

# **LAKE COUNTY, ILLINOIS**

## REPORT ON FEDERAL AWARDS

As of and for the Year Ended November 30, 2013

# LAKE COUNTY, ILLINOIS

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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*

Independent Auditors' Report

To the Honorable Chairman  
and Members of the County Board  
Lake County, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lake County, Illinois as of and for the year ended November 30, 2013, and the related notes to the financial statements, which collectively comprise Lake County's basic financial statements and have issued our report thereon dated May 16, 2014. Our report includes a reference to other auditors who audited the financial statements of Lake County Forest Preserve District, as described in our report on Lake County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Lake County Forest Preserve District 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 Lake 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 Lake County's internal control. Accordingly, we do not express an opinion on the effectiveness of Lake 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 entity'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.

To the Honorable Chairman  
and Members of the County Board  
Lake County, Illinois

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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. These deficiencies are items 2013-001 and 2013-002.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Lake 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*.

### ***Lake County's Response to Findings***

Lake County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lake 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.

*Baker Tilly Vichow Krause, LLP*

Chicago, Illinois  
May 16, 2014

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 OMB CIRCULAR A-133

Independent Auditors' Report

To the Honorable Chairman  
and Members of the County Board  
Lake County, Illinois

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

We have audited Lake County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Lake County's major federal programs for the year ended November 30, 2013. Lake 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Lake County's major 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 *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Lake 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 Lake County's compliance.

To the Honorable Chairman  
and Members of the County Board  
Lake County, Illinois

### ***Opinion on Each Major Federal Program***

In our opinion, Lake 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 31, 2013.

### ***Report on Internal Control Over Compliance***

Management of Lake 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 Lake County's internal control over compliance with 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 OMB Circular A-133, 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 Lake 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.

### ***Purpose of this Report***

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

To the Honorable Chairman  
and Members of the County Board  
Lake County, Illinois

***Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lake County, Illinois as of and for the year ended November 30, 2013, and the related notes to the financial statements, which collectively comprise Lake County's basic financial statements. We issued our report thereon dated May 16, 2014, 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. Our report includes a reference to other auditors who audited the financial statements of the Lake County Forest Preserve District, as described in our report on Lake County's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 other 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 taken as a whole.

*Baker Tilly Vichow Krause, LLP*

Chicago, Illinois  
May 23, 2014

**LAKE COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended November 30, 2013

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Grant Number	Federal Expenditures
<b>FEDERAL PROGRAMS</b>				
<b>U.S. Department of Agriculture</b>				
Food Donation	10.550	SBE	34-049-12P-00A7	\$ 2,419
Child Nutrition Cluster				
School Breakfast Program	10.553	SBE	34-049-012P	20,485
National School Lunch Program	10.555	SBE	34-049-012P	37,341
Summer Food Service Program for Children	10.559	DPH	063	1,400
Total Child Nutrition Cluster				<u>59,226</u>
Supplemental Nutrition Assistance Program				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557 *	DHS	FCSSQ00915	798,503
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557 *	DHS	FCSRE00915	1,346,899
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557 *	DHS	FCSSQ01153	32,861
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557 *	DHS	FCSRE01153	52,673
Special Supplemental Nutrition Program for Women, Infants and Children	10.557 *	DHS		6,835,053
Total Supplemental Nutrition Assistance Program				<u>9,065,989</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572	DHS	FCSSQ01242	1,000
Total U.S. Department of Agriculture				<u>9,128,634</u>
<b>U.S. Department of Housing and Urban Development</b>				
CDBG Entitlement Grants				
Community Development Block Grants/Entitlement Grants	14.218		B-08-UN-17-0004	1,492,861
Community Development Block Grants/Entitlement Grants	14.218		B-11-UN-17-0004	812,635
Community Development Block Grants/Entitlement Grants	14.218		B11-UC-17-0003	573,946
Community Development Block Grants/Entitlement Grants	14.218		B12-UC-17-0003	942,645
Community Development Block Grants/Entitlement Grants	14.218		B13-UC-17-0003	633,132
Community Development Block Grants/Entitlement Grants	14.218		B-11-UC-17-0003	59,948
Total CDBG Entitlement Grants				<u>4,515,167</u>
Community Development Block Grants				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228 *	DCEO	B-08-DI-17-0001 08-355019	48,665
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228 *	DCEO	B-08-DI-17-0001 08-358012	2,841,800
Total Community Development Block Grants				<u>2,890,465</u>
Emergency Solutions Grant Program				
Emergency Solutions Grant Program	14.231		E12-UC-17-0004	83,083
Emergency Solutions Grant Program	14.231		E13-UC-17-0004	20,711
Total Emergency Solutions Grant Program				<u>103,794</u>

\* Indicates major program

See accompanying notes to schedule of expenditures of federal awards.

