP	21,268 3,560	- 2,848
			24,828	2,848
Homeland Security Grant Program	97.067	09ILEASEOC	140,148	-
Disaster Grants				
Public Assistance	97.036	FEMA-1960-107	5,340	-
Total U.S. Department of Homeland Security			170,316	2,848
<b>U.S. Department of Justice</b>				
COPS Grant	16.710	2009CKWX0109	29,824	-
Total U.S. Department of Justice			29,824	-
<b>United States Department of Labor</b>				
Passed through the Land of Lincoln Consortium:				
WIA Adult Program	17.258	LO-10,11	37,624	-
WIA Youth Activities	17.259	LO-10,11	32,948	-
WIA Dislocated Workers	17.278	LO-10,11	49,733	-
Total United States Department of Labor			120,305	-
<b>TOTAL EXPENDITURES</b>			<b>\$ 1,229,675</b>	<b>\$ 2,848</b>

**LOGAN COUNTY, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended November 30, 2011

<b>SUMMARY OF FEDERAL AWARDS BY FEDERAL CFDA NUMBER AND CLUSTER</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>	<b>Cluster Total, If Applicable</b>
	10.557	\$ 471,109	\$ -	
	10.572	1,000	-	
	16.710	29,824	-	
	17.258	37,624	-	} 120,305
	17.259	32,948	-	
	17.278	49,733	-	
	20.106	42,556	-	
	20.613	2,739	-	
	20.703	40,651	-	
	66.032	1,832	-	
	66.605	400	-	
	93.008	5,377	-	
	93.069	43,624	-	
	93.070	2,516	-	} 103,411
	93.268	102,042	-	
	ARRA - 93.712	1,369	-	
	93.283	158,377	-	
	93.563	9,196	-	
	93.667	9,020	-	
	93.778	17,422	-	
	97.036	5,340	-	
	97.042	24,828	2,848	
	97.067	140,148	-	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b>\$ 1,229,675</b>	<b>\$ 2,848</b>	

See accompanying notes to the schedule of expenditures of federal awards.

**LOGAN COUNTY, ILLINOIS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**November 30, 2011**

- **General.** The accompanying Schedule of Expenditures of Federal Awards includes all federal grant activity of Logan County, Illinois and is presented on the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements. Federal financial assistance expended for grants received directly from federal agencies and federal financial assistance passed through other government agencies is included on the schedule.
- **Relationship to Basic Financial Statements.** The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.
- **Relationship to Federal Financial Reports.** Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports unless there are timing differences.
- **Commodities - Vaccines.** The County receives vaccines at no charge from the Illinois Department of Public Health through federally assisted programs (Immunization Grants - Commodities - 93.268). The County does not reflect financial activity related to the contribution of the vaccines in the financial statements. The value of vaccines activity during fiscal year 2011 was as follows:

<u>Beginning Inventory</u> <u>November 30, 2010</u>	<u>Acquisitions</u>	<u>Usage</u>	<u>Ending Inventory</u> <u>November 30, 2011</u>
<u>\$91,094</u>	<u>\$102,042</u>	<u>\$140,001</u>	<u>\$53,135</u>

- **Noncash Food Instruments.** The County participates in the Supplemental Food Program for Women, Infants, and Children (10.557) and issues food instruments to eligible participants. The food instruments can be exchanged for authorized supplemental foods at retail stores. The State of Illinois processes and tracks the food instruments redeemed. The federal portion of food instruments distributed by Logan County and redeemed during the period July 1, 2010 to June 30, 2011 was \$343,104 and is reported in the Schedule of Expenditures of Federal Awards. Information is not available from the State to report this information on the County's fiscal year.
- **Other Noncash Assistance for Insurance.** The County did not receive any federal awards in the form of noncash assistance for insurance in effect during the year, loans, or loan guarantees.
- **Reclassifications.** When preparing the Schedule of Expenditures of Federal Awards, the County uses the most current information available from pass-through entities to determine whether funding is state or federal. Due to a different fiscal year than some pass-through entities, situations can arise where funding reported as federal is ultimately determined to be nonfederal and vice versa. Under these circumstances, the reclassified amount is reported on the current year Schedule of Expenditures of Federal Awards.

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2011**

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiencies identified that are not considered to be material weaknesses?  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 deficiencies identified that are not considered to be material weaknesses?  Yes  None reported

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

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 programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assistance

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

Auditee qualified as low-risk auditee?  Yes  No

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2011**

**Section II - Financial Statement Findings**

**Finding No. 2011-1 - Segregation of Duties**

**Condition:**

As a part of our audit, we noted that some offices do not have an internal control process that promotes a high level of segregation of duties. We specifically noted a lack of segregation of duties in the following areas:

**Journal Entries**

Manual journal entries prepared by the Treasurer are not reviewed or approved by another individual. The lack of review of journal entries provides a situation in which errors or irregularities may not be detected or corrected on a timely basis.

