

**LOGAN COUNTY, ILLINOIS**

**SINGLE AUDIT**  
**November 30, 2014**



**CliftonLarsonAllen**

**LOGAN COUNTY, ILLINOIS**

**SINGLE AUDIT REPORT**

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**Independent Auditors' 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, 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, each major fund, and the aggregate remaining fund information of Logan County, Illinois (County) as of and for the year ended November 30, 2014, and the related notes to the financial statements, which collectively comprise Logan County, Illinois' basic financial statements, and have issued our report thereon dated April 2, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Logan County, Illinois' 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 Logan County, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of Logan County, Illinois' 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 identified certain deficiencies in internal control 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 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 deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001, 2014-002, and 2014-003 to be material weaknesses.

### **Compliance and Other Matters**

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

### **Logan County, Illinois' Responses to Findings**

Logan County, Illinois' responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Logan County, Illinois' 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

Peoria, Illinois  
April 2, 2015



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

Chairman and Members of the County Board  
Logan County, Illinois

**Report on Compliance for Each Major Federal Program**

We have audited Logan County, Illinois' 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 Logan County, Illinois' major federal programs for the year ended November 30, 2014. Logan County, Illinois' major federal programs are identified in the summary of auditors' 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Logan County, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Logan County, Illinois' compliance.

**Opinion on Each Major Federal Program**

In our opinion, Logan County, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2014.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-005 and 2014-006. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance 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 compliance and, accordingly, we express no opinion on the responses.

## **Report on Internal Control Over Compliance**

Management of Logan County, Illinois 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 Logan County, Illinois' 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 Logan County, Illinois' 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 2014-001, 2014-002, and 2014-003 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 attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-004, 2014-005, and 2014-006 to be significant deficiencies.

Logan County, Illinois' responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Logan County, Illinois' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 result 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, each major fund, and the aggregate remaining fund information of Logan County, Illinois as of and for the year ended November 30, 2014, and the related notes to the financial statements, which collectively comprise Logan County, Illinois' basic financial statements. We issued our report thereon dated April 2, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*CliftonLarsonAllen LLP*

Peoria, Illinois  
April 2, 2015

**LOGAN COUNTY, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended November 30, 2014

<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	\$ 261,338	\$ -
		FCSTQ00923	60,350	-
		FCSSQ00923	32,192	-
Peer Counseling (Major)	10.557	FCSTQ01192	5,249	-
		FCSSQ01192	10,669	-
			<u>369,798</u>	<u>-</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	FCSTQ01263	1,000	-
			<u>1,000</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>370,798</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>				
Passed through Illinois Department of Public Health:				
Public Health Emergency Preparedness	93.074	57180052C	18,546	-
		47180052B	19,483	-
			<u>38,029</u>	<u>-</u>
Immunization Grants (Major)	93.268	Commodities	170,030	-
			<u>170,030</u>	<u>-</u>
Centers for Disease Control and Prevention, Investigations, and Technical Assistance	93.283	46180018B	78,740	-
			<u>78,740</u>	<u>-</u>
Environmental Public Health and Emergency Response	93.070	432383003B	4,123	-
			<u>4,123</u>	<u>-</u>
We Choose Health	93.531	42180135B	14,783	-
			<u>14,783</u>	<u>-</u>
Total passed through Illinois Department of Public Health			<u>305,705</u>	<u>-</u>

**LOGAN COUNTY, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended November 30, 2014

<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	2015-55-007-KE	\$ 6,741	\$ -
Medical Assistance Program	93.778	N/A	<u>30,760</u>	<u>-</u>
Total passed through Illinois Department of Healthcare and Family Services			<u>37,501</u>	<u>-</u>
Passed through National Association of County and City Health Officials: Medical Reserve Corps	93.008	MRC 14 0295 MRC 13 0295	2,582 <u>153</u>	- <u>-</u>
Total passed through National Association of County and City Health Officials			<u>2,735</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>345,941</u>	<u>-</u>
<b>U.S. Environmental Protection Agency</b>				
Passed through Illinois Department of Public Health: Performance Partnership Grants	66.432	45382052B	<u>263</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>263</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	513HMEPLOGAN 413HMEPLOGAN	17,586 <u>7,394</u> <u>24,980</u>	- <u>-</u> <u>-</u>

