

TAZEWELL COUNTY, ILLINOIS
SINGLE AUDIT REPORT
YEAR ENDED NOVEMBER 30, 2016

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**TAZEWELL 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
Tazewell 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 Tazewell County, Illinois (County) as of and for the year ended November 30, 2016, and the related notes to the financial statements, which collectively comprise Tazewell County, Illinois' basic financial statements, and have issued our report thereon dated May 23, 2017.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002 that we consider to be material weaknesses.

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*.

Tazewell County, Illinois’ 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 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
May 23, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Chairman and Members of the County Board
Tazewell County, Illinois

Report on Compliance for Each Major Federal Program

We have audited Tazewell 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 each of the County's major federal programs for the year ended November 30, 2016. The County's 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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 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, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-004. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Tazewell 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 the County's 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 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.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-003 to be a material weakness.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-004 to be a significant deficiency.

Chairman and Members of the County Board
Tazewell County, Illinois

The County's responses to the internal control over compliance 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.

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 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Tazewell County, Illinois as of and for the year ended November 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 23, 2017, 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 the Uniform Guidance 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
May 23, 2017

**TAZEWELL COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED NOVEMBER 30, 2016**

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 Women, Infants, and Children (Major)	10.557	FCSUQ01102	\$ 166,995	\$ -
	10.557	FCSVQ01102	125,125	-
	10.557	Food Instruments	687,837	-
			<u>979,957</u>	<u>-</u>
Peer Counseling (Major)	10.557	FCSUQ01178	25,269	-
	10.557	FCSVQ01178	17,374	-
			<u>42,643</u>	<u>-</u>
WIC Farmer's Market Nutrition Program	10.572	FCSVQ00696	1,000	-
Total U.S. Department of Agriculture			1,023,600	-
U.S. Department of Health and Human Services				
Passed through Illinois Department of Public Health:				
Cities Readiness Initiative	93.074	67180120D	28,279	-
	93.074	77180120E	17,940	-
			<u>46,219</u>	<u>-</u>
Public Health Information Network	93.074	67180086D	89,557	-
	93.074	77180085E	35,408	-
	93.074	67180189D	6,966	-
			<u>131,931</u>	<u>-</u>
Immunization Grants - Commodities	93.268	NA	106,682	-
Drug Free Communities	93.276	5H79SP018724-04	102,742	-
	93.276	5H79SP018724-05	17,573	-
			<u>120,315</u>	<u>-</u>

TAZEWELL COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Passed-through to Subrecipients
U.S. Department of Health and Human Services				
(Continued)				
Passed through Illinois Department of Public Health:				
(Continued)				
Breast and Cervical Cancer Screening	93.752	66180031D	\$ 50,715	\$ -
	93.752	76180028E	15,329	-
			66,044	-
Illinois Wisewoman	93.094	66180041D	22,297	-
	93.094	76180040E	5,311	-
			27,608	-
Maternal and Child Health Service				
Block Grant to the States	93.994	66380080D	28,257	-
	93.994	76380074E	17,383	-
	93.283	76380074E	3,037	-
			48,677	-
Total U.S. Department of Health and Human Services Passed through Illinois Department of Public Health			547,476	-
Passed through Illinois Department of Human Services:				
Maternal and Child Health Service				
Block Grant to the States	93.994	FCSVU03049	71,504	-
Teen Reach (Temporary Assistance for Needy Families)	93.558	FCSV04506	3,721	-
Total U.S. Department of Health and Human Services Passed through Illinois Department of Human Services			75,225	-

