

Rock Island County, Illinois

Compliance Report
November 30, 2018

Contents

Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	1-2
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	3-5
Schedule of expenditures of federal awards	6-7
Notes to schedule of expenditures of federal awards	8
Schedule of findings and questioned costs	9-12
Summary schedule of prior audit findings	13

**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***

RSM US LLP

Independent Auditor's Report

To the County Board of
Rock Island 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 Rock Island County, Illinois (the County), as of and for the year ended November 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 13, 2019. The County's beginning net position for the governmental activities have been restated due to the implementation of GASB Statement No. 75 to recognize an other postemployment liability. Our report includes a reference to other auditors who audited the financial statements of Rock Island Tri-County Consortium, the discretely presented component unit, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

The financial statements of the Public Building Commission and Forest Preserve Commission, blended component units, which were audited by other auditors, were not audited in accordance with *Government Auditing Standards*.

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 County'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying *schedule of findings and questioned costs* as findings 2018-001 and 2018-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic 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 and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Responses to the 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 County'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.

RSM US LLP

Davenport, Iowa
May 13, 2019

**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**

RSM US LLP

Independent Auditor's Report

To the County Board of
Rock Island County, Illinois

Report on Compliance for Each Major Federal Program

We have audited Rock Island County, Illinois' (the 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, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

We did not audit the compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards to the major federal program of the discretely presented component unit, Rock Island County Tri-County Consortium, whose statements reflect \$2,262,657 of expenditures of federal awards for the year ended June 30, 2018, and which were audited by other independent auditors whose report thereon has been furnished to us, and our opinion on compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards to the major federal programs, insofar as it relates to the amounts included for the component unit, is based solely upon the report of the other independent auditors.

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 and the report of other auditors provide 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, based on our audit report and the report of other auditors, 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, 2018.

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 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.

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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2018-003 that we consider to be a significant deficiency.

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

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 discretely presented component unit, each major fund and the aggregate remaining fund information of the County as of and for the year ended November 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated May 13, 2019, which contained an unmodified opinion on those financial statements. Our report included reference to other auditors. We did not audit the financial statements of the blended component units, the Forest Preserve Commission and Public Building Commission, or the discretely presented component unit, Rock Island Tri-County Consortium, whose statements reflect none, none and \$2,262,657, respectively, of expenditures of federal awards for the year ended June 30, 2018. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the component units, is based solely upon the reports of the other auditors.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion based on our audit, the procedures performed as described above, and the report of other auditors, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Davenport, Iowa
May 13, 2019

Rock Island County, Illinois

Schedule of Expenditures of Federal Awards Year Ended November 30, 2018

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
(Passed through Illinois Department of Public Health):				
Oral Health Dental Sealants Only	93.994	93489027G	\$ -	\$ 3,714
Oral Health Dental Sealants Only	93.994	83489027F	-	5,792
SSBG—School Based Linked Health Centers - Public Health	93.994	86380036F	-	61,406
SSBG—School Based Linked Health Centers - Public Health	93.994	96380036G	-	74,289
Subtotal 93.994			-	145,201
Refugee Health Services Administration ⁽¹⁾	93.566	80180004F	-	19,293
Public Health Emerg Prepare & Response	93.074	97180075G	-	42,028
Public Health Emerg Prepare & Response	93.074	87180075F	-	63,289
Subtotal 93.074			-	105,317
Breast & Cervical Cancer Early Detection	93.898	86180022F	16,436	42,659
Breast & Cervical Cancer Early Detection	93.898	96180022G	2,820	17,819
Subtotal 93.898			19,256	60,478
Illinois Immunization Program—Vaccines for Children	93.268	Non-Cash	-	62,811
Illinois Tobacco Free Communities—Public Health	93.975	83281073F	-	51,719
SSBG—School Based Linked Health Centers—Public Health	93.667	86380036F	-	45,961
Total Illinois Department of Public Health			19,256	490,780
(Passed through Illinois Department of Human Services):				
Refugee Health Services Grant ⁽¹⁾	93.566	FCSXK01345	-	11,509
Refugee Health Services Grant ⁽¹⁾	93.566	FCSWK01345	-	17,080
Subtotal 93.566			-	28,589
Healthworks-High-Risk Infant Follow-up	93.667	FCSXU05096	-	18,831
Total Illinois Department of Human Services			-	47,420
(Passed through Illinois Department of Healthcare and Family Services):				
Key Information Delivery System	93.563	2018-55-007-KO	-	13,614
Total U.S. Department of Health and Human Services			19,256	551,814
U.S. Environmental Protection Agency				
(Passed through Illinois Department of Public Health):				
Safe Drinking Water	66.605	85380178F	-	5,254