**LOGAN COUNTY, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended November 30, 2014**

<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 (Continued)</b>				
Passed through Illinois Department of Transportation:				
Airport Improvement Program	20.106	AAA-4217 3-17-SBGP-76, 95, 99 & 105	\$ 94,822	\$ -
Formula Grants for Other than Urbanized Areas	20.509	IL-18-X031 IL-18-X030	97,484 45,843 <u>143,327</u>	97,484 45,843 <u>143,327</u>
Total passed through Illinois Department of Transportation			<u>238,149</u>	<u>143,327</u>
Total U.S. Department of Transportation			<u>263,129</u>	<u>143,327</u>
<b>U.S. Department of Homeland Security</b>				
Passed through Illinois Emergency Management Agency:				
Emergency Management Performance Grants	97.042	14EMALOGAN1 13EMALOGAN1	20,992 784 <u>21,776</u>	- - <u>-</u>
Homeland Security Grant Program (Major)	97.067	513LOGEMCOM 412LOGEMCOM 412LOGACONF 13LOGAEMAT 12LOGAEMAT 11LOGAEMAT 13LOGAGEN	51,061 75,403 15,456 1,939 41,423 13,960 54,095 <u>253,337</u>	- - - - - - - <u>-</u>
Hazardous Mitigation Grant	97.039	40HMG PLOGAN	<u>4,869</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>279,982</u>	<u>-</u>

**LOGAN COUNTY, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended November 30, 2014

<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>United States Department of Labor</b>				
Passed through the Land of Lincoln Consortium:				
WIA Adult Program	17.258	LO-13,14	\$ 27,920	\$ -
WIA Youth Activities	17.259	LO-13,14	17,650	-
WIA Dislocated Workers	17.278	LO-13,14	<u>30,929</u>	<u>-</u>
Total United States Department of Labor			<u>76,499</u>	<u>-</u>
<b>United States Election Commission</b>				
Passed through the Illinois State Board of Elections:				
Help America Vote Act of 2002 (Phase III)	90.401	N/A	<u>14,562</u>	<u>-</u>
Total United States Election Commission			<u>14,562</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>			<u>\$ 1,351,174</u>	<u>\$ 143,327</u>

<b>SUMMARY OF FEDERAL AWARDS BY FEDERAL CFDA NUMBER AND CLUSTER</b>	<u>Federal CFDA Number</u>	<u>Expenditures</u>	<u>Passed Through to Subrecipients</u>	<u>Cluster Total, If Applicable</u>
	10.557	\$ 369,798	\$ -	
	10.572	1,000	-	
	17.258	27,920	-	} 76,499
	17.259	17,650	-	
	17.278	30,929	-	
	20.106	94,822	-	
	20.509	143,327	143,327	
	20.703	24,980	-	
	66.432	263	-	
	90.401	14,562	-	
	93.008	2,735	-	
	93.070	4,123	-	
	93.074	38,029	-	
	93.268	170,030	-	
	93.283	78,740	-	
	93.531	14,783	-	
	93.563	6,741	-	
	93.778	30,760	-	
	97.039	4,869	-	
	97.042	21,776	-	
	97.067	<u>253,337</u>	<u>-</u>	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$ 1,351,174</u>	<u>\$ 143,327</u>	

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, 2014**

- **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 2014 was as follows:

<u>Beginning Inventory</u> <u>November 30, 2013</u>	<u>Acquisitions</u>	<u>Usage</u>	<u>Ending Inventory</u> <u>November 30, 2014</u>
<u>\$43,187</u>	<u>\$170,030</u>	<u>\$178,122</u>	<u>\$35,095</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 October 1, 2013 to September 30, 2014 was \$261,338 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, 2014**

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unmodified

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 auditors' 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?   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
97.067	Homeland Security Grant Program

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, 2014**

**Section II - Financial Statement Findings**

**Finding No. 2014-001 - Segregation of Duties**

**Condition:**

As a part of our audit, we noted that some offices do not have an internal control process that provides a proper 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 certain offices that are points of collection of cash receipts where fees are collected have a limited number of personnel to collect the fees and reconcile amounts remitted to the Treasurer's office. The two offices noted were the County Clerk and Animal Control offices.

With a limited number of personnel, an appropriate segregation of duties may not be feasible. 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 contains a segregation of duties. In order to achieve a segregation of duties, there must be enough personnel available to provide the appropriate checks and balances of any system.

**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.

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2014**

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

**Finding No. 2014-001 - Segregation of Duties** (Continued)

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. Below are specific recommendations for the respective areas noted in the condition section on the previous page.

