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Audit reveals findings

By EMILY SHAPIRO emily.shapiro@register-news.com Jun 29, 2016

MT. VERNON — Jefferson County has several deficiencies in its monetary management systems according to an audit performed by auditors Emling & Hoffman.

The audit was presented to the board Monday for the fiscal year ending Nov. 30, 2015.

Significant findings cited in the audit include not having a person properly trained to understand and complete the drafting of financial statements; not having at least two signatures on bank accounts and checks; and not having more than one person cash receipts, record transactions or reconciling bank accounts at the Jefferson County Justice Center.

However, the audit also states for the first time in several years shortfalls in levies will not be taken from the general corporate fund.

"The General Fund's proposed budget 2015-2016 includes expenditures totaling \$11,705,328.80," the audit states. "In past fiscal years, (Property Tax Extension Law Limit) has caused shortfalls in levies resulting in the General Corporate to make up the differences. Due to the county's significantly reduced Workman's Compensation costs, it is unlikely that there will be any shortfalls to be made up by the General Corporate Fund this fiscal year."

During the fiscal year the county's assets exceeded liabilities by \$3.5 million. Its net investment in capital assets, which include land, buildings, improvements, machinery and equipment and bridges, is roughly \$1.3 million of total net position.

In regards to tax levies the Illinois Municipal Retirement Fund received 25 percent of the more than \$3 million that was budgeted. Social security received 12 percent, county highway received 11 percent, followed by liability insurance with 10 percent, general corporate with 9 percent, workman's compensation with 6 percent; county health, JT bridge and federal matching aid with 5 percent each; medicare and extension ed with 3 percent each and the TB sanitarium with 2 percent.

The budget for the 2015-16 fiscal year includes expenditures with a total of \$11.7 million.

Findings by the audit included recommendations for actions to correct the deficiencies — some of which the county stated it would not be taking.

The audit revealed the county does not write its own financial statements and footnotes.

"Current Government Auditing Standards require the County to designate a qualified management level individual to be responsible and accountable for overseeing and drafting the County's financial statements and footnotes in accordance with accounting principles generally accepted in the United States," the finding states. "Personnel of the County do not currently possess the skills necessary to draft financial statements and footnotes in

accordance with accounting principles generally accepted in the United States."

The cause the audit found for the deficiency is a lack of formal technical training and recommends the training be obtained. The training is recommended to help the county officials be able to find problems in its finances.

"The County's management may not be able to detect errors or omissions in the application of accounting principles generally accepted in the United States with respect to the County's financial statements and footnotes," the audit continues. "Current Government and Auditing Standards allow the county to continue to request the auditor to prepare the financial statements and footnote disclosures. However, the County is still responsible for having a qualified person capable of overseeing (understanding) the complete drafting of the financial statements and footnote disclosures as well as having the capability of making sure that all adjusting entries, having a material effect on the financial statements, are properly posted prior to the audit being performed."

The county agreed with the finding, and added, "The County accepts the degree of risk associated with this condition and will continue to have its auditor prepare its financial statements and footnote disclosures."

A second finding notes checks were cashed with only one signature. Auditors cited that all checks should require two signatures, although the county had dropped it down to one signature for convenience on some bank accounts.

"Management will implement procedures that will require two authorized signatures," the management response to the audit finding states.

The audit also cited a finding in limited segregation of duties at the Jefferson County Justice Center. The limited segregation of duties is over cash receipts, recording of transactions and reconciliation of bank accounts, due to small staff size.

"They are aware of this condition," the management response to the audit finding states. "They will review their staffing arrangements, assignment of duties and employee bonding."

Another finding which has since been changed, is holding of claim checks. The repeat finding is due to not always having the funds to process the checks. At the time of the audit, the county was holding claim checks for as long as three months.

"This practice opens the county to the threat of duplicate payment of the claim, possible 1099 reporting differences, misplaced checks, late charges and checks being listed as outstanding for an extended period of time," the audit states.

Much of the issue with the claim checks process was discussed and rectified with the newly-approved claims process.

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10 Mount Vernon City | Mount Vernon, IL

THU **Live From The Atrium**

11 Mount Vernon City | Mount Vernon, IL

SAT **Ice Cream Social**

13 Jefferson County H... | Mount Vernon, IL



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