

**PEORIA COUNTY, ILLINOIS**

**SINGLE AUDIT REPORT**

For the Year Ended  
December 31, 2016



**PEORIA 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**

To the Members of the County Board  
Peoria County  
Peoria, Illinois

We have audited, in accordance with 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, each major fund, and the aggregate remaining fund information of Peoria County, Illinois (the County) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Peoria County, Illinois' basic financial statements and have issued our report thereon dated June 29, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting 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 the County'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 to be a material weaknesses. (2016-001, 2016-002, and 2016-003)

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 accompanying schedule of findings and questioned costs to be a significant deficiencies. (2016-004, 2016-005, 2016-006, and 2016-007)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 response to the findings 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 the financial statements and, accordingly, we express no opinion on it.

### **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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sikich LLP*

Springfield, Illinois  
July 27, 2017

**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**

To the Members of the County Board  
Peoria County  
Peoria, Illinois

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

We have audited Peoria 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 December 31, 2016. 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.

***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 December 31, 2016.

### **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, each major fund, and the aggregate remaining fund information of the County of Peoria, Illinois, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 29, 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 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 as a whole.

*Sikich LLP*

Springfield, Illinois  
July 27, 2017

PEORIA COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<b>U.S. Department of Health and Human Services:</b>			
Passed through the Illinois Department of Public Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements			
	93.074	6067180070D	\$ 77,993
		7077180070E	35,067
		6067180176D	7,084
		6067180115D	29,102
		7077180115E	20,740
			<u>169,986</u>
Passed through University of Illinois College of Medicine at Peoria:			
Coordinated Services and Access to Research for Women, Infants, Children, and Youth			
	93.153	MOU	11,210
Passed through the Illinois Department of Public Health:			
Immunization Cooperative Agreements			
	93.268	Commodities	164,628
Passed through the Illinois Department of Healthcare and Family Services:			
Child Support Enforcement			
	93.563	615KCC00071	17,224
		715KCC00071	13,479
			<u>30,703</u>
Grants to States for Access and Visitation Programs			
	93.597	615KAVG0003	19,341
		715KAVG0003	16,056
			<u>35,397</u>
Passed through the Illinois Supreme Court:			
State Court Improvement Program			
	93.586	60CIPDG1506	7,052
		70CIPDG1506	4,610
		70CIPDG1601	4,185
			<u>15,847</u>
Passed through the Illinois Department of Human Services:			
Social Services Block grant			
	93.667	6FCSUU03176	5,111
Medicaid Cluster:			
Passed through the Illinois Department of Healthcare and Family Services:			
Medical Assistance Program			
	93.778	N/A	87,064
		medmatch	2,864
			<u>89,928</u>

PEORIA COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
Medicaid Cluster (Continued):			
Passed through University of Illinois College of Medicine at Peoria:			
HIV Care Formula Grants	93.917	55780066C 65780046D	\$ 16,460 30,749 <hr/> 47,209
Grants to provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	MOU	<hr/> 501
Passed through the Illinois Public Health Association:			
HIV Prevention Activities_Health Department Based	93.940	16-75-04	<hr/> 5,500
Maternal and Child Health Services Block Grant to the States	93.994	6063480131D 7073489025E	15,416 16,041 <hr/> 31,457
Total U.S. Department of Health and Human Services			<hr/> 607,477
<b>U.S. Department of Agriculture:</b>			
Passed through the Illinois Department of Human Services:			
Special Supplemental Food Program for Women, Infants, and Children	10.557*	6FCSUQ01078 7FCSVQ01078 6FCSUQ01177 7FCSUQ01177	341,760 318,945 12,968 14,875
Noncash Food Vouchers	10.557*	2016 2017	1,007,394 780,101 <hr/> 2,476,043
Child Nutrition Cluster:			
Passed through the Illinois State Board of Education:			
School Breakfast Program	10.553	2016-4220-00 2017-4220-00	19,183 7,338 <hr/> 26,521
National School Lunch Program	10.555	2016-4210-00 2017-4210-00	29,904 11,502 <hr/> 41,406
Passed through the Illinois Department of Public Health:			
Summer Food Service Program for Children	10.559	7055280034C	<hr/> 2,900
Total Child Nutrition cluster			<hr/> 70,827

