



**MCDONOUGH COUNTY, ILLINOIS**

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**SINGLE AUDIT REPORT**

**For the Year Ended November 30, 2019**

The background of the lower half of the page is a grayscale image of a modern building's interior, showing a grid of structural elements and a perspective view of a hallway or atrium. The image is overlaid with a semi-transparent teal band at the top and a semi-transparent orange band at the bottom right.

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**MCDONOUGH COUNTY, ILLINOIS**  
**SINGLE AUDIT REPORT**  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the County Board  
McDonough County, Illinois  
Macomb, 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 business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of McDonough County, Illinois (County) as of and for the year ended November 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 18, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section 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 did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 2019-003, 2019-004, and 2019-005 to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's 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*.

### **County's Response to Findings**

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Sincerely,

*Sikich LLP*

Springfield, Illinois  
September 18, 2020

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Springfield, IL 62704  
217.793.3363

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Members of the County Board  
McDonough County, Illinois  
Macomb, Illinois

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

We have audited McDonough County, Illinois’ (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County’s major federal program for the year ended November 30, 2019. The County’s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the County’s major federal programs based on our audit of the types of compliance requirements referred to above. We 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County’s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

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

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of McDonough County, Illinois as of and for the year ended November 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated September 18, 2020, 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 County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of those 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 taken as a whole.

*Sikich LLP*

Springfield, Illinois  
September 18, 2020

McDONOUGH COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended November 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through Illinois Department of Human Services:			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	FCSYQ01060	\$ 28,629
	10.557	FCSXQ01060	43,138
	10.557	FCSYQ01172	4,073
	10.557	FCSXQ01172	5,774
WIC Special Supplemental Nutrition Program for Women, Infants, and Children - Noncash Food Vouchers	10.557	SFY19	<u>149,745</u>
Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children			<u>231,359</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	FCSYQ01248	<u>1,000</u>
<b>ENVIRONMENTAL PROTECTION AGENCY</b>			
Passed through Illinois Department of Public Health: Performance Partnership Grants	66.605	05080061H	<u>50</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed through Illinois Emergency Management Agency: Emergency Management Performance Grants	97.042	19EMAMCDON	<u>13,807</u>

See accompanying Independent Auditor's Report.



**McDONOUGH COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended November 30, 2019

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Illinois Department of Public Health: Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	97180059G	\$ 22,535
	93.074	07180059H	<u>20,168</u>
Total HPP and PHEP Aligned Cooperative Agreements			<u>42,703</u>
 Passed through Illinois Department of Public Health: Maternal and Child Health Services Block Grant to States	 93.994	 93489021G	 <u>100</u>
Passed through Fulton County, Illinois Health Department: Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations financed in part by Prevention and Public Health Funds	93.752	IBCCP FY19	5,484
	93.752	IBCCP FY20	<u>3,544</u>
Total Cancer Prevention and Control Programs			<u>9,028</u>
 Passed through Illinois Department of Healthcare and Family Services: Child Support Enforcement	 93.563	 N/A	 <u>1,913</u>
Passed through Illinois Supreme Court: State Court Improvement Program	93.586	CIPData-G-1809	<u>2,601</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Highway Planning and Construction Cluster: Passed through Illinois Department of Transportation: Highway Planning and Construction	20.205	*	18-00000-00-PP
	20.205	*	19-00000-00-PP
Total Highway Planning and Construction			<u>538,002</u>
Total Highway Planning and Construction cluster			<u>538,002</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Equitable Sharing Program	16.922	N/A	<u>386</u>
<b>U.S. ELECTION ASSISTANCE COMMISSION</b>			
Passed through Illinois State Board of Elections: 2018 HAVA Election Security Grant	90.404	N/A	<u>15,135</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 856,084</u></u>

\* Denotes a major federal award program

See accompanying Independent Auditor's Report.

