

IROQUOIS COUNTY, ILLINOIS
SINGLE AUDIT REPORT
YEAR ENDED NOVEMBER 30, 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

**IROQUOIS COUNTY, ILLINOIS
TABLE OF CONTENTS
YEAR ENDED NOVEMBER 30, 2020**

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 <i>GOVERNMENT AUDITING STANDARDS</i>	1
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	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	9



**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***

Iroquois County Board
Iroquois County, Illinois
Watseka, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Iroquois County, Illinois (the County), as of and for the year ended November 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 27, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2020-001 to be a material weakness.

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 as items 2020-002 and 2020-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.



CliftonLarsonAllen LLP

Champaign, Illinois
July 27, 2021



**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**

Iroquois County Board
Iroquois County, Illinois
Watseka, Illinois

Report on Compliance for Each Major Federal Program

We have audited Iroquois 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, 2020. 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 Audits* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2020.

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 a 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 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 as of and for the year ended November 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated July 27, 2021,

Iroquois County Board
Iroquois County, Illinois

which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion 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

Champaign, Illinois
July 27, 2021

**IROQUOIS COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED NOVEMBER 30, 2020**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF THE TREASURY				
Passed Through Illinois Department of Public Health:				
COVID-19 Contact Tracing Program	6NU50CK000559-01-08	21.019	\$ 249,334	\$ -
Total Passed Through Illinois Department of Public Health			<u>249,334</u>	<u>-</u>
Passed Through Illinois Department of Commerce and Economic Opportunity:				
COVID-19 Local Coronavirus Urgent Remediation Emergency Support Program	20-492035	21.019	67,323	
COVID-19 Local Coronavirus Urgent Remediation Emergency Support Program	20-491036	21.019	441,782	
Total Passed Through Illinois Department of Commerce and Economic Opportunity			<u>509,105</u>	<u>-</u>
Total U.S. Department of the Treasury			758,439	-
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Passed Through Illinois Department of Public Health:				
State Indoor Radon Grant Program	99501821	66.032	4,573	-
Total Passed Through Illinois Department of Public Health			<u>4,573</u>	<u>-</u>
Total U.S. Environmental Protection Agency			4,573	-
U.S. ELECTION ASSISTANCE COMMISSION				
Passed Through Illinois State Board of Elections:				
HAVA Election Security Grant	N/A	90.404	43,213	-
Total Passed Through Illinois State Board of Elections			<u>43,213</u>	<u>-</u>
Total U.S. Election Assistance Commission			43,213	-

See Notes to Schedule of Expenditures of Federal Awards.

IROQUOIS COUNTY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED NOVEMBER 30, 2020

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Illinois Department of Public Health				
Public Health Preparedness:				
Public Health Emergency Preparedness:	171801231	93.069	\$ 36,332	\$ -
Total Public Health Preparedness			<u>36,332</u>	<u>-</u>
Public Health Crisis Response:				
Public Health Crisis Response	N/A	93.354	41,354	-
Total Public Health Preparedness			<u>41,354</u>	<u>-</u>
Illinois Breast and Cervical Cancer Program:				
Illinois Breast and Cervical Cancer Program	N/A	93.898	18,350	-
Total Illinois Breast and Cervical Cancer Program			<u>18,350</u>	<u>-</u>
Total Passed Through Illinois Department of Public Health			96,036	-
Passed Through Illinois Department of Health and Human Services:				
Opioid SOR Grant	TI-080231	93.788	137	-
Total Passed Through Illinois Department of Health and Human Services			<u>137</u>	<u>-</u>
Total U.S. Department of Health and Human Services			96,173	-
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed Through Illinois Emergency Management Agency:				
Emergency Management Performance Grant	N/A	97.042	15,927	-
Total Passed Through Illinois Emergency Management Agency			<u>15,927</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>15,927</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 918,325</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards.

IROQUOIS COUNTY, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
NOVEMBER 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Iroquois County, Illinois (the County) under programs of the federal government for the year ended November 30, 2020. 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 assets or cash flows of the County.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting for governmental funds, which are described in Note 1 to the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of CFDA 21.019, which follows criteria determined by the Department of the Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

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

**IROQUOIS COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED NOVEMBER 30, 2020**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness identified? X yes no
 - Significant deficiency identified? X yes none reported
3. Noncompliance material to financial statements noted? yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness identified? yes X no
 - Significant deficiency identified? yes X none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of Major Federal Programs

CFDA Number(s)

21.019

Name of Federal Program or Cluster

Coronavirus Relief Fund

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

\$ 750,000

Auditee qualified as low-risk auditee?

 yes X no

**IROQUOIS COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED NOVEMBER 30, 2020**

Section II – Financial Statement Findings

FINDING NO. 2020 - 001 ANNUAL FINANCIAL REPORTING UNDER GENERAL ACCEPTED ACCOUNTING PRINCIPLES (GAAP) AND ADJUSTMENTS

Type of Finding:

- Material Weakness in Internal Control Over Financial Reporting

Criteria or Specific Requirement: The Iroquois County Board and management are responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements, including the related disclosures and necessary adjustments in conformity with accounting principles generally accepted in the United States of America (GAAP).