**LAKE COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended November 30, 2013

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Grant Number	Federal Expenditures
<b>FEDERAL PROGRAMS</b>				
<b>U.S. Department of Housing and Urban Development (cont.)</b>				
Supportive Housing Program				
Supportive Housing Program	14.235		IL0020B5T021102	\$ 67,140
Supportive Housing Program	14.235		IL0020L5T021204	17,607
Supportive Housing Program	14.235		IL0033L5T021205	241
Supportive Housing Program	14.235		IL0033B5T021104	75,800
Supportive Housing Program	14.235		IL0032B5T021104	19,230
Supportive Housing Program	14.235		IL0032L5T021205	26,207
Supportive Housing Program	14.235		IL0021B5T021104	34,157
Supportive Housing Program	14.235		IL0025B5T021104	39,971
Supportive Housing Program	14.235		IL0025L5T021205	8,756
Supportive Housing Program	14.235		IL0035B5T021004	29,682
Supportive Housing Program	14.235		IL0035L5T021205	15,654
Supportive Housing Program	14.235		IL0027B5T021104	24,919
Supportive Housing Program	14.235		IL0027L5T021205	53,842
Supportive Housing Program	14.235		IL0028B5T021104	9,197
Supportive Housing Program	14.235		IL0036B5T021104	184,940
Total Supportive Housing Program				<u>607,343</u>
Office of Community Planning and Development				
Shelter Plus Care	14.238		IL0031L5T021205	124,603
Shelter Plus Care	14.238		IL0031C5T021104	123,889
Shelter Plus Care	14.238		IL0439L5T021203	32,009
Shelter Plus Care	14.238		IL0439C5T021102	8,923
Total Office of Community Planning and Development				<u>289,424</u>
Home Investment Partnerships Program				
Home Investment Partnerships Program	14.239 *		M08-DC-17-0205	32,989
Home Investment Partnerships Program	14.239 *		M09-DC-17-0205	83,275
Home Investment Partnerships Program	14.239 *		M10-DC-17-0205	90,688
Home Investment Partnerships Program	14.239 *		M11-DC-17-0205	308,558
Home Investment Partnerships Program	14.239 *		M12-DC-17-0205	499,454
Home Investment Partnerships Program	14.239 *		M13-DC-17-0205	52,992
Total Home Investment Partnerships Program				<u>1,067,958</u>
Total U.S. Department of Housing and Urban Development				<u>9,474,151</u>

\* Indicates major program

See accompanying notes to schedule of expenditures of federal awards.

**LAKE COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended November 30, 2013

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Grant Number	Federal Expenditures
<b>FEDERAL PROGRAMS</b>				
<b>U.S. Department of Justice</b>				
Juvenile Accountability Block Grants				
Juvenile Accountability Block Grants	16.523	CJIA	510402	\$ 18,561
Juvenile Accountability Block Grants	16.523	DHS	FCSSR03292	8,236
Juvenile Accountability Block Grants	16.523	DHS	FCSSR03269	11,856
Juvenile Accountability Block Grants	16.523	CJIA	510002	12,130
Juvenile Accountability Block Grants	16.523		508302	79,910
Total Juvenile Accountability Block Grants				<u>130,693</u>
Supervised Visitation, Safe Havens for Children	16.527		2008-CW-AX-K012	41,679
Crime Victim Assistance				
Crime Victim Assistance	16.575	CJIA	213315	9,063
Crime Victim Assistance	16.575	CJIA	213059	5,934
Crime Victim Assistance	16.575	CJIA	213836	9,377
Crime Victim Assistance	16.575	CJIA	213077	9,230
Crime Victim Assistance	16.575	CJIA	212315	45,313
Crime Victim Assistance	16.575	CJIA	212059	29,671
Crime Victim Assistance	16.575	CJIA	212077	52,513
Total Crime Victim Assistance				<u>161,101</u>
Drug Court Discretionary Grant Program	16.585		2012-DC-BX-0007	71,658
State Criminal Alien Assistance Program	16.606		2013-AP-BX0018	184,232
Bulletproof Vest Partnership Program				
Bulletproof Vest Partnership Program	16.607		2011BOBX1158890	8,182
Bulletproof Vest Partnership Program	16.607		2012BOBX12061403	4,199
Total Bulletproof Vest Partnership Program				<u>12,381</u>
Edward Byrne Memorial Justice Assistance Grant (JAG) Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJIA	2013-DJ-BX-0311	248
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJIA	409223	25,431
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJIA	410853	7,634
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJIA	2011-DJ-BX-3246	1,833
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJIA	2012-DJ-BX-0495	4,217
Edward Byrne Memorial Justice Assistance Grant Program	16.738	CJIA	410023	173,340
Edward Byrne Memorial Justice Assistance Grant Program	16.738	LCC	13-082135	8,800
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	CJIA	809036	73,809
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	CJIA	809053	60,512
Total Edward Byrne Memorial Justice Assistance Grant Program Cluster				<u>355,824</u>
 Total U.S. Department of Justice				 <u>957,567</u>