PEORIA COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
Child Nutrition Cluster (Continued):			
Passed through the Illinois Department of Public Health:			
State Administrative Expenses for Child Nutrition	10.560	7065280022D	\$ 1,680
Passed through the Illinois Department of Human Services:			
WIC Farmers' Market Nutrition Program	10.572	7FCSVQ01251	1,000
Total U.S. Department of Agriculture			<u>2,549,550</u>
<b>U.S. Department of Transportation:</b>			
Highway Planning and Construction Cluster:			
Passed through the Illinois Department of Transportation:			
Highway Planning and Construction	20.205	HSIP-0143(062)	20,104
Total Highway Planning and Construction cluster			<u>20,104</u>
Formula Grants for Rural Areas	20.509	OP-16-30-FED OP-17-30-FED	10,030 147,743
			<u>157,773</u>
Highway Safety Cluster:			
Passed through the Illinois Department of Transportation:			
State and Community Highway Safety	20.600	600OP160172 700AP170197	8,121 3,137
Total Highway Safety Cluster			<u>11,258</u>
National Priority Safety Programs	20.616	700AP170163 700AP170203	52,167 22,995
			<u>75,162</u>
Total U.S. Department of Transportation			<u>264,297</u>
<b>U.S. Department of Justice:</b>			
Passed through the Illinois Criminal Justice Information Authority:			
Violence Against Women Formula Grants	16.588	60AWL614040 60AWL613043 60AWL614041 70AWL614040 70AWL613043 70AWL614041	23,056 56,172 196,452 32,728 53,239 65,441
			<u>427,088</u>

PEORIA COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2016

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
Direct:			
State Criminal Alien Assistance Program	16.606		\$ 4,289
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0608 2015-DJ-BX-0064	42,043 11,000 <u>53,043</u>
Total U.S. Department of Justice			<u>484,420</u>
<b>U.S. Department of Housing and Urban Development:</b>			
Direct:			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900*	ILLHB0595-15	<u>925,808</u>
Total U.S. Department of Housing and Urban Development			<u>925,808</u>
<b>U.S. Environmental Protection Agency:</b>			
Passed through Illinois Department of Public Health:			
Performance Partnership Grants	66.605	6065380187D 7075380173E	1,575 525 <u>2,100</u>
Total U.S. Environmental Protection Agency			<u>2,100</u>
<b>Department of Homeland Security:</b>			
Passed through Illinois Emergency Management Agency:			
Emergency Management Performance Grants	97.042	615EMAPEOC2 716EMAPEOCO	9,220 28,414 <u>37,634</u>
Hazard Mitigation Grant	97.039	7HM16PEORIA 7HM16COPEOR 7HM16PEOCTY	3,730 5,640 39,688 <u>49,058</u>
Passed through Illinois Law Enforcement Alarm System			
Homeland Security Grant Program	97.067	n/a	<u>65,712</u>
Total Department of Homeland Security			<u>152,404</u>
<b>TOTAL EXPENDITURES</b>			<u>\$ 4,986,056</u>

\* Denotes Major Federal Program

# PEORIA COUNTY, ILLINOIS

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2016

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### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of Peoria County, Illinois (the County) under programs of the federal government for the year ended December 31, 2016. 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. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. 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. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

The County has elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

### 3. NONCASH PAYMENTS

The County receives vaccines at no charge from the Illinois Department of Public Health through federally assisted programs – Immunization Grants (CFDA 93.268). The value of vaccines received during the year ended December 31, 2016 was \$164,628.

The County received food vouchers at no charge from the Illinois Department of Human Services through the federally assisted program – Special Supplemental Food Program for Women, Infants, and Children (CFDA 10.557). The value of vouchers received during the year ended December 31, 2016 was \$1,787,495.

**PEORIA COUNTY, ILLINOIS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended December 31, 2016

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**4. ADDITIONAL INFORMATION**

As of and during the year ended December 31, 2016, 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.

PEORIA COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2016

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>
10.557	Special Supplemental Food Program for Women, Infants and children
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing

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

Auditee qualified as low-risk auditee?  X  Yes       No

# PEORIA COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2016

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### Section II – Financial Statement Findings

**Finding 2016-001** – Bank Accounts - Inadequate system of controls over the identification, reporting, and reconciliation of bank accounts.