# **MCDONOUGH COUNTY, ILLINOIS**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended November 30, 2019

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### **1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of McDonough County, Illinois (the County) under programs of the federal government for the year ended November 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the County it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. Pass-through entity identifying numbers are presented where available.

### **3. NONCASH PAYMENTS**

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 McDonough County and redeemed during the period July 1, 2018 to June 30, 2019 was \$149,745 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.

## MCDONOUGH COUNTY, ILLINOIS

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended November 30, 2019

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#### **4. IMMUNIZATION VACCINE**

The County Health Department received and utilized immunization vaccine during the fiscal year in the amount of \$36,725. At November 30, 2019, the fair value of vaccine on hand was \$19,546.

#### **5. DESCRIPTION OF MAJOR FEDERAL PROGRAM**

The major federal program of McDonough County is the Highway Planning and Construction Program (20.205). These funds are used to plan, construct, and preserve the National Highway System (NHS), an integrated, interconnected transportation system important to interstate commerce and travel; for transportation improvements to Federal-aid highways and bridges on all public roads; to foster safe highway design; to replace or rehabilitate deficient or obsolete bridges and to preserve bridges that are still in good condition; and to provide for other special purposes

#### **6. DE MINIMIS RATE**

The County did not elect to use the de minimis rate of 10 percent for the year ended November 30, 2019.

#### **7. ADDITIONAL INFORMATION**

As of and during the year ended November 30, 2019, the County did not receive any federal insurance or federal loans or loan guarantees. In addition, the County did not pass through any federal grants to sub-recipients.

MCDONOUGH COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended November 30, 2019

Section I – Summary of Auditor’s Results

**Financial Statements**

Type of auditor’s report issued: *unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  X  Yes       No
- Significant deficiency(ies) identified?  X  Yes       None reported

Noncompliance material to financial statements noted?       Yes  X  No

**Federal Awards**

Type of auditor’s report issued on compliance for major federal programs: *unmodified*

Internal control over major federal programs:

- Material weakness(es) identified?       Yes  X  No
- Significant deficiency(ies) identified?       Yes  X  None reported

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) of the Uniform Guidance?       Yes  X  No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs:  \$750,000

Auditee qualified as low-risk auditee?       Yes  X  No

# MCDONOUGH COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended November 30, 2019

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### Section II – Financial Statement Findings

2019-001 Internal Controls over Financial Reporting (Repeat of prior year finding: 2018-001)

#### **Criteria**

The County is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles.

#### **Condition**

The County's internal controls over GAAP financial reporting should include adequately trained personnel with knowledge and experience to prepare and/or thoroughly review GAAP based financial statements to ensure they are free of material misstatements and include all disclosures as required by the Government Accounting Standards Board (GASB).

#### **Cause and Effect**

During the audit, material adjustments were recommended to adjust from cash basis to the modified accrual/accrual basis of accounting. There are also several funds for which the accounting and record keeping are performed outside the Treasurer's Office and the general ledger system. In addition, the County does not capitalize property and equipment acquisitions during the year. Therefore, information is outside the scope of the County's internal control structure and outside the scope of the County's controls for accuracy and completion.

#### **Recommendation**

We recommend the County accumulate any year end conversion adjustments from cash to modified accrual/accrual basis of accounting and record all other necessary adjustments to close the fiscal year and prepare trial balances in accordance with generally accepted accounting principles. We also recommend that monthly summary of activity be submitted to the Treasurer's Office with sufficient detail to allow the entries to be recorded in the County's general ledger system and available for review and oversight. We also recommend the County maintain a separate general capital asset fund in the general ledger system to capture information on the capital assets necessary for conversion to the government-wide financial statements.

#### **Auditee Response**

The County will record all audit adjustments and work towards developing procedures to accumulate conversion to present financial statements in accordance with generally accepted accounting principles. The County will evaluate a process for reporting activity within the various funds not maintained in the County's general ledger system and reporting capital asset activity during the fiscal year.

