



LOGAN COUNTY, ILLINOIS

SINGLE AUDIT
November 30, 2012



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, 2012, which collectively comprise Logan County, Illinois' basic financial statements, and have issued our report thereon dated April 16, 2013. 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 2012-1, 2012-2, and 2012-3 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 April 16, 2013.

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.



Peoria, Illinois
April 16, 2013



**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, 2012. 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, 2012.

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 the entity's internal control that might be significant deficiencies or material weaknesses and as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

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 2012-1, 2012-2, and 2012-3 to be material weaknesses.

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 the attention of those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2012-4 to be a significant deficiency.

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, 2012, and have issued our report thereon dated April 16, 2013. Our audit was performed for the purpose of forming our 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. The Schedule of Expenditures of Federal Awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 information is fairly stated, in all material respects, in relation to the basic financial statements 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
April 16, 2013

LOGAN COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2012

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed through Illinois Department of Human Services:				
Special Supplemental Nutrition Program for Woman, Infants, and Children (Major)	10.557	Noncash Vouchers FCSRE00923	\$ 343,254 76,553	\$ - -
		11GQ01219	52,007	-
Peer Counseling (Major)	10.557	FCSRE01192	3,110	-
		11GQ00313	11,040	-
			<u>485,964</u>	<u>-</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	FCSRE01263	1,000	-
Total U.S. Department of Agriculture			<u>486,964</u>	<u>-</u>
U.S. Department of Energy				
Passed through Tri-County Regional Planning Commission:				
Energy Efficiency and Conservation Block Grant	81.128	DE-EE0000824	88,350	-
Total U.S. Department of Energy			<u>88,350</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed through Illinois Department of Public Health:				
Public Health Emergency Preparedness	93.069	27181052	22,554	-
		37181052A	16,751	-
			<u>39,305</u>	<u>-</u>
Immunization Grants (Major)	93.268	Commodities	143,169	-
Centers for Disease Control and Prevention, Investigations, and Technical Assistance	93.283	26180019	38,890	-
		36180019A	56,668	-
			<u>95,558</u>	<u>-</u>
Environmental Public Health and Emergency Response	93.070	23283005	2,877	-
		33283005	757	-
			<u>3,634</u>	<u>-</u>
We Choose Health	93.531	32180022A	3,596	-
Total passed through Illinois Department of Public Health			<u>285,262</u>	<u>-</u>

LOGAN COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2012

<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>
U.S. Department of Health and Human Services (Continued)				
Passed through Illinois Department of Human Services:				
Social Services Block Grant	93.667	FCSER01546	\$ 4,800	\$ -
Total passed through Illinois Department of Human Services			<u>4,800</u>	<u>-</u>
Passed through Illinois Department of Healthcare and Family Services:				
Child Support Enforcement	93.563	2011-55-007-K3AX	9,196	-
Medical Assistance Program	93.778	N/A	<u>23,257</u>	<u>-</u>
Total passed through Illinois Department of Healthcare and Family Services			<u>32,453</u>	<u>-</u>
Passed through National Association of County and City Health Officials:				
Medical Reserve Corps	93.008	MRC 11 0295	1,996	-
		MRC 12 0295	<u>3,882</u>	<u>-</u>
Total passed through National Association of County and City Health Officials			<u>5,878</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>328,393</u>	<u>-</u>
U.S. Environmental Protection Agency				
Passed through Illinois Department of Public Health:				
Performance Partnership Grants	66.432	25380273	300	-
		35382052A	<u>100</u>	<u>-</u>
			<u>400</u>	<u>-</u>
State Indoor Radon Grant Program	66.032	12 LOGANCHD	<u>1,032</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>1,432</u>	<u>-</u>
U.S. Department of Transportation				
Passed through Illinois Emergency Management Agency:				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	2HMEPLOGA12	31,402	-
		3HMEPLOGA12	<u>18,097</u>	<u>-</u>
			<u>49,499</u>	<u>-</u>