**TAZEWELL COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2016**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Passed-through to Subrecipients
U.S. Department of Health and Human Services				
(Continued)				
Passed through Illinois Department of Healthcare and Family Services:				
Child Support Enforcement Title IV-D	93.563	2016-55-007-KT	\$ 5,699	\$ -
	93.563	2017-55-007-KT	2,909	-
			<u>8,608</u>	<u>-</u>
Medical Assistance Program	93.778	NA	<u>109,162</u>	<u>-</u>
Total U.S. Department of Health and Human Services Passed through Illinois Department of Healthcare and Family Services			117,770	-
Passed through National Association of County and City Health Officials	93.008	MRC120964	500	-
Passed through the Board of Trustees from Illinois State University				
Mental Health First Aid	93.107	U77HP26847	<u>634</u>	<u>-</u>
Total U.S. Department of Health and Human Services			741,605	-
U.S. Environmental Protection Agency				
Passed through Illinois Emergency Services and Disaster Agency:				
Radon	66.032	16 TCHD (Radon)	5,749	-
Passed through Illinois Environmental Protection Agency:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	CWA-16203	<u>1,416</u>	<u>-</u>
Total U.S. Environmental Protection Agency			7,165	-

TAZEWELL COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2016

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				
Passed through Illinois Department of Transportation:				
Public Transportation for Nonurbanized Areas	20.509	RPT-16-40-FED-#4561	\$ 147,096	\$ 147,096
	20.509	RPT-17-40-FED-#4716	128,756	128,756
			<u>275,852</u>	<u>275,852</u>
Child Passenger Safety	20.616	OP-17-0205	379	-
Total U.S. Department of Transportation Passed through Illinois Department of Transportation			276,231	275,852
Passed through Illinois Emergency Management Agency:				
Hazardous Materials Emergency Preparedness	20.703	HMEPTAZE15	<u>9,087</u>	<u>-</u>
Total U.S. Department of Transportation Passed through Illinois Emergency Management Agency			<u>9,087</u>	<u>-</u>
Total U.S. Department of Transportation			285,318	275,852
U.S. Department of Homeland Security				
Passed through Illinois Emergency Services & Disaster Agency:				
Emergency Management Performance Grants	97.042	15EMATAZEW	8,317	-
	97.042	16EMATAZEW	57,897	-
			<u>66,214</u>	<u>-</u>
Total U.S. Department of Homeland Security			66,214	-

**TAZEWELL COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2016**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Passed-through to Subrecipients
U.S. Department of Justice				
Passed through Illinois Criminal Justice Information Authority:				
State's Attorney Appellate Prosecutor	16.738	413025	\$ (2,350)	\$ -
	16.738	414025	23,500	-
			<u>21,150</u>	<u>-</u>
Crime Victim Assistance	16.575	215212	25,712	-
	16.575	215312	21,397	-
			<u>47,109</u>	<u>-</u>
Total U.S. Department of Justice Passed through Illinois Criminal Justice Information Authority			68,259	-
Passed through National Children's Alliance:				
Crime Victim Assistance Discretionary Grants	16.758	Pekin-IL-SA16	9,000	-
Total U.S. Department of Justice Passed through National Children's Alliance			<u>9,000</u>	<u>-</u>
Total U.S. Department of Justice			77,259	-
U.S. Election Commission				
Passed through Illinois State Board of Elections:				
Help America Vote Act Requirements Payments	90.401	NA	5,270	-
Total U.S. Election Commission			<u>5,270</u>	<u>-</u>
Total			<u>\$ 2,206,431</u>	<u>\$ 275,852</u>

TAZEWELL COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2016

Summary of Federal Awards by Federal CFDA Number and Cluster	Federal CFDA Number	Expenditures	Passed-through to Subrecipients	Cluster Total If Applicable
	10.557	\$ 1,022,600	\$ -	
	10.572	1,000	-	
	16.575	47,109	-	
	16.738	21,150	-	
	16.758	9,000	-	
	20.509	275,852	275,852	
	20.616	379	-	
	20.703	9,087	-	
	66.032	5,749	-	
	66.468	1,416	-	
	90.401	5,270	-	
	93.008	500	-	
	93.074	178,150	-	
	93.094	27,608	-	
	93.107	634	-	
	93.268	106,682	-	
	93.276	120,315	-	
	93.283	3,037	-	
	93.558	3,721	-	
	93.563	8,608	-	
	93.752	66,044	-	
	93.778	109,162	-	
	93.994	117,144	-	
	97.042	66,214	-	
		<u>\$ 2,206,431</u>	<u>\$ 275,852</u>	