\* Indicates major program

See accompanying notes to schedule of expenditures of federal awards.

**LAKE COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended November 30, 2013

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Grant Number	Federal Expenditures
<b>FEDERAL PROGRAMS</b>				
<b>U.S. Department of Labor</b>				
Trade Adjustment Assistance				
Trade Adjustment Assistance	17.245	DCEO	11-661001	\$ 345,893
Trade Adjustment Assistance	17.245	DCEO	12-661101	83,008
Total Trade Adjustment Assistance				<u>428,901</u>
WIA Cluster				
WIA Adult Program	17.258 *	DCEO	11-681001	137,144
WIA Adult Program	17.258 *	DCEO	12-681001	815,436
WIA Adult Program	17.258 *	DCEO	13-681001	232,466
WIA Youth Activities	17.259 *	DCEO	11-681001	227,319
WIA Youth Activities	17.259 *	DCEO	12-681001	852,534
WIA Youth Activities	17.259 *	DCEO	13-681001	584,343
WIA Dislocated Worker Formula Grants	17.278 *	DCEO	11-653001	144,060
WIA Dislocated Worker Formula Grants	17.278 *	DCEO	11-654101	12,857
WIA Dislocated Worker Formula Grants	17.278 *	DCEO	11-681001	320,876
WIA Dislocated Worker Formula Grants	17.278 *	DCEO	12-651001	139,905
WIA Dislocated Worker Formula Grants	17.278 *	DCEO	12-681001	580,457
WIA Dislocated Worker Formula Grants	17.278 *	DCEO	13-681001	322,490
Total WIA Cluster				<u>4,369,887</u>
Workforce Investment Act (WIA) National Emergency Grants	17.277	DCEO	13-671001	119,257
Workforce Innovation Fund	17.283	DCEO	ATIM-01	12,023
Total U.S. Department of Labor				<u>4,930,068</u>
<b>U.S. Department of Transportation</b>				
Highway Planning & Construction				
Highway Planning & Construction	20.205	DOT	02-00051-08-WR III	401,358
Highway Planning & Construction	20.205	DOT	02-00076-13-CH III	611
Highway Planning & Construction	20.205	DOT	04-00136-06-CH III	5,769
Highway Planning & Construction	20.205	DOT	05-00121-07-WR II	114,835
Highway Planning & Construction	20.205	DOT	05-00193-04-BR III	271
Highway Planning & Construction	20.205	DOT	06-00153-07-TL II	8,898
Highway Planning & Construction	20.205	DOT	06-00924-00-TL III	6,451
Highway Planning & Construction	20.205	DOT	07-00086-08-CH II (2)	324,741
Highway Planning & Construction	20.205	DOT	08-00259-00-TL III	424
Highway Planning & Construction	20.205	DOT	08-00279-00-TL III	9,089
Highway Planning & Construction	20.205	DOT	09-00000-19-ES	63,596

\* Indicates major program

See accompanying notes to schedule of expenditures of federal awards.