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, 2014**

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

**Finding No. 2014-001 - 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

**Finding No. 2014-002 - 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, and adjusting interfund balances.

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 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.

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2014**

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

**Finding No. 2014-002 - Significant Audit Adjustments** (Continued)

Cause:

Significant audit adjustments were a result of County officials not maintaining accounting records for the government-wide financial statements.

Recommendation:

To establish proper internal control over its accounting system, the County should establish procedures to record these items. 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.

Auditee Response/Corrective Action Plan:

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. After discussion with the auditor, interfund transactions would be best left to the auditors as they see both accounting sides and can make proper entries.

Name of Contact Person: Vicki Dugan, Treasurer

**Finding No. 2014-003 - Financial Statement Preparation**

Condition:

The County does not have an internal control policy in place over annual financial reporting that would enable management to prepare and ensure its annual financial statements, schedule of expenditures of federal awards, and related footnote disclosures are complete and presented in accordance with U.S. generally accepted accounting principles (GAAP).

Criteria:

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements, and schedule of expenditures of federal awards, including the related disclosures, in conformity with GAAP.

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2014**

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

**Finding No. 2014-003 - Financial Statement Preparation** (Continued)

Effect:

The potential exists that a material misstatement of the annual financial statements and schedule of expenditures of federal awards could occur and not be prevented or detected by the entity's internal controls.

Cause:

Management has informed us that they do not have an internal control policy in place over the annual financial reporting and that they do not have the necessary staff capacity to prepare the annual financial statements and schedule of expenditures of federal awards, including footnote disclosures.

The County relies on the audit firm to prepare the annual financial statements and schedule of expenditures of federal awards, including related footnote disclosures. However, the County has reviewed and approved the annual financial statements, schedule of expenditures of federal awards, and the related footnote disclosures.

Recommendation:

Management should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

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 financial 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, 2014**

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

**Finding No. 2014-001 - Segregation of Duties**

See Section II - Financial Statement Findings

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

U.S. Department of Health and Human Services, Passed through Illinois Department of Public Health - 93.268 - Immunization Grants - All Years

U.S. Department of Homeland Security, Passed through Illinois Emergency Management Agency - 97.067 - Homeland Security Grant Program - All Years

All other programs - All Years

Questioned costs: None

**Finding No. 2014-002 - Significant Audit Adjustments**

See Section II - Financial Statement Findings

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

U.S. Department of Health and Human Services, Passed through Illinois Department of Public Health - 93.268 - Immunization Grants - All Years

U.S. Department of Homeland Security, Passed through Illinois Emergency Management Agency - 97.067 - Homeland Security Grant Program - All Years

All other programs - All Years

Questioned costs: None

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2014**

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

**Finding No. 2014-003 - Financial Statement Preparation**

See Section II - Financial Statement Findings

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

U.S. Department of Health and Human Services, Passed through Illinois Department of Public Health - 93.268 - Immunization Grants - All Years

U.S. Department of Homeland Security, Passed through Illinois Emergency Management Agency - 97.067 - Homeland Security Grant Program - All Years

All other programs - All Years

Questioned costs: None

**Finding No. 2014-004 - Vaccine Reports**

Federal Agency/Program: U.S. Department of Health and Human Services, Passed through Illinois Department of Public Health - 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, 2014**

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

**Finding No. 2014-004 - 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. Richard Bivin 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 Tara Comstock, Support Services Clerk, and Kara Davis, Assistant Administrator/Director of Nursing. Tara is primary with Kara 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 18, 2014.

The vaccine ordering process transitioned to the ICARE program in the Summer of 2013. ICARE is a computer program through the State of Illinois and does not offer the ability to sign off on the order placed by the designee. However, it has a built-in accountability system which requires monthly dosing information provided to correlate with the order, or the order will not be filled. Tara physically counts the vaccines at the beginning of each month and verifies her count with what ICARE shows we should have in inventory. Kara verifies and signs off on Tara's count each month.

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2014**

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

**Finding No. 2014-004 - Vaccine Reports** (Continued)

Auditee Response/Corrective Action Plan: (Continued)

An internal reconciliation is completed on a monthly basis by the Finance Department as part of the audit process. Discrepancies, if any, are resolved between Tara and Finance.

