

LOGAN COUNTY, ILLINOIS
SINGLE AUDIT
YEAR ENDED NOVEMBER 30, 2015



CliftonLarsonAllen

**LOGAN COUNTY, ILLINOIS
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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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Logan County, Illinois (County) as of and for the year ended November 30, 2015, 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 7, 2016.

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 2015-001, 2015-002, and 2015-003 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 7, 2016



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, 2015. 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, 2015.

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 2015-001, 2015-002, and 2015-003 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 2015-004, 2015-005, 2015-006, and 2015-007 to be significant deficiencies.

Chairman and Members of the County Board
Logan County, Illinois

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Logan County, Illinois as of and for the year ended November 30, 2015, and the related notes to the financial statements, which collectively comprise Logan County, Illinois' basic financial statements. We issued our report thereon dated April 7, 2016, 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 7, 2016

**LOGAN COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED NOVEMBER 30, 2015**

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	\$ 251,693	\$ -
		FCSUQ00923	54,306	-
		FCSTQ00923	33,336	-
Peer Counseling (Major)	10.557	FCSUQ01192	3,755	-
		FCSTQ01192	10,016	-
			<u>353,106</u>	<u>-</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	FCSUQ01263	1,000	-
			<u>1,000</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>354,106</u>	<u>-</u>
U.S. Department of Health and Human Services				
Passed through Illinois Department of Public Health:				
Public Health Emergency Preparedness	93.074	67180052D	13,792	-
		57180052C	22,347	-
			<u>36,139</u>	<u>-</u>
Immunization Grants (Major)	93.268	Commodities	189,717	-
		55180101C	900	-
			<u>190,617</u>	<u>-</u>
Teen Pregnancy Prevention	93.994	6638006D	75	-
			<u>75</u>	<u>-</u>
Total passed through Illinois Department of Public Health			<u>226,831</u>	<u>-</u>

**LOGAN COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2015**

<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 Healthcare and Family Services:				
Child Support Enforcement	93.563	2015-55-007-KE	\$ 5,762	\$ -
Medical Assistance Program	93.778	N/A	<u>23,546</u>	<u>-</u>
Total passed through Illinois Department of Healthcare and Family Services			<u>29,308</u>	<u>-</u>
Passed through National Association of County and City Health Officials:				
Medical Reserve Corps	93.008	MRC 15 0295	3,484	-
		MRC 14 0295	<u>918</u>	<u>-</u>
Total passed through National Association of County and City Health Officials			<u>4,402</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>260,541</u>	<u>-</u>
U.S. Environmental Protection Agency				
Passed through Illinois Department of Public Health:				
Performance Partnership Grants	66.605	65380171D	88	-
		55380172C	<u>350</u>	<u>-</u>
			<u>438</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>438</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	14LOGANHME	54,593	-
		13HMELOGAN	<u>16,393</u>	<u>-</u>
			<u>70,986</u>	<u>-</u>

LOGAN COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
(Continued)				
Passed through Illinois Department of Transportation:				
Airport Improvement Program	20.106	AAA-4217	\$ 11,307	\$ -
		AAA-4215	76,316	-
		AAA-4128	38,230	-
			<u>125,853</u>	<u>-</u>
Formula Grants for Other than Urbanized Areas	20.509	IL-18-X032	81,211	81,211
		IL-18-X031	32,768	32,768
			<u>113,979</u>	<u>113,979</u>
Total passed through Illinois Department of Transportation			<u>239,832</u>	<u>113,979</u>
Total U.S. Department of Transportation			<u>310,818</u>	<u>113,979</u>
U.S. Department of Homeland Security				
Passed through Illinois Emergency Management Agency:				
Emergency Management Performance Grants	97.042	15EMALOGAN	20,565	-
Homeland Security Grant Program (Major)	97.067	14LOGEMCOM	108,834	-
		13LOGEMCOM	55,911	-
		14LOGAGEN	4,777	-
		13LOGAGEN	28,993	-
		14LOGAEMAT	10,128	-
		13LOGAEMAT	8,100	-
		14LOGCON	8,154	-
		14LOGRADIO	10,484	-
			<u>235,381</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>255,946</u>	<u>-</u>

**LOGAN COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2015**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Passed Through to Subrecipients
United States Department of Labor				
Passed through the Land of Lincoln Consortium:				
WIA Adult Program	17.258	LO-14,15	\$ 2,315	\$ -
WIA Youth Activities	17.259	LO-14,15	633	-
WIA Dislocated Workers	17.278	LO-14,15	<u>3,123</u>	<u>-</u>
Total United States Department of Labor			<u>6,071</u>	<u>-</u>
TOTAL EXPENDITURES			<u>\$ 1,187,920</u>	<u>\$ 113,979</u>