# MCDONOUGH COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended November 30, 2019

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### Section II – Financial Statement Findings (Continued)

2019-002 Segregation of Duties (Repeat of prior year finding: 2018-002)

#### **Criteria**

The County should implement procedures regarding segregation of duties to prevent employees from having access to financial records and/or assets of the County which could allow errors and/or irregularities to occur and not be detected on a timely basis. A proper segregation of duties is an integral part of an internal controls system to safeguard an organization's assets.

#### **Condition**

During the audit, we noted instances where employees have access to financial records and/or assets of the County. We noted instances where a Circuit Clerk employee records transactions, makes deposits, prepares checks, has access to a stamp of the required signature, mails checks, and reconciles the bank statements. Individuals also have the ability to collect receipts, record the receipt in the system, and delete receipts from the system with no formally documented review of the receipts deleted by a second individual. We also noted instances where the individual responsible for the Sheriff's jail commissary account has the ability to make deposits, reconcile the bank statement, and is an authorized signer on the account. A County Clerk employee responsible for the payroll processing has the ability to add employees to the payrolls system, make changes to existing payroll, and remove employees from the active payroll listing. A formal review process is not performed when payroll and withholding checks are generated along with the supporting documentation. During review of the purchasing process, we noted that Distribution Report was not formally approved by the General Claims Committee. We also noted that the General Claims Committee did not sign off on all Claims Reports, therefore, we were unable to determine if all claims were properly reviewed and approved. Further, we noted that the Distribution Report is not provided to the Treasurer along with the checks to verify all checks are reported on the Distribution report once they have all been approved. We also noted that the County Clerk's signature stamp is maintained by the accounting department where invoices are processed and checks are mailed.

#### **Cause and Effect**

Due to the size of the County and the limited staffing available, there was a lack of segregation of duties within the Sheriff's Department, Circuit Clerk's Office, and the County's Clerk's Office. Errors may occur and go undetected and it increases the risk of fraud.

# MCDONOUGH COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended November 30, 2019

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### Section II – Financial Statement Findings (Continued)

2019-002 Segregation of Duties (Continued)

#### **Recommendation**

We recommend the County evaluate the procedures performed within those departments to determine if the procedures could be divided among other employees or if transactions can be reviewed and approved by a second individual not responsible for collecting or disbursing funds. We also recommend that the General Claims Committee approve all Distribution Reports, as well as, sign off on all Claims Reports.

#### **Auditee Response**

The Circuit Clerk's office will continue to require employees to take vacation, which requires other employees to assume some of the above responsibilities. The Circuit Clerk will also continue to monitor monthly financial results and obtain explanations for unexpected variances. The County will segregate accounting duties as much as possible and monitor payroll accounts for unexpected variances from budget appropriations and prior year results.

2019-003 Bank Reconciliations (Repeat of prior year finding: 2018-003)

#### **Criteria**

The County should perform monthly bank reconciliations that agree to the general ledger system used for financial reporting purposes for all cash accounts of the County. The bank reconciliation should include a detailed list of all outstanding checks and deposits with the book balance per the reconciliation agrees to the book balance per the general ledger at month end and at fiscal year end.

#### **Condition**

During our testing of cash, we noted that the Mobile Home Tax, Payroll Clearing, Withholding Clearing, and Health Payroll Clearing bank reconciliations did not agree to the trial balance. We also noted the Health Operating account and three cash accounts at the Elms for which bank reconciliations were not being properly reconciled to the general ledger throughout the year, creating unreconciled differences at year end. In addition, we noted three cash accounts maintained by the Sheriff's Department where the November bank reconciliation was not performed as of November 30.

#### **Cause and Effect**

Bank reconciliations that are not reconciled to the general ledger system could cause errors in the cash balance or errors in the general ledger system to go undetected and unresolved on a timely basis. The lack of reconciliation could also cause fraudulent activity to go undetected or cash accounts to be materially misstated.

