



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION

State Compliance Examination
 For the Two Years Ended December 31, 2020

Release Date: July 21, 2021

FINDINGS THIS AUDIT: 4	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	3	4	2016	2020-001		
Category 2:	0	0	0	2016	2020-002		
Category 3:	0	0	0	2016	2020-004		
TOTAL	1	3	4				
FINDINGS LAST AUDIT: 1*							

*Prior year finding 2018-001 was separated out and broken into three separate findings.

INTRODUCTION

Because of the significance and pervasiveness of the matters described within the findings included within the report, we expressed an **adverse opinion** on the Commission’s compliance with the specified requirements which comprise a State compliance examination. The Codification of Statements on Standards for Attestation Engagements (AT-C § 205.72) states a practitioner “should express an adverse opinion when the practitioner, having obtained sufficient appropriate evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the subject matter.”

SYNOPSIS

- (2020-001) The Commission failed to establish a control environment.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

*Prior finding 2018-001 was separated out and addressed in three separate findings in this engagement.

**ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended December 31, 2020**

Usually, digests of compliance reports released by the Auditor General include certain key expenditure statistics and receipts processed at the auditee. We have issued an adverse opinion on the Commission's compliance with specified requirements regarding its expenditures and receipts. As a result, this information is not included.

COMMISSION PRESIDENT
During Examination Period: Mr. William Towns
Currently: Mr. William Towns

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

FAILURE TO ESTABLISH A CONTROL ENVIRONMENT

The Roseland Community Medical District Commission (Commission) failed to establish a control environment.

During our testing, we noted the following:

Inadequate documentation for disbursements

- The Commission was unable to provide complete and proper supporting documentation for two of two (100%) tested disbursements during the examination period, totaling \$2,025. Therefore, we were unable to determine whether the disbursements were for the correct amount and the documentation was complete, properly approved, and in accordance with applicable policies. In addition, due to the lack of complete and proper supporting documentation, we could not determine if additional reporting requirements, such as federal Form 1099-MISC, were applicable.

Noted financial activity not recorded in Commission records

- Based on review of the Commission’s Board minutes, there is evidence of financial activity that was not recorded in Commission records. Namely, a \$5,000 payment was made for a draft plan that did not appear as an expenditure on the Commission financial records.

Related party transactions not recorded and risk of conflict of interest

- The Commission has a Memorandum of Understanding in effect with a not-for-profit corporation. Related party transactions between the Commission and the not-for-profit corporation are not being accounted for in the Commission’s financial records. Further, there is risk of a conflict of interest as the Interim Executive Director of the Commission is also the Executive Director of the not-for-profit corporation.

Failure to revoke signature authority

- The Commission failed to revoke bank signature authority for a Commissioner who is no longer active. The Commissioner has been inactive since June 5, 2017.

Commission financial records not maintained or reconciled

- The Commission failed to maintain a general ledger, trial balance, or a summary schedule of financial activity and the Commission does not reconcile its bank account on a monthly basis.

Significant bank fees incurred

- The Commission’s bank charges a monthly bank fee. During 2019 and 2020, the Commission paid \$176.40 in bank fees, or \$7.35 monthly. The Commission should consider moving its account to a different bank which does not charge fees in order to avoid wasting its limited funding (Finding 1, pages 9-10). **This finding has been repeated since 2016.**

Commission officials declined to respond

We recommended the Commission take action to establish a control environment to provide assurance it complies with the State Records Act, the Fiscal Control and Internal Auditing Act, and the Statewide Accounting Management System. Further, we recommended the Commission ensure its accounting records are prepared, maintained, and reconciled to adequately support its transactions and reporting.

The Commission declined to provide a response.

OTHER FINDINGS

The remaining findings pertain to controls over the Roseland Community Medical District Act, Board member vacancies, and filing of statements of economic interests. We will review the Commission's progress towards the implementation of our recommendations in our next compliance examination

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Commission for the two years ended December 31, 2020, as required by the Illinois State Auditing Act. Because of the effect of the noncompliance described in Findings 2020-001 through 2020-004, the accountants stated the Commission did not comply with the requirements described in the report.

This compliance examination was conducted by the Office of the Auditor General's staff.

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JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:JAC