SUMMARY OF FEDERAL AWARDS BY FEDERAL CFDA NUMBER AND CLUSTER	Federal CFDA Number	Expenditures	Passed Through to Subrecipients	Cluster Total, If Applicable
	10.557	\$ 353,106	\$ -	
	10.572	1,000	-	
	17.258	2,315	-	} 6,071
	17.259	633	-	
	17.278	3,123	-	
	20.106	125,853	-	
	20.509	113,979	113,979	
	20.703	70,986	-	
	66.605	438	-	
	93.008	4,402	-	
	93.074	36,139	-	
	93.268	190,617	-	
	93.563	5,762	-	
	93.778	23,546	-	
	93.994	75	-	
	97.042	20,565	-	
	97.067	<u>235,381</u>	<u>-</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 1,187,920</u>	<u>\$ 113,979</u>	

**LOGAN COUNTY, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
NOVEMBER 30, 2015**

- **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 2015 was as follows:

<u>Beginning Inventory November 30, 2014</u>	<u>Acquisitions</u>	<u>Usage</u>	<u>Ending Inventory November 30, 2015</u>
<u>\$35,095</u>	<u>\$189,717</u>	<u>\$190,013</u>	<u>\$34,799</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, 2014 to September 30, 2015 was \$251,693 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, 2015**

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 (CONTINUED)
YEAR ENDED NOVEMBER 30, 2015**

Section II - Financial Statement Findings

Finding No. 2015-001 - Segregation of Duties

Condition:

As a part of our audit, we noted the Animal Control Office does not have an internal control process that provides a proper segregation of duties. We specifically noted a lack of segregation of duties over cash receipts. We noted the office is a point of collection of cash receipts where there is a limited number of personnel to collect the fees and reconcile amounts remitted to the Treasurer's office. 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.

Cause:

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

Recommendation:

We recommend the County review the current accounting processes in the office 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. We further recommend the department head 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 (CONTINUED)
YEAR ENDED NOVEMBER 30, 2015**

Section II - Financial Statement Findings (Continued)

Finding No. 2015-001 - Segregation of Duties (Continued)

Auditee Response/Corrective Action Plan:

The Animal Control office within the County has a 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. 2015-002 - 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, adjusting interfund balances, and recording prior period adjustments.

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.

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.

**LOGAN COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2015**

Section II - Financial Statement Findings (Continued)

Finding No. 2015-002 - Significant Audit Adjustments (Continued)

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. 2015-003 - 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.

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.

**LOGAN COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2015**

Section II - Financial Statement Findings (Continued)

Finding No. 2015-003 - Financial Statement Preparation (Continued)

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

Section III - Federal Award Findings and Questioned Costs

Finding No. 2015-001 - 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

**LOGAN COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2015**

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

Finding No. 2015-002 - 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

Finding No. 2015-003 - 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

**LOGAN COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2015**

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

Finding No. 2015-004 - 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 there was not a documented review of one of four VFC Pediatric Vaccine Orders, and Inventory & Accountability Forms submitted to the state.

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 should adhere to policies and procedures that include a supervisory review of reports to assure accuracy and completeness of data and information included in the reports.

Effect:

VFC Pediatric Vaccine Orders, and Inventory & Accountability Forms submitted to the state could be inaccurate.

Cause:

The Logan County Department of Public Health stated the lack of a documented review of VFC Pediatric Vaccine Orders, and Inventory & Accountability Forms was an oversight.

Recommendation:

It is our recommendation that the Logan County Department of Public Health adhere to 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:

In 2015, we transitioned 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 inventory. Tara Comstock, Finance/Billing Clerk, will continue to manually count our vaccines in inventory to verify what ICARE shows we should have and Kara Davis, Assistant Administrator/Director of Nursing, will continue to verify and signoff on this. Tara makes a copy of this and all inventory paperwork for the month and gives to Katherine Yaple, Director of Finance.

**LOGAN COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2015**

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

Finding No. 2015-004 - Vaccine Reports (Continued)

Auditee Response/Corrective Action Plan (Continued):

This is still our process, however, the one VFC Pediatric Vaccine Order that did not have a second signature was copied and given to Finance *before* it was signed off on by Kara. Katherine looked back at the original that Tara keeps and Kara did in fact sign off on it after a copy was given to Finance. In the future, we will make sure that all copies that are given to Finance will be done *after* Kara has verified and signed off on the report.