# MCDONOUGH COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended November 30, 2019

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### Section II – Financial Statement Findings (Continued)

2019-003 Bank Reconciliations (Continued)

#### **Recommendation**

We recommend the County perform monthly bank reconciliations in which the book balance per the reconciliation agrees with the book balance per the general ledger. We also recommend the bank reconciliations be performed as the last date of the month to properly show the cash balance as of the end of the fiscal year.

#### **Auditee Response**

The Elms has adjusted the procedures in the monthly bank reconciliation process to verify that the reconciled balances agree to the trial balance. The Health Department has evaluated the reconciling process to make sure that the bank reconciliation reconciles to the accounting system monthly. All other funds will be adjusted so that monthly bank reconciliations will agree to the accounting system going forward.

2019-004 Grant Administration (Repeat of prior year finding: 2018-004)

#### **Criteria**

The County should maintain a central grant administration process to monitor all grants of the County for compliance and to determine if a single audit is required.

#### **Condition**

During our testing of grants, we noted that the County does not have a central administrator of grants received by the County. Various departments receive grants for various purposes and a central listing of grant activity is not maintained for the County as a whole.

#### **Cause and Effect**

As a central listing of all grants awarded to the County is not maintained, the County is unable to prepare its schedule of federal expenditures without the assistance of the auditor. The lack of the centralized grant reporting could also increase the risk that grants are not being appropriately monitored for grant compliance.

#### **Recommendation**

We recommend the County maintain a schedule of all grants awarded and in progress during the fiscal year and establish a process to accumulate all grant information in one location to determine if a single audit is required or if additional grant reporting compliance is necessary.

#### **Auditee Response**

The County will evaluate and implement procedures to centralize the necessary information for the proper reporting of grant expenditures and receipts.



# MCDONOUGH COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended November 30, 2019

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### Section II – Financial Statement Findings (Continued)

2019-005 Fines and Fees Assessed by the Court (Repeat of prior year finding: 2018-005)

#### **Criteria**

The Clerk of the Circuit Court should ensure all fines and fees are properly assessed in accordance with the Illinois Compiled Statutes.

#### **Condition**

On July 1, 2019 there were significant changes to fines and fees collected and disbursed by the Circuit Clerk's Office. During the audit, we noted issues when implementing these changes including an inaccurate allocation in Sustain for one fee that required manual corrections to fee allocations once the error was identified. Additionally, there were allocations for the general county fine assessment that were not supported by a Board resolution. Further, we noted one receipt in our testing that was improperly entered into Sustain and did not agree to the Judge's order.

During the audit, we also noted certain fines and fees that were not properly assessed by the Circuit Court in accordance with the Illinois Compiled Statutes based on judicial order.

#### **Cause and Effect**

Due to judicial orders issued and oversight of the numerous fines and fee requirements, the fines and fees may not be properly assessed and therefore, would not be distributed to the appropriate entities as directed by the Statutes. Further, due to the significant changes in fines and fees during fiscal year 2019, the information input into Sustain was not always accurately updated to implement these changes or supported by Board resolution.

#### **Recommendation**

We recommend the County implement a review process to determine that all fines and fees are assessed in accordance with the Illinois Compiled Statutes. We also recommend that the County perform a detail review of all fines and fee changes entered into Sustain to ensure they agree to requirements of the Illinois Compiled Statutes and any discretionary allocations are supported by Board resolution.

#### **Auditee Response**

The County will continue to research and monitor updates and changes made to the Illinois Compiled Statutes, especially for fines and fees assessed frequently.