LOGAN COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2012

<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>
U.S. Department of Transportation (Continued)				
Passed through Illinois Department of Transportation: Airport Improvement Program	20.106	AAA-4033 17-0062-B17	\$ 47,649	\$ -
Formula Grants for Other than Urbanized Areas	20.509	RPT-12-043	18,647	18,647
Federal-Aid Highway Program, Federal Lands Highway Program	20.205	RS-0559(104)	38,616	-
Child Passenger Safety	20.613	OP2-0054-136	2,193	-
Total passed through Illinois Department of Transportation			107,105	18,647
Total U.S. Department of Transportation			156,604	18,647
U.S. Department of Homeland Security				
Passed through Illinois Emergency Management Agency: Emergency Management Performance Grants	97.042	12EMALOGAN1	22,349	-
Homeland Security Grant Program	97.067	09EXELOGAN	16,321	-
Hazardous Mitigation Grant	97.039	FEMA-DR-1935-IL	20,683	-
Total U.S. Department of Homeland Security			59,353	-
United States Department of Labor				
Passed through the Land of Lincoln Consortium: WIA Adult Program	17.258	LO-11,12	39,403	-
WIA Youth Activities	17.259	LO-11,12	33,333	-
WIA Dislocated Workers	17.278	LO-11,12	51,662	-
Total United States Department of Labor			124,398	-
TOTAL EXPENDITURES			\$ 1,245,494	\$ 18,647

LOGAN COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended November 30, 2012

SUMMARY OF FEDERAL AWARDS BY FEDERAL CFDA NUMBER AND CLUSTER	Federal CFDA Number	Expenditures	Passed Through to Subrecipients	Cluster Total, If Applicable
	10.557	\$ 485,964	\$ -	
	10.572	1,000	-	
	17.258	39,403	-	} 124,398
	17.259	33,333	-	
	17.278	51,662	-	
	20.106	47,649	-	
	20.205	38,616	-	
	20.509	18,647	18,647	
	20.613	2,193	-	
	20.703	49,499	-	
	66.032	1,032	-	
	66.432	400	-	
	81.128	88,350	-	
	93.008	5,878	-	
	93.069	39,305	-	
	93.070	3,634	-	
	93.268	143,169	-	
	93.283	95,558	-	
	93.531	3,596	-	
	93.563	9,196	-	
	93.667	4,800	-	
	93.778	23,257	-	
	97.039	20,683	-	
	97.042	22,349	-	
	97.067	16,321	-	
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 1,245,494	\$ 18,647	

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, 2012

- **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 2012 was as follows:

<u>Beginning Inventory</u> <u>November 30, 2011</u>	<u>Acquisitions</u>	<u>Usage</u>	<u>Ending Inventory</u> <u>November 30, 2012</u>
<u>\$53,135</u>	<u>\$143,169</u>	<u>\$152,816</u>	<u>\$43,488</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, 2011 to September 30, 2012 was \$343,254 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, 2012**

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? x Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes x None reported

Noncompliance material to financial statements noted? Yes x No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? x Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? x 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? x 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
93.268	Immunization Grants

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

Auditee qualified as low-risk auditee? Yes x No

**LOGAN COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2012**

Section II - Financial Statement Findings

Finding No. 2012-1 - 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:

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, 2012

Section II - Financial Statement Findings (Continued)

Finding No. 2012-1 - 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.

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.

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.

**LOGAN COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2012**

Section II - Financial Statement Findings (Continued)

Finding No. 2012-1 - Segregation of Duties (Continued)

Auditee Response/Corrective Action Plan:

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

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, 2012**

Section II - Financial Statement Findings (Continued)

Finding No. 2012-2 - 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 recording capital assets and long-term debt for the government-wide financial statements, adjusting interfund balances, and recording activity for funds not maintained on the general ledger.

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 not converting accounting records and reports to the full accrual basis of accounting. Additionally, interfund transactions did not balance.