(Continued)

Rock Island County, Illinois

Schedule of Expenditures of Federal Awards (Continued)

Year Ended November 30, 2018

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
(Passed through Illinois Department of Human Services):				
Supplemental Nutrition—Women Infant Child	10.557	FCSXQ01087	-	319,491
Supplemental Nutrition—Women Infant Child	10.557	FCSWQ01087	-	409,337
Supplemental Nutrition—Women Infant Child	10.557	Noncash	-	1,594,909
Subtotal 10.557			-	2,323,737
Supplemental Nutrition—Farmers Market	10.572	FCSXQ01252	-	1,000
WIC Farmers' Market Nutrition Program	10.572	Non-Cash	-	32,000
Subtotal 10.572			-	33,000
Total Illinois Department of Human Services			-	2,356,737
(Passed through Illinois Department of Public Health), Food Distribution Cluster, Summer Food Inspection Program	10.559	85280177F	-	1,600
Total U.S. Department of Agriculture				
U.S. Department of Homeland Security				
(Passed through Illinois Emergency Management Agency):				
Emergency Management Performance Grant	97.042	18EMAROCKI	-	47,043
U.S. Department of Justice				
(Passed through Illinois Criminal Justice Information Authority), Expanding Multi Jurisdictional Narcotics Unit	16.738	2018-55-007-KO	-	134,805
U.S. Department of Labor				
(Passed through Illinois Department of Commerce and Economic Opportunity):				
Trade and Globalization Adjustment and Assistance Act	17.245	15-661013	-	15,554
Trade and Globalization Adjustment and Assistance Act	17.245	16-661013	-	328,968
Subtotal 17.245			-	344,522
WIA Cluster:				
WIA Adult Program	17.258	16-681013	-	666,443
WIA Adult Program	17.258	17-681013	-	353,080
WIOA Local Incentive	17.258	15-632013	-	6,805
WIA Youth Activities	17.259	16-681013	-	125,413
WIA Youth Activities	17.259	17-681013	-	487,274
WIOA Local Incentive	17.259	15-632013	-	4,089
WIA Dislocated Workers	17.278	16-681013	-	(214,030)
WIA Dislocated Workers	17.278	17-681013	-	424,760
WIOA Local Incentive	17.278	15-632013	-	1,406
WIOA Rapid Response	17.278	17-651013	-	62,895
Subtotal WIA Cluster			-	1,918,135
Total U.S. Department of Labor				
Total expenditures of federal awards				
			\$ 19,256	\$ 5,359,910

⁽¹⁾ Total Refugee Health Services Program—\$47,882

See notes to schedule of expenditures of federal awards.

Rock Island County, Illinois

Notes to Schedule of Expenditures of Federal Awards **Year Ended November 30, 2018**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Rock Island County, Illinois (County) and its discretely presented component unit under programs of the federal government for the year ended November 30, 2018. 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.

Note 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 4. Component Unit

The amounts included on the schedule of expenditures of federal awards for CFDA Nos. 17.245, 17.258, 17.259 and 17.278 are expenditures for the period July 1, 2017 through June 30, 2018. The County is the grantee of such funds which are administered and expended by the Rock Island Tri-County Consortium, a discretely presented component unit of the County that has a June 30 fiscal year-end. The Consortium and its compliance with its federal programs is audited by other independent auditors.

Rock Island County, Illinois

Schedule of Findings and Questioned Costs Year Ended November 30, 2018

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Yes No

Significant deficiency(ies) identified?

Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with

Section 2 CFR 200.516(a)?

Yes No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
10.557	Supplemental Nutrition - Women Infant Child
WIA Cluster:	
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Worker Formula Grants

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

Auditee qualified as low-risk auditee?

Yes No

(Continued)

Rock Island County, Illinois

Schedule of Findings and Questioned Costs (Continued) Year Ended November 30, 2018

II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Significant Deficiency in Internal Control

2018-001

Finding: The Rock Island County, Illinois Animal Control facility has an inadequate segregation of duties over the collection and recording of cash receipts, specifically the collection and recording of animal control fees.