*Criteria/Specific Requirement:* The County is required to maintain a system of controls over the identification, reporting, and reconciliation of bank accounts to prevent or detect misappropriation of cash or misstatements in the financial statements.

*Condition:* During our testing of cash, we received bank confirmations, prepared by the County, which contained accounts that were not recorded in the general ledger and did not have related bank reconciliations.

*Effect:* Management or employees in the normal course of performing their assigned functions may not prevent or detect misappropriation of cash or misstatements in the financial statements.

*Cause:* Lack of oversight by the County.

*Recommendation:* We recommend that the County maintain an up-to-date log of all cash accounts in the County's name to ensure that all accounts are recorded on the general ledger. We also recommend the County perform bank reconciliations for all bank accounts for which they are custodian, to ensure the general ledger is accurate.

*Management's Response:* There are some bank accounts that are prepared and tracked separately by various Peoria County Elected Officials. While these items are tracked by the offices and appeared in the bank confirmations, these items do not appear on the County's general ledger. The Finance Department will reach out to the County's Elected Officials to make sure that all accounts appear on the County's general ledger. However, as independently elected offices, this compliance would be voluntary in nature as this action cannot be forced upon the offices.

**PEORIA COUNTY, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2016

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**Section II – Financial Statement Findings**

**Finding 2016-002** – Bank Accounts - Inadequate system of controls over the reconciliation of Circuit Clerk bank accounts.

*Criteria/Specific Requirement:* The County is required to maintain a system of controls over the reconciliation of bank accounts to prevent or detect misappropriation of cash or misstatements in the financial statements.

*Condition:* During our testing of cash we noted that the Circuit Clerk bank reconciliations did not agree to the trial balance.

*Effect:* Management or employees in the normal course of performing their assigned functions may not prevent or detect misappropriation of cash or misstatements in the financial statements.

*Cause:* Lack of oversight by the Circuit Clerk.

*Recommendation:* We recommend the Circuit Clerk's Office perform bank reconciliations for all bank accounts for which they are custodian, to ensure the general ledger is accurate.

*Management's Response:* All activity from the Odyssey case management system's general ledger should interface into Peoria County's Pentamation software's general ledger. Errors have been found in the actual interface and we are taking the necessary steps to make corrections. The reconciliation of the Circuit Clerk's bank balances to the general ledger in both systems will be done more frequently so that errors and unreconciled balances can be identified and rectified in a timely manner.

# PEORIA COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2016

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

**Finding 2016-003** – Circuit Clerk Reconciliation - Inadequate system of controls over the reconciliation of Circuit Clerk records to the County’s accounting system.

*Criteria/Specific Requirement:* The Circuit Clerk’s Office records all the Circuit Clerk activity in the Odyssey system. The Circuit Clerk’s Office should reconcile activity in subsidiary systems to the general ledger.

*Condition:* During our testing, we noted the activity recorded in Odyssey system did not reconcile to the general ledger. Based on our discussion with management, a reconciliation was not being performed.

*Effect:* Management or employees in the normal course of performing their assigned functions may not prevent or detect misstatements in the financial statements.

*Cause:* Lack of oversight by the Circuit Clerk.

*Recommendation:* We recommend the Circuit Clerk’s Office monthly reconcile activity in subsidiary systems to the general ledger.

*Management’s Response:* All activity from the Odyssey case management system should interface into Peoria County’s Pentamation software. Errors have been found in the actual interface and we are taking the necessary steps to make corrections.

# PEORIA COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2016

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

**Finding 2016-004** – Segregation of Duties - Inadequate segregation of duties over the billing process at Heddington Oaks and over network, application, and database user access.

*Criteria/Specific Requirement:* To reduce the risk that errors may occur and go undetected and reduce the risk of fraud, the County should maintain adequate segregation of duties.

*Condition:* It was noted that Heddington Oaks patient invoices are automatically generated by the Matrix Care system each month. The invoices are reviewed by an employee, however, that employee has the ability to make changes to the billing system, without subsequent review or approval.

We also noted during our testing of user access controls in the Pentamation system that several users did not appear to have properly restricted access rights. For example, we noted several users that had the ability to both enter/modify requisitions and approve requisitions. Additionally, we noted that departments are not reviewing access rights on a regular basis.