TAZEWELL COUNTY, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED NOVEMBER 30, 2016

NOTE 1 GENERAL

The accompanying Schedule of Expenditures of Federal Awards includes the activity of all federal grants of Tazewell County, Illinois. The Tazewell County reporting entity is defined in Note 1 to the County's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. The County has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 2 RELATIONSHIP TO FINANCIAL STATEMENTS

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*. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

NOTE 3 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

NOTE 4 COMMODITIES - VACCINES

The County receives vaccines at no charge from the Illinois Department of Public Health through federally assisted programs. The value of vaccines activity during fiscal year 2016 was as follows:

Beginning Inventory November 30, 2015	Acquisitions	Usage	Ending Inventory November 30, 2016
\$ 29,774	\$ 106,682	\$ 110,391	\$ 26,065

NOTE 5 NONCASH FOOD INSTRUMENTS

The County participates in the Supplemental Food Program for Women, Infants, and Children 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 Tazewell County and redeemed during the period October 1, 2015 to September 30, 2016 was \$687,837 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.

**TAZEWELL COUNTY, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED NOVEMBER 30, 2016**

NOTE 6 OTHER NONCASH ASSISTANCE

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.

NOTE 7 MEDICAL ASSISTANCE PROGRAM RECONCILIATION

Federal CFDA Number		93.778
Amount Awarded	\$	115,211
Total Amount Reported on Schedule of Federal Awards		109,162
Difference	\$	6,049

Amount awarded is based on the amounts the state has remitted to Tazewell County during the state’s fiscal year of July 1, 2015 – June 30, 2016. However, the Schedule of Expenditures of Federal Awards recognizes the County’s federal expenditures when incurred during its fiscal year December 1, 2015 – November 30, 2016. Tazewell County, Illinois incurred reimbursable expenditures of \$109,162 that were recognized during fiscal year 2016. Thus, this is reported as such on the 2016 Schedule of Expenditures of Federal Awards, as opposed to the \$115,211 of receipts remitted by the state during its fiscal year.

NOTE 8 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.

**TAZEWELL COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED NOVEMBER 30, 2016**

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 for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) X yes no

Identification of major programs:

CFDA Number

10.557

Name of Federal Program or Cluster

Special Supplemental Nutrition Program for Woman, Infants, and Children

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes X no

TAZEWELL COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2016

Section II - Financial Statement Findings

Finding No. 2016-001 - Significant Audit Adjustments

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria or specific requirement:

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.

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 number of the adjustments related to adjusting to the modified accrual basis or accrual basis of accounting from the cash basis and recording capital assets and long-term debt for the government-wide financial statements.

Context:

While performing audit procedures, we posted a variety of adjustments to ensure the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

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 some accounting records and reports being prepared on the cash basis of accounting as well as County officials not maintaining accounting records for the government-wide financial statements. Examples include grant revenue, highway revenue, and interfund activity. The County's audited basic financial statements have been converted to the modified accrual basis or accrual basis, as required by accounting principles generally accepted in the United States of America.

Recommendation:

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

TAZEWELL COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2016

Section II - Financial Statement Findings (Continued)

Finding No. 2016-001 - Significant Audit Adjustments (Continued)

Views of responsible officials and planned corrective actions:

Within the County Administration office, a new accounting oversight position has been created and the position was filled in July 2016. The newly added position will review internal controls and ensure that the financial statements are converted to the modified accrual basis, and that capital assets and long-term debt are recorded on the financial statements for the Fiscal Year 2017 audit.

Finding No. 2016-002 – Financial Statement Preparation

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria or specific requirement:

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

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 and related footnote disclosures are complete and presented in accordance with U.S. generally accepted accounting principles (GAAP).