Within the next few months, we will be transitioning to a new billing system called CDP. Within this system, there is an electric vaccine inventory that ICARE is able to transfer our vaccines to when ordered. As vaccines are given, our nurses input the vaccine and lot number into this system and the vaccine will be removed from our inventory. Tara will continue to manually count our vaccines in inventory to verify what ICARE shows we should have and Kara will continue to verify and signoff on this. We will create a written policy and procedure once the new system is in place.

Name of Contact Person: Katherine Yaple, Department of Public Health Finance Director

**Finding No. 2014-005 - Equipment Inventory**

Federal Agency/Program: U.S. Department of Homeland Security, Passed through Illinois  
Emergency Management Agency - 97.067 - Homeland  
Security Grant Program - All Years

Questioned Costs: None

Condition:

The County does not have a policy in place for conducting a physical inventory of equipment purchased with federal funds.

Criteria:

OMB Circular A-133 requires that a physical inventory of equipment shall be conducted at least once every two years and reconciled to the equipment records. An appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

Effect:

The County is not adequately monitoring equipment purchased with federal awards.

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2014**

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

**Finding No. 2014-005 - Equipment Inventory** (Continued)

Cause:

The County failed to conduct a physical inventory of equipment related to the federal grant program.

Recommendation:

It is our recommendation that the County conduct a physical inventory at least once every two years in order to comply with federal compliance requirements. The County should ensure that capital assets purchased with federal awards are specifically identified.

Auditee Response/Corrective Action Plan:

We are taking corrective action and listing all equipment purchased with Department of Homeland Security Grants. We had previously notified the County of any equipment over \$5,000, but are going back to the grants listed as 2012 (for years 2013 and 2014) continuing forward and separately listing all equipment for each grant on a separate inventory for each grant.

Name of Contact Person: Daniel Fulscher, EMA Director

**Finding No. 2014-006 - Earmarking**

Federal Agency/Program: U.S. Department of Homeland Security, Passed through Illinois  
Emergency Management Agency - 97.067 - Homeland Security  
Grant Program - All Years

Questioned Costs: \$118

Condition:

We noted 1 of 2 final grant reports tested for earmarking requirements in which the County exceeded the available 5% of administrative and management costs allowed to be charged to the federal grant.

Criteria:

OMB Circular A-133 requires that the amount of funds that grantees can allocate towards management and administration costs cannot exceed 5%.

**LOGAN COUNTY, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended November 30, 2014**

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

**Finding No. 2014-006 - Earmarking** (Continued)

Effect:

The County is not adequately monitoring earmarking requirements.

Cause:

The report review process did not identify the overcharge of administrative and management costs.

Recommendation:

We recommend the County ensure during the report preparation and review process that it calculates the administrative and management costs to ensure it complies with earmarking requirements.

Auditee Response/Corrective Action Plan:

After further review and checking with the program manager at ITTF/IEMA who oversees these grants, M&A was overpaid to Logan County. Further calculations show that the overpayment amount is \$118.42. According to ITTF Policy Statement 2009 (12), we have notified them in writing and are in the process of requesting a check in the amount of \$118.42 from ETSB funds for reimbursement. We are following that policy and will be remitting that check to Illinois Emergency Management Agency upon receipt. We have also been notified by ITTF that as a corrective action, they have double checked the M&A calculations on current grants so this will not be a future concern. We have also double checked those calculations.

Name of Contact Person: Daniel Fulscher, EMA Director

**LOGAN COUNTY, ILLINOIS**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended November 30, 2014**

**Finding No. 2013-001 - 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, 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. 2014-001.

**Finding No. 2013-002 - 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 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.

This finding has been repeated in the current year as Finding No. 2014-002.

**Finding No. 2013-003 - Financial Statement Preparation**

The County currently does not have staff to prepare its financial statements, including the Schedule of Expenditures of Federal Awards. The County currently engages CliftonLarsonAllen to assist in preparing its financial statements and accompanying disclosures.

This finding has been repeated in the current year as Finding No. 2014-003.

**LOGAN COUNTY, ILLINOIS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended November 30, 2014**

**Finding No. 2013-004 - Vaccine Reports**

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.

This finding has been repeated in the current year as Finding No. 2014-004.

**Finding No. 2013-005 - Allowable Costs**

During our audit, we noted 1 out of 40 items tested did not have the full expenditure charged to the federal grant. Only 4.5 of 9 WIC related hours of an individual's wages were charged to the federal grant.

This finding has not been repeated in the current year.