**LAKE COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended November 30, 2013

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Grant Number	Federal Expenditures
<b>FEDERAL PROGRAMS</b>				
<b>U.S. Department of Transportation (cont.)</b>				
Highway Planning & Construction	20.205	DOT	09-00135-11-BT I	\$ 11,853
Highway Planning & Construction	20.205	DOT	09-00171-13-BT III	2,446
Highway Planning & Construction	20.205	DOT	09-00999-07-TL III	5,730
Highway Planning & Construction	20.205	DOT	10-00193-07-BR-II	4,775
Highway Planning & Construction	20.205	DOT	02-00110-12-WR III	748
Highway Planning & Construction	20.205	DOT	03-00033-12-CH III	128,249
Highway Planning & Construction	20.205	DOT	03-00033-12-CH III	100,679
Highway Planning & Construction	20.205	DOT	05-00121-07-WR III	167,589
Highway Planning & Construction	20.205	DOT	05-00121-07-WR III	14,201
Highway Planning & Construction	20.205	DOT	06-00153-07-CH III	63,426
Highway Planning & Construction	20.205	DOT	08-00073-08-CH I	187,839
Highway Planning & Construction	20.205	DOT	09-00135-11-BT II	72,971
Highway Planning & Construction	20.205	DOT	09-00174-05-CH II	130,292
Highway Planning & Construction	20.205	DOT	10-00193-07-BR III	35,149
Highway Planning & Construction	20.205	DOT	11-00088-19-TL	24,680
Highway Planning & Construction	20.205	DOT	12-00153-09-MS	262,562
Total Highway Planning & Construction				<u>2,149,232</u>
Metropolitan Transportation Planning				
Metropolitan Transportation Planning	20.505	FTA	Planning Liaison	79,367
Metropolitan Transportation Planning	20.505	FTA	Planning Liaison	80,580
Total Metropolitan Transportation Planning				<u>159,947</u>
Transit Services Programs Cluster				
Job Access And Reverse Commute Program	20.516	RTA	09-00280-01-ES	86,523
New Freedom Program	20.521	RTA	09-00280-01-ES	47,601
New Freedom Program	20.521	RTA	09-00280-01-ES	19,730
Total Transit Services Programs Cluster				<u>153,854</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I				
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	DOT	AP-14-0249	4,726
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	DOT	AL13-260	8,445
Total Alcohol Impaired Driving Countermeasures Incentive Grants I				<u>13,171</u>
Total U.S. Department of Transportation				<u>2,476,204</u>

\* Indicates major program

See accompanying notes to schedule of expenditures of federal awards.

**LAKE COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended November 30, 2013

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Grant Number	Federal Expenditures
<b>FEDERAL PROGRAMS</b>				
<b>U.S. Environmental Protection Agency</b>				
Nonpoint Source Implementation Grants				
Nonpoint Source Implementation Grants	66.460	EMA	3191117	\$ 12,514
Nonpoint Source Implementation Grants	66.460	EMA	3191302	4,906
Nonpoint Source Implementation Grants	66.460	EMA	3191110	390,697
Total Nonpoint Source Implementation Grants				<u>408,117</u>
Great Lakes Program				
Great Lakes Program	66.469	EMA	GL-00E00854-0	20,873
Great Lakes Program	66.469	EMA	GL-00E00546-0	2,564
Great Lakes Program	66.469	EMA	GL-00E0598-0	3,522
Great Lakes Program	66.469	EMA	GL-00E0833-1	52,058
Total Great Lakes Program-				<u>79,017</u>
Beach Monitoring and Notification Program Implementation Grants	66.472	DPH	063 35380008A	31,250
Performance Partnership Grants				
Performance Partnership Grants	66.605	DPH	063 25380268	8,488
Performance Partnership Grants	66.605	DPH	063 35382047A	25,588
Total Performance Partnership Grants				<u>34,076</u>
Total U.S. Environmental Protection Agency				<u>552,460</u>
<b>U.S. Department of Education</b>				
Special Education-Grants for Infants and Families	84.181	DHS	FCSRO00895	<u>378,845</u>
Total U.S. Department of Education				<u>378,845</u>
<b>U.S. Department of Health and Human Services</b>				
Medical Reserve Corps Small Grant Program	93.008	NACCHO	MRC 13 - 0083	2,107
Public Health Emergency Preparedness				
Public Health Emergency Preparedness	93.069	DPH	063 27180047	1,914
Public Health Emergency Preparedness	93.069	DPH	063 27180108	39,488
Public Health Emergency Preparedness	93.069	DPH	063 37180130A	34,401
Public Health Emergency Preparedness	93.069	DPH	063 37180047A	155,737
Total Public Health Emergency Preparedness				<u>231,540</u>

\* Indicates major program

See accompanying notes to schedule of expenditures of federal awards.