**Vendor Master File**

We noted that the individual responsible in the County Clerk's office for processing accounts payable is also responsible for adding new vendors and making changes to the master vendor file. We also noted that there is no approval or review of edit reports completed.

**Cash Receipts**

We noted some offices that are points of collection of cash receipts, particularly areas where specific fees are collected, whereby there are a limited number of personnel to collect the fees and reconcile such prior to the point of remitting to the Treasury. Examples of such offices would be the County Clerk and Animal Control offices.

With a limited number of personnel in such respective offices, an appropriate segregation of duties may not be readily feasible. One person may receipt fees, including completion of the receipt that may be given to the party making the payment, and the same person reconciles the receipts to the drawer. The funds are then remitted to the Treasury (where there is a segregation of duties to receive cash). With only a limited number of staff available to receive and reconcile cash receipts in these offices, it may not be cost/beneficial to achieve a high degree of segregation of duties.

**Criteria:**

An effective system of internal control is based on a good segregation of duties. In order to have a system of segregation of duties, there must be a number of personnel available to whom responsibilities can be assigned to provide the appropriate checks and balances of any system.

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2011**

**Section II - Financial Statement Findings** (Continued)

**Finding No. 2011-1 - Segregation of Duties** (Continued)

Effect:

A lack of segregation of duties increases the risk that errors or misappropriations could occur and would not be detected within a timely period by the County in the normal course of duties.

Cause:

The lack of segregation of duties in various offices is primarily due to the small size of the office.

Due to statutory authority allowing particular offices or elected officials to control the disbursement of certain funds, bank accounts are maintained in many different offices where a limited number of personnel may be involved in the oversight of these accounts.

Recommendation:

We recommend the County review the current accounting processes in all offices and determine if it is feasible to shift some duties in order to improve segregation of duties and controls. If, due to the size of the office and cost-benefit considerations, it is not practical to further segregate duties, close supervision and review by management is the best means for detecting errors or potential fraud. Controls over bank accounts should be reviewed to ensure that proper controls are in place and duties are segregated where possible.

Journal Entries

We recommend that all journal entries posted to the general ledger are reviewed and compared with supporting documentation for reasonableness and propriety by an additional person knowledgeable of transactions within the County.

Vendor Master File

We recommend that a report of all edit changes to vendor files be produced and reviewed by the County Clerk. This control would help to ensure that only properly authorized changes are made to vendor data.

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2011**

**Section II - Financial Statement Findings** (Continued)

**Finding No. 2011-1 - Segregation of Duties** (Continued)

Recommendation (Continued):

Cash Receipts

To the extent possible, there should be an individual who reconciles the receipts to the cash collected, separate and aside from the person who actually does the receipting. When there are only one or two people within an office, a strong segregation of duties over cash receipts may not be achievable. We would then recommend that department heads continually monitor the intake of funds for unusual fluctuations, and to determine if revenue is received/recognized as anticipated based on fee levels and "sales or usage" related to the fee.

Auditee Response/Corrective Action Plan:

Various offices within the County have limited number of personnel to segregate duties to an ideal circumstance.

For example, the Treasurer's office has a limited number of personnel on staff to whom entries can be remitted for review of the entry after it has been input into the electronic information system by one person. The County understands that oversight review of journal entries may be a good procedure but may not be reasonably cost/beneficial at this time.

In each office the County has management review the work of the staff. Department heads have access and can review budgetary data continually and for any items that may reflect significant variances, office personnel investigate the differences. On an on-going basis, the County will continue to review our procedures in each office and area to determine if modifications can, or should be made to our system of internal control to enhance our system of internal controls.

Name of Contact Person: Vicki Dugan, Treasurer

**LOGAN COUNTY, ILLINOIS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended November 30, 2011**

**Section II - Financial Statement Findings** (Continued)

**Finding No. 2011-2 - Significant Audit Adjustments**

**Condition:**

During the course of our audit, we posted a variety of adjustments that had a material effect on the County's financial statements. A significant portion of the adjustments related to adjusting to the modified accrual basis or accrual basis of accounting from the cash basis, and recording capital assets and long-term debt for the government-wide financial statements.

**Criteria:**

A control deficiency 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 misstatements on a timely basis.

**Effect:**

The County's lack of effective internal controls over its accounting system constitute a material weakness, which is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

**Cause:**

Significant audit adjustments were a result of County officials preparing accounting records and reports on the cash basis of accounting. As indicated in the County's audited basic financial statements, the accounting for all funds has been converted to the modified accrual basis or accrual basis, as required by accounting principles generally accepted in the United States of America.

**Recommendation:**

To establish proper internal control over its accounting system, the County should establish procedures to record these items, which include identifying factors that may affect these balances, as well as accumulating sufficient reliable data on which to base these balances. Such procedures should be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the County's activities and operations.