*Effect:* Fraud due to employee dishonesty or errors in financial reporting may go undetected.

*Cause:* Lack of oversight by the County.

*Recommendation:* User access rights should be granted on a need-to-know, need-to-do basis that considers appropriate segregation of duties. We recommend the County develop and follow formal policies and procedures to ensure appropriate user access rights. Such policies should ensure timely action relating to requesting, establishing, issuing, suspending, modifying, closing and reviewing user accounts.

*Management's Response:* The Heddington Oaks billing process has been an issue of concern because while the Matrixcare system produces the invoices and they are reviewed by the employees, those same employees currently have the ability to make changes to the bill after it has been produced by the system. This opens up the potential for fraud because too much accessibility rests with one individual. Currently, Heddington Oaks only has one full time bookkeeper handling the day to day financial matters, other individuals that are employed in other capacities assist when possible. However, reviewing bills for accuracy should be performed by a billing supervisor or the previously discussed Heddington Oaks Finance Director. A second bookkeeper (currently budgeted but vacant) could also review the bills, but it is strongly recommended that there should be two cross trained bookkeepers able to prepare the bills with a supervisor (also budgeted, but vacant) with strong familiarity with the accounts reviewing them regularly.

# PEORIA COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2016

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

#### **Finding 2016-004 (Continued)**

##### *Management's Response (Continued):*

Security access within Pentamation is requested by the employee's manager or supervisor. Historically the access has been based on the employee's role within the department or the role of the person they are replacing. The manager or supervisor determines the security required based up the size of the department and internal processes and workflows. In some cases, it may require individuals to have both creation and approval rights within Pentamation.

Pentamation security reports are available for every user in the system but are not easily understandable. Historically Peoria County IT has contacted the vendor for all questions related to security because of the limited details within the system. IT has submitted numerous request to Pentamation regarding improving the security reporting within the system. So far, no changes have been made by Pentamation to improve this.

Peoria County IT and Finance will form a team to look closer at the segregations of duties within Pentamation. This team will work with Pentamation to determine if reports are available to better identify possible user access control issues.

Peoria County IT and Finance are currently planning a project in 2020 to replace the Pentamation Finance system. A more robust security system with reporting will be a key requirement for the new system.

# PEORIA COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2016

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

#### **Finding 2016-005** – Noncompliance with bond covenant.

*Criteria/Specific Requirement:* The County's general obligation bonds require fractional amounts of interest and principal to be deposited monthly into the senior debt service account in an amount sufficient to pay such principal and interest.

*Condition:* During our audit, we noted that while the County has not defaulted on bond payments, the senior debt service account is not replenished fractionally as required by bond agreements.

*Effect:* The County may not have adequate funds to pay their debt service and default on their general obligation bonds.

*Cause:* Lack of oversight by the County.

*Recommendation:* We recommend that the County make the required fractional deposits into the senior debt service account.

*Management's Response:* While the County has not defaulted on bond payments, upon review it appears that the County's former bond counsel included a provision that fractionalized transfers of interest and principal take place monthly at either 1/6 or 1/12 the total amount. While transfers have been performed monthly from the General Fund to Debt Service, they were not performed monthly for transfers from the Public Facility Sales Tax due chiefly to the three month sales tax lag. Also, the amounts were for 1/12 of the total and not adjusted to 1/6 the amount as stated in the bond covenant. This transfer provision applies to the bonds from 2010 and 2011, but has not appeared in any bond covenants beyond those dates.

Going forward, the County will do a double transfer in January and monthly transfers through November at the 1/6 and 1/12 ratios mentioned in the bond covenants. It is recommended that these transfers which come from the General Fund and Public Facilities Taxes cover the amount of the federal tax rebates and any related property taxes. Once these other revenue streams are collected, the other funds can be reimbursed accordingly. While this may seem like additional steps, it is a conservative approach that will ensure compliance with the bond covenants.

# PEORIA COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2016

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

**Finding 2016-006** – Purchasing – Not all departments are following the County purchasing policy and not all invoices have documented approval prior to disbursements of funds to pay such invoices.