Context:

While performing our audit procedures, it was noted the County does not have an internal control policy in place over financial reporting that would enable management to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect:

The potential exists that a material misstatement of the annual financial statements 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, including footnote disclosures.

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

**TAZEWELL COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2016**

Section II - Financial Statement Findings (Continued)

Finding No. 2016-002 – 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.

Views of responsible officials and planned corrective actions:

Within the County Administration office, a new accounting oversight position has been created and the position was filled in July 2016. The newly added position will review internal controls and ensure that the financial statements are converted to the modified accrual basis, and that capital assets and long-term debt are recorded on the financial statements for the Fiscal Year 2017 audit.

Section III – Federal Awards Findings and Questioned Costs

Finding No. 2016-003 – General Accounting for Federal Awards

Federal Agency/Program: U.S. Department of Agriculture

Federal Program Title: Special Supplemental Nutrition Program for Women, Infants, and Children;
All other programs

CFDA Number: 10.557

Pass-Through Agency: Illinois Department of Human Services

Award Period: All grant periods within the audit year

Type of Finding: Material Weakness in Internal Control over Compliance

Criteria or specific requirement:

The Uniform Guidance requires reports to include all activity of the reporting period, be supported by applicable accounting records, and be fairly presented in accordance with program requirements. All reports should agree with the accounting records. Reports should also include accounting of all noncash assistance received.

Condition:

The County receives a significant amount of funding through state and federal grants. Grants are currently handled by the individual departments requesting the funding. During the period under audit, there was no central office or individual that tracks grant applications and reports. Individual departments are responsible for monitoring compliance with their grants as well as completing both financial and program reports for their grants.

TAZEWELL COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2016

Section III – Federal Awards Findings and Questioned Costs (Continued)

Finding No. 2016-003 – General Accounting for Federal Awards (Continued)

The current method of monitoring grants makes it very difficult to identify all of the federal funds received by the County for proper reporting under the federal Single Audit Act. During our audit we noted the following related to accounting for grants that should be addressed.

- Information used in the preparation of reports requesting reimbursement for federal awards is frequently maintained on ledgers separate from the general ledger of the County. Many times there may be timing differences between the general ledger and these separate accounting of awards, or nonreimbursable costs are charged to respective general ledger accounts. Consequently, general ledger accounts do not easily trace to reports requesting reimbursement of federal funds. Not all reconciliations are readily available which reconcile general ledger financial information to that reported on the requests for reimbursement of federal funds.

Questioned Costs:

None

Context:

While performing our audit procedures, it was noted the County has no central office or individual that tracks grant applications and reports. Individual departments are responsible for monitoring compliance with their grants as well as completing both financial and program reports for their grants.

Cause:

The County did not effectively monitor all federal programs and reconcile financial reports with the County's general ledger.

Effect:

There is a greater risk the reports could be prepared inaccurately since they are prepared using information that is extracted from the general ledger and not reconciled to the general ledger.

Repeat Finding:

Yes, prior year Finding 2015-002.

Recommendation:

Reconciliations should be prepared which reconcile general ledger financial information to that reported on the requests for reimbursement of federal funds.

**TAZEWELL COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2016**

Section III – Federal Awards Findings and Questioned Costs (Continued)

Finding No. 2016-003 – General Accounting for Federal Awards (Continued)

Views of responsible officials and planned corrective action:

Within the County Administration office a new accounting oversight position has been created and the position was filled in July 2016. The newly added position will review how grants are handled and create a procedure and process for reconciling financial reports from each grant to the general ledger for the Fiscal Year 2017 audit.

Finding No. 2016-004 – Allowable Costs

Federal Agency/Program: U.S. Department of Agriculture

Federal Program Title: Special Supplemental Nutrition Program for Women, Infants, and Children

CFDA Number: 10.557

Pass-Through Agency: Illinois Department of Human Services

Award Period: All grant periods within the audit year

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement:

The allowable cost requirements outlined in the Uniform Guidance indicate that payroll charges must reflect actual time worked in the program.