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, 2012**

Section II - Financial Statement Findings (Continued)

Finding No. 2012-2 - 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, 2012**

Section II - Financial Statement Findings (Continued)

Finding No. 2012-3 - 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, 2012**

Section II - Financial Statement Findings (Continued)

Finding No. 2012-3 - 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, 2012**

Section III - Federal Award Findings and Questioned Costs

Finding No. 2012-1 - 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 - 93.268 -
Immunization Grants - All Years

All other programs - All Years

Questioned costs: None

Finding No. 2012-2 - 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 - 93.268 -
Immunization Grants - All Years

All other programs - All Years

Questioned costs: None

**LOGAN COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2012**

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

Finding No. 2012-3 - 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 - 93.268 - Immunization Grants - All Years

All other programs - All Years

Questioned costs: None

Finding No. 2012-4 - Vaccine Reports

Federal Agency/Program: U.S. Department of Health and Human Services - 93.268 - Immunization Grants - All Years

Questioned Costs: None

Condition:

During our audit, we noted that the Logan County Department of Public Health did not have controls in place to ensure reporting requirements were complied with. The Support Services Clerk is responsible for preparing and submitting all VFC Pediatric Vaccine Orders, and Inventory & Accountability Forms to the state. There are currently no established policies or procedures in place to ensure there is a supervisory review of these reports prior to submission.

Criteria:

The A-102 Common Rule and OMB Circular A-133 Compliance Supplement requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The Health Department's policies and procedures should include a supervisory review of reports to assure accuracy and completeness of data and information included in the reports.

**LOGAN COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2012**

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

Finding No. 2012-4 - Vaccine Reports (Continued)

Effect:

The Logan County Department of Public Health's controls do not include supervisory reviews of reports to assure accuracy and completeness of data and information included in the reports, and provide effective internal control over compliance.

Cause:

The Logan County Department of Public Health does not have an ideal control structure in place to provide for a supervisory review of reports prior to submission.

Recommendation:

It is our recommendation that the Logan County Department of Public Health develop policies and procedures to ensure a supervisory review of required reports is performed, in order to have effective internal controls over compliance.

Auditee Response/Corrective Action Plan:

A Provider Enrollment Form was executed on behalf of the Logan County Department of Public Health by Dr. Paul Kasa as Medical Director of the Health Department, with the Illinois Department of Public Health to participate in the Vaccine For Children (VFC) program. In addition to defining who is eligible to receive the vaccine, the persons delineated to administer the program, i.e., reporting usage and ordering stock, are Denise Sanders, Support Services Clerk, and Dianna Heyer, Assistant Administrator/Director of Nursing. Denise is primary with Dianna serving as backup. An order authorization requirement is not stated in the content of this document defining the Health Department's responsibilities.

An annual review of the program and compliance with all aspects of the VFC program is conducted annually by the State of Illinois, as agent for the U.S. Department of Health and Human Services, with no deficiencies cited. None of the reviews have suggested the need for a supervisory review of the reports/orders. The most recent review was conducted December 4, 2012.

The ordering process will be transitioning to the ICARE program for ordering in the near future (targeted for the Summer of 2013, but a go-live date is not set). ICARE is a computer program through the State of Illinois and will not offer the ability to sign off on the order placed by the designee. However, the designees will be authorized with a username and password sign-on.

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

LOGAN COUNTY, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended November 30, 2012

Finding No. 2011-1 - Segregation of Duties

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. For example, manual journal entries prepared by the Treasurer are not reviewed or approved by another individual prior to entry into the General Ledger. Also, the individual responsible for processing accounts payable is also responsible for adding new vendors and making changes to the master vendor file. Additionally, some offices that are points of collection of cash receipts have a limited number of personnel to collect fees and reconcile such prior to the point of remitting to the Treasury.

This finding has been repeated in the current year as Finding No. 2012-1.

Finding No. 2011-2 - Significant Audit Adjustments

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.

This finding has been repeated in the current year as Finding No. 2012-2.

Finding No. 2011-3 - 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. 2012-3.

**LOGAN COUNTY, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended November 30, 2012**

Finding No. 2011-4 - Approval of Employee Timecards

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.

This finding has not been repeated in the current year.