Name of Contact Person:

Katherine Yapple, Department of Public Health Finance Director

Finding No. 2015-005 - 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:

Uniform Guidance 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.

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.

**LOGAN COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2015**

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

Finding No. 2015-005 - Equipment Inventory (Continued)

Auditee Response/Corrective Action Plan:

A majority of the equipment purchased through the grants are distributed state-wide. Any equipment failure is reported to the EM-COM Supervisor and followed up.

Effective April 1, 2016, when the EM-COM Supervisor makes his annual site visits he will also do a physical inventory. The physical inventory will be taken of the equipment in the County by personnel of Logan County ETSB.

Name of Contact Person:

Daniel Fulscher, EMA Director

Finding No. 2015-006 – Allowable Costs

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

Questioned Costs: \$118

Condition:

We noted 2 of 40 payroll expenditures that included hours worked that should not have been charged to this federal grant.

Criteria:

The allowable costs requirements outlined in the OMB Circular A-133 Compliance Supplement indicate that payroll charges must reflect actual time worked in the program.

Effect:

The County did not comply with allowable cost requirements set forth by OMB.

Cause:

Management informed us the non-allowable costs charged to the grant were an oversight, as these costs are regularly incurred and normally not included. The error was corrected the following month.

Recommendation:

It is our recommendation that the Department of Public Health adhere to policies and procedures to ensure only allowable costs are submitted for reimbursement, in order to have effective internal controls over compliance.

**LOGAN COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2015**

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

Finding No. 2015-006 – Allowable Costs (Continued)

Auditee Response/Corrective Action Plan:

in July, August and September each year, WIC has a Farmer's Market program. Time in this program is charged using the same cost center as regular WIC hours, however, it is also coded with a specific job code so we know to bill the Farmer's Market grant. When Finance completes the grant billings for these three months, we manually subtract the hours from the WIC grant billing that should be billed to the Farmer's Market grant. There was an oversight one month last year for two of the employees and their time was charged on both the regular WIC grant billing and also the Farmer's Market grant billing. Katherine Yapple, Director of Finance, caught this and made the correction the following month by subtracting those hours from the WIC grant billing. While our procedures for this will stay the same, the Finance department will be more

diligent about making sure the Farmer's Market hours are subtracted from the WIC hours before submitting the grant billings.

Name of Contact Person:

Katherine Yapple, Department of Public Health Finance Director

Finding No. 2015-007 – Eligibility Verification Documentation

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

Questioned Costs: None

Condition:

We noted 1 of 40 WIC Program Client Certification Forms did not properly denote the participant's adjunct program eligibility.

Criteria:

The A-102 Common Rule and OMB Circular A-133 Compliance Supplement require 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 County's procedures should ensure accurate verification of applicant's adjunct eligibility.

Effect:

The County did not comply with the internal control requirements set forth in OMB A-133 Compliance Supplement.

**LOGAN COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2015**

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

Finding No. 2015-007 – Eligibility Verification Documentation (Continued)

Cause:

Management informed us missing eligibility documentation was an oversight.

Recommendation:

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

Auditee Response/Corrective Action Plan:

At the June, 2015 WIC staff meeting, staff were educated about the importance of correctly filling out the client certification form. At the July, 2015 WIC staff meeting, staff were again trained on proper completion of this form using WIC PPM CS 12.2. Quality Assurance will be completed periodically by Dana Oltmanns, WIC Coordinator, by randomly choosing 5 charts for each CHP. If any problems exist, staff involved will be retrained and reassessed in three months in the same way. Documentation will be recorded on a QA record with the date completed and any issues found.

Name of Contact Person:

Katherine Yapple, Department of Public Health Finance Director

**LOGAN COUNTY, ILLINOIS
SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED NOVEMBER 30, 2015**

Finding No. 2014-001 - 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. 2015-001.

Finding No. 2014-002 - 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. 2015-002.

Finding No. 2014-003 - 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. 2015-003.

Finding No. 2014-004 - 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. 2015-004.

Finding No. 2014-005 – Equipment Inventory

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

This finding has been repeated in the current year as Finding No. 2015-005.

**LOGAN COUNTY, ILLINOIS
SUMMARY OF SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2015**

Finding No. 2014-006 – Earmarking

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.

This finding has not been repeated in the current year.