Criteria: A good internal control system contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition: The operations manager has the ability to collect cash, issue receipts, monitor the receipt number sequence, reconcile the daily receipts, prepare the deposit and prepare daily reconciliation sheet used by the Treasurer's Office to post the receipt transactions. In addition, the same personnel has access to the cash collected for animal control tags, the listing of the tags collected and performs the reconciliation of the animal control tags issued to cash collections.

Cause: One individual has access to all key functions in cash collection, cash deposits and recording revenues in the animal control department.

Effect: Transaction errors or misappropriation of assets could occur and not be detected in a timely manner.

Report finding: This is a repeat of finding 2017-001.

Recommendation: We recommend the County look for ways to strengthen internal control by realigning or reassigning duties where practical including but not limited to:

- A cash collection system which is integrated with the general ledger to post cash collections. Read only access should be provided to those who perform the reconciliations of cash receipts.
- Someone independent of the receipt and cash collection process should reconcile the daily receipts.
- Cash receipt sequence be monitored by someone independent of the cash receipt process.
- Original documentation is provided to the Treasury Department in addition to the daily reconciliation sheet.

Response: Management has reviewed the finding and agrees.

Rock Island County, Illinois

Schedule of Findings and Questioned Costs (Continued) **Year Ended November 30, 2018**

2018-002

Criteria: For Tri-County Consortium, internal controls should be in place that provide reasonable assurance that nonrecurring transactions and manual journal entries are reviewed for completeness and validity by a member of management on a timely basis.

Condition: During testing at Tri-County Consortium auditors identified manual journal entries for year-end closing that were incorrectly posted and unapproved by a member of management on a timely basis.

Cause: Manual journal entries were not reviewed and approved by a member of management on a timely basis.

Effects or potential effects: As a result of this condition, there is a higher risk that errors or irregularities with nonrecurring transactions and manual journal entries are not detected and corrected within a timely period.

Recommendation: Management at Tri-County Consortium should review and approve all nonrecurring transactions and manual journal entries on a timely basis.

View of responsible officials and planned corrective actions: We agree with the finding and have developed a corrective action plan.

B. Instances of Noncompliance

No matters reported.

III. Findings and Questioned Costs for Federal Awards

A. Internal Controls

2018-003

U.S. Department of Labor

Passed Through Illinois Department of Commerce and Economic Opportunity

Trade and Globalization Adjustment and Assistant Act (CFDA No. 17.245)

WIA Cluster (CFDA Nos. 17.258, 17.259 and 17.278)

Federal Year 2018

Criteria: For Tri-County Consortium, internal controls should be in place that provide reasonable assurance that nonrecurring transactions and manual journal entries are reviewed for completeness and validity by a member of management on a timely basis.

Condition: During testing at Tri-County Consortium auditors identified manual journal entries for year-end closing that were incorrectly posted and unapproved by a member of management on a timely basis.

Cause: Manual journal entries were not reviewed and approved by a member of management on a timely basis.

Rock Island County, Illinois

Schedule of Findings and Questioned Costs (Continued)
Year Ended November 30, 2018

Effects or potential effects: As a result of this condition, there is a higher risk that errors or irregularities with nonrecurring transactions and manual journal entries are not detected and corrected within a timely period.

Questioned costs: None

Recommendation: Management at Tri-County Consortium should review and approve all nonrecurring transactions and manual journal entries on a timely basis.

View of responsible officials and planned corrective actions: We agree with the finding and have developed a corrective action plan.

B. Instances of Noncompliance

No matters reported.



**Rock
Island
County**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED NOVEMBER 30, 2018**

Identifying Number: 2017-001

Audit Finding: The Rock Island County, Illinois Animal Control Facility had an improper segregation of duties over the collection and recording of cash receipts, specifically the collection and recording of animal control fees.

Corrective Action Taken: Due to the low available staff, segregation of duties was very difficult in years past. However, with the County Board approving the expansion of work hours for the clerical staff at the facility and the hiring of two (2) additional employees provided to the County by the PAWS fundraising group, the Operations Manager has not needed to perform all the cash collection and recording duties. We do not see this as a future occurrence either.

**APRIL L PALMER
COUNTY AUDITOR
AMANDA VAN DAELE
CHIEF DEPUTY**

Rock Island County, Illinois

1504 3rd Avenue, Rock Island, IL 61201
Phone: (309) 558-3518 • Fax: (309) 558-3516
E-Mail: apalmer@co.rock-island.il.us
Website: <http://www.rockislandcounty.org>

Stephanie Antolik
Internal Auditor

Chris Begyn
Payroll Administrator