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2011**

**Section II - Financial Statement Findings** (Continued)

**Finding No. 2011-2 - Significant Audit Adjustments** (Continued)

Views of responsible officials and planned corrective action:

At this time, we do not anticipate any change in the above comment. Based on the timing and the extent of effort between departments to convert from the cash to accrual basis, we request our auditors to make those as "audit adjustments" and we post them as we close the books. Additionally, we request assistance from the external auditors to post entries to convert the fund statements to the government-wide statements. We currently do not have a financial system that will readily generate such financial information. We will continue to have our external auditors assist us in this conversion as we do not consider it cost/beneficial to the County to increase staffing to prepare such entries independently.

Name of Contact Person: Vicki Dugan, Treasurer

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2011**

**Section II - Financial Statement Findings** (Continued)

**Finding No. 2011-3 - Financial Statement Preparation**

Condition:

The County currently does not have staff to prepare or review its financial statements, including the Schedule of Expenditures of Federal Awards, in a manner that provides a high level of assurance that potential omissions or other errors would be identified and corrected. The County currently engages CliftonLarsonAllen to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CliftonLarsonAllen cannot be considered part of the County's internal control system. To establish proper control over the preparation of its financial statements, including disclosures, the County should design and implement a comprehensive review procedure to ensure the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the County's activities and operations.

Criteria:

The Board and management share the ultimate responsibility for the County's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

A strong internal control system would help the County ensure transactions are initiated, authorized, recorded and processed in a manner that allows it to report its financial information reliably in accordance with generally accepted accounting principles. This would include ensuring that amounts and disclosures are accurate and complete. A system of internal control should allow County personnel to prevent or detect misstatements of financial information in the normal course of performing their assigned functions.

Effect:

Without the staffing by the County as part of the internal control process over the financial statement preparation process, the risk that errors or omissions in the financial statements and disclosures will go undetected leading to incomplete or inaccurate financial reporting is increased, unless assistance is provided by external sources.

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2011**

**Section II - Financial Statement Findings** (Continued)

**Finding No. 2011-3 - Financial Statement Preparation** (Continued)

Cause:

The current structure of the County is such that the Treasurer's office maintains substantial portions of the cash accounts and records much of the cash received. The County Clerk's office records accounts payable activity of the County. Numerous other departments maintain funds and information which pertain to the activities of the respective office, whether it be relative to County budgeted funds or in an agency capacity. These departments report financial information to the County Board, but there is no single department or individual that has oversight responsibility for all of the financial matters of the County. In other words, there is no one person responsible for the financial coordination of the activities of the County.

We note that in many cases it appears that some individuals in bookkeeping and financial positions may not have the accounting training to understand the proper accounting for accurate completion and presentation of County financial statements.

Recommendation:

The County may consider providing accounting training to County personnel. When financial positions are vacated, consideration may be given to refilling such positions with personnel formally trained in government financial accounting and reporting.

Auditee Response/Corrective Action Plan:

The County understands this to be a common finding for governmental entities such as Illinois counties that statutorily have some portions of the accounting function assigned to various departments.

At this time, management does not consider it cost/beneficial to Logan County to employ a full-time accountant, who would have the expertise to fully write the year-end financials statements of the County, including all footnote disclosures. The County will continue to contract with the external auditor to assist in the year-end financial report writing process. Management feels that budgetary data is reviewed on an on-going basis throughout the year for propriety.

Name of Contact Person: Vicki Dugan, Treasurer

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2011**

**Section II - Financial Statement Findings** (Continued)

**Finding No. 2011-4 - Approval of Employee Timecards**

**Condition:**

Prior to October 2011, the Health Department did not require approval of employee daily time cards by a direct supervisor unless benefit time is used or hours worked exceed standard hours for department employees. Various other county departments (Coroner, Circuit Clerk, PEC, and Sheriff) do not require approval of employee daily time.

**Criteria:**

OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, establishes principles and standards for determining costs for Federal awards carried out through grants, costs reimbursement contracts, and other agreements with State and local governments and federally-recognized Indian tribal governments (governmental units) and sets forth documentation requirements for costs charged to federal programs. Charges to Federal awards of salaries and wages, whether treated as direct or indirect costs, are required to be based on payroll documents in accordance with generally accepted practice and approved by responsible officials. Approval of time cards by direct supervisors provides controls over time reporting by employees and ensures time reported is valid and accurate.

**Effect:**

Lack of supervisory review and approval of time cards could result in employee time budget charged to an incorrect grant or reported for an incorrect amount.

**Cause:**

The majority of salaries and wages charged to federal programs are supported by daily timecards which summarize employees' activity by program and serve as personal activity reports. These timecards are completed and signed by employees. The departments noted above do not have policies in place that require approval by direct supervisors of these timecards.