Condition: While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. The County engages CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures and the year-end modified accrual and full accrual entries. In addition, other correcting entries were noted as part of the audit process, including a restatement of the beginning net pension liability and grant receivable balance. As independent auditors, CLA cannot be considered part of the County's internal control system. To establish proper internal control over the preparation of its financial statements, including disclosures, and the year-end accrual and correcting entries, the County should design and implement a comprehensive review procedure to ensure that the financial statements, including disclosures, and adjusting entries, are complete and accurate.

Context: Management has informed us that they do not have an internal control policy in place over the annual financial reporting including necessary adjustments, and that they do not have the necessary staff capacity to prepare the annual financial statement, including footnote disclosures.

Cause: The County lacks sufficient resources to prepare the financial statements, related footnote disclosures, and necessary adjustments.

Effect: The potential exists that a material misstatement of the annual financial statement could occur and not be prevented or detected by the County's internal controls.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year.

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 Action: Financial statements will be reviewed monthly and quarterly with the Department Heads and Elected Officials to ensure accuracy. The Finance Manager will also continue to participate in training opportunities. The Finance Manager will work with the Finance Committee to create and implement internal control policies.

**IROQUOIS COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED NOVEMBER 30, 2020**

Section II – Financial Statement Findings (Continued)

FINDING NO. 2020 – 002 SHERIFF’S OFFICE LACK OF SEGREGATION OF DUTIES

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Criteria or Specific Requirement: Multiple individuals should be used in the bank reconciliation and cash disbursements and receipting business operating cycles.

Condition: During the process of obtaining an understanding of internal control in planning the audit, assessing control risk, and assessing fraud risks, lack of segregation of duties was noted in the sheriff’s office, including the commissary.

Context: During the audit, it was noted that some controls were added, reviews were not being documented. There also was still not an ideal segregation of duties related to processing and approving of disbursements.

Cause: The County lacks sufficient resources to segregate duties to the fullest extent.

Effect: A lack of segregation of duties and lack of appropriate review functions are deficiencies in internal control that could lead to errors or irregularities in the processing and recording of financial transactions.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year.

Recommendation: Proper segregations of duties is a valuable means of preventing and detecting errors and irregularities. In addition, review procedures can be implemented to mitigate some of these risks. All reviews should be documented.

Views of Responsible Officials and Planned Corrective Action: The Sheriff will work with staff to assign responsibilities and follow up with documentation.

**IROQUOIS COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED NOVEMBER 30, 2020**

Section II – Financial Statement Findings (Continued)

FINDING NO. 2020 – 003 ADJUSTING JOURNAL ENTRIES

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Criteria or Specific Requirement: Internal controls should be designed and implemented to review and approve manual adjusting journal entries on a timely basis.

Condition: During the course of the audit, we noted several manual adjusting journal entries were posted incorrectly.

Context: These errors included manual adjusting journal entries being recorded for incorrect amounts and recorded in incorrect fiscal years, many of which flow through to the bank reconciliations as outstanding items.

Cause: The County lacks sufficient resources to segregate duties to the fullest extent.

Effect: A lack of internal controls over manual adjusting journal entries could lead to errors or irregularities in the processing and recording of financial transactions going unnoticed on a timely basis.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year.

Recommendation: To establish proper internal control over its financial statements, the County should establish procedures that help to prevent or detect misstatements on a timely basis. Such procedures should include account balance reviews and manual adjusting journal entry reviews, to prevent and detect potential errors. We recommend the County continue to strengthen its procedures and reviews over journal entries and document such reviews.

Views of Responsible Officials and Planned Corrective Action: Journal entries are completed with documentation. Once they are complete, the Deputy Clerk will enter them into the accounting software. The Deputy Clerk will run an unposted report to attach to the journal entry. The Finance Manager will then review the entry before posting. The journal entries will be signed and dated by the Deputy Clerk and Finance Manager.

**IROQUOIS COUNTY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED NOVEMBER 30, 2020**

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with the 2 CFR 200.516(a).