**MCDONOUGH COUNTY, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

Year Ended November 30, 2019

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

No Findings

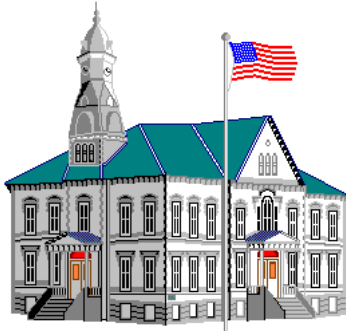
**MCDONOUGH COUNTY, ILLINOIS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Year Ended November 30, 2019

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<b><u>Prior Finding</u></b>	<b><u>Condition</u></b>	<b><u>Status</u></b>
2018-001	Lack of controls over financial reporting	Repeated as Finding 2019-001
2018-002	Lack of segregation of duties	Repeated as Finding 2019-002
2018-003	Inadequate bank reconciliation procedures	Repeated as Finding 2019-003
2018-004	Inadequate grant administration	Repeated as Finding 2019-004
2018-005	Failure to properly assess and collect fines and fees	Repeated as Finding 2019-005



## McDonough County

#1 Courthouse Square  
Macomb, IL 61455  
309-833-2474

### CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS

For the Year Ended November 30, 2019

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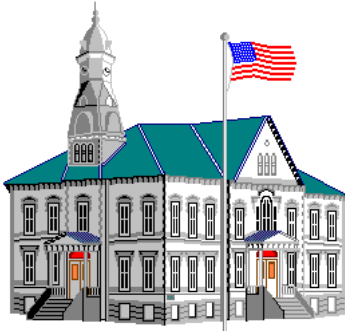
#### **2019-001 – Internal Controls over Financial Reporting**

*Condition:* The County's internal controls over GAAP financial reporting should include adequately trained personnel with knowledge and experience to prepare and/or thoroughly review GAAP based financial statements to ensure they are free of material misstatements and include all disclosures as required by the Government Accounting Standards Board (GASB).

*Corrective Action Plan:* The County will record all audit adjustments and work towards developing procedures to accumulate conversion adjustments to present financial statements in accordance with generally accepted accounting principles. The County will evaluate a process for reporting activity within the various funds not maintained in the County's general ledger system and reporting capital asset activity during the fiscal year.

*Responsible Person for Corrective Action Plan:* County Treasurer, County Clerk, Circuit Clerk, and Sheriff

*Implementation Date for Corrective Action Plan:* November, 2020



## McDonough County

#1 Courthouse Square  
Macomb, IL 61455  
309-833-2474

### CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS (Continued)

For the Year Ended November 30, 2019

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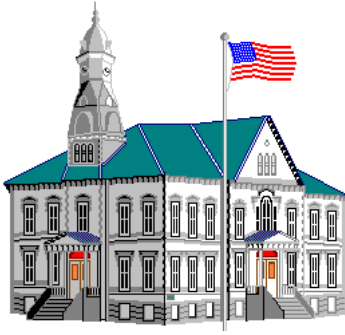
#### **2019-002 – Segregation of Duties**

*Condition:* During the audit, we noted instances where employees have access to financial records and/or assets of the County. We noted instances where a Circuit Clerk employee records transactions, makes deposits, prepares checks, has access to a stamp of the required signature, mails checks, and reconciles the bank statements. Individuals also have the ability to collect receipts, record the receipt in the system, and delete receipts from the system with no formally documented review of the receipts deleted by a second individual. We also noted instances where the individual responsible for the Sheriff's jail commissary account has the ability to make deposits, reconcile the bank statement, and is an authorized signer on the account. A County Clerk employee responsible for the payroll processing has the ability to add employees to the payroll system, make changes to existing payroll, and remove employees from the active payroll listing. A formal review process is not performed when payroll and withholding checks are generated along with the supporting documentation. During review of the purchasing process, we noted that Distribution Report was not formally approved by the General Claims Committee. We also noted that the General Claims Committee did not sign off on all Claims Reports, therefore, we were unable to determine if all claims were properly reviewed and approved. Further, we noted that the Distribution Report is not provided to the Treasurer along with the checks to verify all checks are reported on the Distribution report once they have all been approved. We also noted that the County Clerk's signature stamp is maintained by the accounting department where invoices are processed, and checks are mailed.