Condition:

As part of our audit, we noted that there were 7.5 WIC hours (\$104) incorrectly charged to other programs. Additionally, there was 0.5 hours (\$18) that were charged to WIC that should have been charged to another program.

Questioned Costs:

\$18

Context:

In 3 of 63 allowable expenditures tested, the County overcharged the WIC program and undercharged the Family Case Management program by \$104, as well as overcharged the Better Birth Outcome program and undercharged the WIC program by \$18.

**TAZEWELL COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2016**

Section III – Federal Awards Findings and Questioned Costs (Continued)

Finding No. 2016-004 – Allowable Costs (Continued)

Cause:

There was an oversight by County personnel.

Effect:

The County did not comply with the allowable cost requirements set forth in the Uniform Guidance.

Repeat Finding:

Yes, prior year Finding 2015-003.

Recommendation:

Controls over payroll should ensure time charged to the program reflects actual time worked in the program.

Views of responsible officials and planned corrective action:

Health Department staff are putting into action additional steps in our protocol for completing the payroll process. An additional double check will be implemented. This will be an improvement project in Fiscal Year 2018 for the Business Operations Division. Due to the nature of Health Department staff being in multiple programs, the entries per payroll for each staff member may include up to 30 numbers. Human error will occur at times with so many data points. The effort will be on additional double checks that will continue to improve this process.

**TAZEWELL COUNTY, ILLINOIS
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED NOVEMBER 30, 2016**

Finding No. 2015-001 – 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 number of the adjustments related to adjusting to the modified accrual basis or accrual basis of accounting from the cash basis, and recording capital assets and long-term debt for the government-wide financial statements. A prior period adjustment was also recognized in the current year financial statements to reflect an error in the previous period.

Status

This finding has been repeated in the current year as Finding No. 2016-001, with modification.

Finding No. 2015-002 – General Accounting for Federal Awards

The County receives a significant amount of funding through state and federal grants. Grants are currently handled by the individual departments requesting the funding. During the period under audit, there was no central office or individual that tracks grant applications and reports. Individual departments are responsible for monitoring compliance with their grants as well as completing both financial and program reports for their grants.

The current method of monitoring grants makes it very difficult to identify all of the federal funds received by the County for proper reporting under the federal Single Audit Act. During our audit we noted the following related to accounting for grants that should be addressed.

- Information used in the preparation of reports requesting reimbursement for federal awards is frequently maintained on ledgers separate from the general ledger of the County. Many times there may be timing differences between the general ledger and these separate accounting of awards, or nonreimbursable costs are charged to respective general ledger accounts. Consequently, general ledger accounts do not easily trace to reports requesting reimbursement of federal funds. Not all reconciliations are readily available which reconcile general ledger financial information to that reported on the requests for reimbursement of federal funds.

Status

This finding has been repeated in the current year as Finding No. 2016-003.

Finding No. 2015-003 – Allowable Costs

As part of our audit, we noted that there were 36 WIC hours wrongly charged to other programs. Additionally, there was 1 hour that was charged to WIC that should have been charged to another program.

Status

This finding has been repeated in the current year as Finding No. 2016-004.

**TAZEWELL COUNTY, ILLINOIS
SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2016**

Finding No. 2015-004 – Sub-Recipient Monitoring

As part of our audit, we noted the County did not request and review audits and, where applicable, single audits of subrecipients in order to make management decisions regarding any findings that may have been noted in audit reports. In addition, the County did not communicate the CFDA name and number to the subrecipients.

Status

This finding has not been repeated in the current year.

Finding No. 2015-005 – Reporting

As part of our audit, we noted the County did not submit their audited financial statements or single audit report to the Illinois Public Health Association.

Status

This finding has not been repeated in the current year.