**Recommendation:**

We recommend the various departments develop and implement policies and procedures to ensure that timecards are approved by direct supervisors so that salary and wage expenditures are properly approved by authorized personnel.

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2011**

**Section II - Financial Statement Findings** (Continued)

**Finding No. 2011-4 - Approval of Employee Timecards** (Continued)

Auditee Response/Corrective Action Plan:

Every employee is required to complete and submit a bi-monthly summary at the end of each pay period. The summaries are reconciled with reports generated from the timekeeping system to validate hours worked, mileage, and benefit time used. Effective October 1, 2011, the procedure for submitting bi-monthly summaries was revised to include a review of the summary by each employee's immediate supervisor before it is submitted. The supervisor initials the summary each pay period signifying their review/agreement with its content.

Name of Contact Person: Sally Gosda, Health Department Finance Director

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2011**

**Section III - Federal Award Findings and Questioned Costs**

**Finding No. 2011-1 - Segregation of Duties**

See Section II - Financial Statement Findings

Federal Agency/Program: U.S. Department of Agriculture - 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children - All Years

U.S. Department of Health and Human Services - 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance - All Years

All other programs - All Years

Questioned costs: None

**Finding No. 2011-2 - Significant Audit Adjustments**

See Section II - Financial Statement Findings

Federal Agency/Program: U.S. Department of Agriculture - 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children - All Years

U.S. Department of Health and Human Services - 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance - All Years

All other programs - All Years

Questioned costs: None

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2011**

**Section III - Federal Award Findings and Questioned Costs** (Continued)

**Finding No. 2011-3 - Financial Statement Preparation**

See Section II - Financial Statement Findings

Federal Agency/Program: U.S. Department of Agriculture - 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children - All Years

U.S. Department of Health and Human Services - 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance - All Years

All other programs - All Years

Questioned costs: None

**Finding No. 2011-4 - Approval of Employee Timecards**

See Section II - Financial Statement Findings

Federal Agency/Program: U.S. Department of Agriculture - 10.557 - Special Supplemental Nutrition Program for Women, Infants, and Children - All Years

U.S. Department of Health and Human Services - 93.283 - Centers for Disease Control and Prevention - Investigations and Technical Assistance - All Years

All other programs providing personal services - All Years

Questioned costs: None

**LOGAN COUNTY, ILLINOIS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended November 30, 2011**

**Finding No. 2010-1 - Segregation of Duties**

As a part of our audit, we noted that many offices do not have an internal control process that promotes a high level of segregation of duties. For example, manual journal entries prepared by the Treasurer are not reviewed or approved by another individual prior to entry into the General Ledger. Several offices maintain bank accounts, outside of the Treasurer's office, which are not recorded in the County's general ledger. Disbursements for these accounts do not flow through the County's centralized accounts payable system. The controls over these cash accounts vary by office.

This finding has been repeated in the current year as Finding No. 2011-1.

**Finding No. 2010-2 - Reconciliation of General Ledger to Subsidiary Records and Other Underlying Support**

Throughout our audit we noted accounts including cash, investment, receivable, accounts payable, fund balances, interfund balances, and due to others whose underlying support had not been properly reconciled to the General Ledger. The failure to reconcile these accounts allowed errors in the balances to occur that had to be corrected through audit journal entries. Certain other funds are not recorded in the general ledger on an ongoing basis and are only recorded once a year during the audit process.

Additionally, numerous entries have been posted converting from the cash basis to the accrual basis, as well as to adjust to the government-wide statements.

The portion of this finding related to reconciliation to underlying documentation has been corrected in the current year.

The portion related to significant audit adjustments has been repeated as Finding No. 2011-2.

**LOGAN COUNTY, ILLINOIS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended November 30, 2011**

**Finding No. 2010-3 - Financial Statement Preparation**

The County currently does not have staff to prepare or review its financial statements, including the Schedule of Expenditures of Federal Awards, in a manner that provides a high level of assurance that potential omissions or other errors would be identified and corrected. The County currently engages CliftonLarsonAllen to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CliftonLarsonAllen cannot be considered part of the County's internal control system. To establish proper control over the preparation of its financial statements, including disclosures, the County should design and implement a comprehensive review procedure to ensure the financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable generally accepted accounting principles and knowledge of the County's activities and operations.

This finding has been repeated in the current year as Finding No. 2011-3.

**Finding No. 2010-4 - Approval of Employee Timecards**

The Health Department does not require approval of employee daily time cards by a direct supervisor unless benefit time is used or hours worked exceed standard hours for department employees. Currently, Cornerstone Activity reports are required to be approved by each employee's supervisor; however, these reports are only completed by WIC and Case Management staff.

This finding has been repeated in the current year as Finding No. 2011-4.