*Criteria/Specific Requirement:* The County has approved a purchasing ordinance that applies to contracts for procurement of goods, services, construction, and professional services entered into by the County. It applies to every expenditure of public funds by a County agency for public purchasing irrespective of its source, except as otherwise provided by the state law and state regulation. Per the purchasing ordinance, the Purchasing Agent is responsible for procuring and supervising the procurement of all goods and services, and construction needed by the County.

*Condition:* When obtaining an understanding of internal controls and through discussions with management and employees, we noted that not all departments are consistently following the purchasing policy. Through discussions with management and employees, it was noted that not all purchases are going through the Purchasing Agent that may result in the County entering into unapproved contracts and receiving goods and services that did not receive prior approval.

*Effect:* The County may enter into unapproved contracts and receive goods and services that did not receive prior approval.

*Cause:* Lack of oversight by the County.

*Recommendation:* To help monitor the volume of purchases due to budget constraints and ensure that purchases are initiated with proper approval, we recommend all County departments follow the established purchasing policy.

*Management's Response:* As discussed with the external auditors, the larger purchases actually have seen an appropriate level of compliance. The concern is the compliance on smaller purchases. While it is a good reminder that all County offices and departments should comply with the purchasing policy, by and large there is an acceptable level of compliance from this group. The larger issue has to do with independent Boards and Commissions which often follow their own purchasing policy, which is separate from the County's policy. It is recommended that all county offices and departments, but particularly those reporting to independent Boards and Commissions follow the County's purchasing policy and contact the County's Purchasing Agent should questions arise related to compliance.

# PEORIA COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2016

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

**Finding 2016-007** – Failure to assess and collect – Failure to assess and collect certain fines and fees required by the Illinois Compiled Statutes.

*Criteria/Specific Requirement:* The County is required by the Illinois Compiled Statutes to assess and collect certain fines and fees.

*Condition:* The Peoria County court and the Circuit Clerk’s office failed to assess and collect certain fines and fees required by the Illinois Compiled Statutes on several cases selected for testing during our audit.

*Effect:* The County is not in compliance with State statutes.

*Cause:* Lack of oversight by the County Court and Circuit Clerk.

*Recommendation:* We recommend the Peoria County Office of the Circuit Clerk ensure all fines and fees are properly assessed in accordance with the Illinois Compiled Statutes.

*Management’s Response:* The Circuit Clerk does not have the authority to levy fines. Due to the fact that the imposition of a fine is a judicial act, the trial courts must impose fines upon the defendant. There must be a record from the trial courts through a signed judgment order of fines and costs ordered to be assessed. When a certain fine or fee should be assessed in accordance with the Illinois Compiled Statutes, based on the disposition or nature of offense, the Circuit Clerk still only has the authority to assess and collect what was ordered in the trial courts.

**PEORIA COUNTY, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2016

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

None

**PEORIA COUNTY, ILLINOIS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Year Ended December 31, 2016

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<b><u>Prior Finding</u></b>	<b><u>Condition</u></b>	<b><u>Status</u></b>
None		



County of Peoria  
**County Administration**

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**PEORIA COUNTY, ILLINOIS**

**CORRECTIVE ACTION PLAN**

For the Year Ended December 31, 2016

<u>Finding Number</u>	<u>Finding</u>	<u>Corrective Action Plan</u>	<u>Anticipated Date of Completion</u>	<u>Contact Person</u>
2016-001	Bank Accounts	See management's response at 2016-001	2017	Eric Dubrowski, CFO Accountant
2016-002	Bank Accounts	See management's response at 2016-002	2017	Kevin O'Connor, Circuit Clerk's Office Chief Accountant
2016-003	Circuit Clerk Reconciliation	See management's response at 2016-003	2017	Kevin O'Connor, Circuit Clerk's Office Chief Accountant
2016-004	Segregation of Duties	See management's response at 2016-004	2017	Eric Dubrowski, CFO
2016-005	Noncompliance with Bond Covenant	See management's response at 2016-005	2017	Eric Dubrowski, CFO
2016-006	Purchasing	See management's response at 2016-006	2017	Eric Dubrowski, CFO
2016-007	Penalty Computation	See management's response at 2016-007	2017	Kevin O'Connor, Circuit Clerk's Office Chief Accountant