*Corrective Action Plan:* The Circuit Clerk's office will continue to require employees to take vacation, which requires other employees to assume some of the above responsibilities. The Circuit Clerk will also continue to monitor monthly financial results and obtain explanations for unexpected variances. The County will segregate accounting duties as much as possible and monitor payroll accounts for unexpected variances from budget appropriations and prior year results.

*Responsible Person for Corrective Action Plan:* Circuit Clerk, County Clerk

*Implementation Date:* Immediate



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### CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS (Continued)

For the Year Ended November 30, 2019

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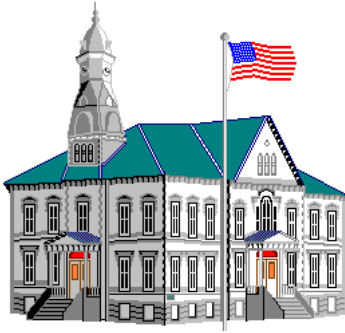
#### **2019-003 – Bank Reconciliations**

*Condition:* During our testing of cash, we noted that the Mobile Home Tax, Payroll Clearing, Withholding Clearing, and Health Payroll Clearing bank reconciliations did not agree to the trial balance. We also noted the Health Operating account and three cash accounts at the Elms for which bank reconciliations were not being properly reconciled to the general ledger throughout the year, creating unreconciled differences at year end. In addition, we noted three cash accounts maintained by the Sheriff's Department where the November bank reconciliation was not performed as of November 30.

*Corrective Action Plan:* The Elms has adjusted the procedures in the monthly bank reconciliation process to verify that the reconciled balances agree to the trial balance. The Health Department has evaluated the reconciling process to make sure that the bank reconciliation reconciles to the accounting system monthly. All other funds will be adjusted so that monthly bank reconciliations will agree to the accounting system going forward.

*Responsible Person for Corrective Action Plan:* Elms Director of Business/Personnel, County Health Department Business Office Manager, County Treasurer

*Implementation Date for Corrective Action Plan:* November, 2020



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### CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS (Continued)

For the Year Ended November 30, 2019

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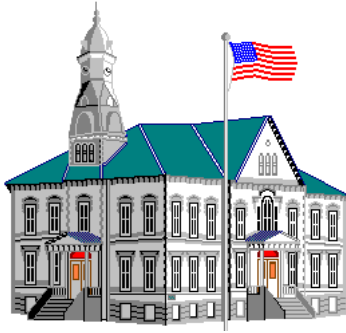
#### **2019-004 – Grant Administration**

*Condition:* During our testing of grants, we noted that the County does not have a central administrator of grants received by the County. Various departments receive grants for various purposes and a central listing of grant activity is not maintained for the County as a whole.

*Corrective Action Plan:* The County will evaluate and implement procedures to centralize the necessary information for the proper reporting of grant expenditures and receipts.

*Responsible Person for Corrective Action Plan:* County Clerk

*Implementation Date for Corrective Action Plan:* November, 2020



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### CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS (Continued)

For the Year Ended November 30, 2019

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#### **2019-005 – Fines and Fees Assessed by the Court**

*Condition:* On July 1, 2019 there were significant changes to fines and fees collected and disbursed by the Circuit Clerk's Office. During the audit, we noted issues when implementing these changes including an inaccurate allocation in Sustain for one fee that required manual corrections to fee allocations once the error was identified. Additionally, there were allocations for the general county fine assessment that were not supported by a Board resolution. Further, we noted one receipt in our testing that was improperly entered into Sustain and did not agree to the Judge's order.

*Corrective Action Plan:* The County will continue to research and monitor updates and changes made to the Illinois Compiled Statutes, especially for fines and fees assessed frequently.

*Responsible Person for Corrective Action Plan:* Circuit Clerk

*Implementation Date:* Immediate