**LAKE COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended November 30, 2013

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Grant Number	Federal Expenditures
<b>FEDERAL PROGRAMS</b>				
<b>U.S. Department of Health and Human Services (cont.)</b>				
HPP and PHEP Aligned Cooperative Agreements				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	DPH	063 37180047A	\$ 224,157
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	DPH	063 37180108A	82,477
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	DPH	063 47180047B	51,737
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	DPH	063 47180108B	3,231
Total HPP and PHEP Aligned Cooperative Agreements				<u>361,602</u>
Affordable Care Act (ACA) Personal Responsibility Education Program				
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	DHS	FCSSP01837	53,143
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	DHS	FCSRE01837	158,159
Total Affordable Care Act (ACA) Personal Responsibility Education Program				<u>211,302</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	DPH	063 25180031	5,714
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	DPH	063 35180062A	11,871
Total Project Grants and Cooperative Agreements for Tuberculosis Control Programs				<u>17,585</u>
Family Planning Services				
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Healthcare for the Homeless, and Public Housing Primary Care)	93.217	DHS	FCSRE01186	50,719
Consolidated Health Centers				
Consolidated Health Centers	93.224		6 H80CS00119-12-10	2,723,751
Consolidated Health Centers	93.224	HHO	H80CS00111	37,293
Total Consolidated Health Centers				<u>2,761,044</u>
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures				
	93.501		6 C12CS25609-01-03	51,748
Drug-Free Communities Support Program Grants				
Drug-Free Communities Support Program Grants	93.276		5H79SP018788-02	10,818
Drug-Free Communities Support Program Grants	93.276		1H79SP018788-01	115,919
Total Drug-Free Communities Support Program Grants				<u>126,737</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance				
Substance Abuse and Mental Health Services-Projects of Regional and National Significance	93.243		T1023106-03	177,404
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		5U79SM060954-02	72,855
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		1U79SM060954-01	302,824
Substance Abuse and Mental Health Services Projects of Regional and National Significance (Footnote)	93.243		5H79SM060118-04	76,734
Substance Abuse and Mental Health Services Projects of Regional and National Significance (Footnote)	93.243		5H79SM060118-03	464,015
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance				<u>1,093,832</u>

\* Indicates major program

See accompanying notes to schedule of expenditures of federal awards.

**LAKE COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended November 30, 2013

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Grant Number	Federal Expenditures
<b>FEDERAL PROGRAMS</b>				
<b>U.S. Department of Health and Human Services (cont.)</b>				
Immunization				
Immunization Cooperative Agreements	93.268 *	DPH	063 25180014	\$ 10,720
Immunization Cooperative Agreements	93.268 *	DPH	063 35180038A	28,704
Immunization Cooperative Agreements	93.268 *	DPH	1330	1,976,793
Total Immunization				<u>2,016,217</u>
CDC Assistance				
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	DPH	063 36180016A	101,831
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	DPH	063 46180015B	86,275
Total CDC Assistance				<u>188,106</u>
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges (Footnote)	93.525		063 40180041B	234,270
Child Support Enforcement				
Child Support Enforcement	93.563	HFS	2012-55-024-K4D	21,858
Child Support Enforcement	93.563	HFS	2012-55-024-K5D	15,706
Child Support Enforcement	93.563	HFS	2011-55-016-K3	22,581
Child Support Enforcement	93.563	HFS	2011-55-013-K3G	293,607
Child Support Enforcement	93.563	HFS	2014-55-013-K	194,325
Child Support Enforcement	93.563	HFS	2014-55-007-KB	3,708
Total Child Support Enforcement				<u>551,784</u>
Child Care and Development Block Grant				
Child Care and Development Block Grant	93.575	DHS	FCSSI01761	36,561
Child Care and Development Block Grant	93.575	DHS	FCSRI01761	40,812
Total Child Care and Development Block Grant				<u>77,373</u>
Social Services Block Grant				
Social Services Block Grant	93.667	DPH	063 46080164B	15,879
Social Services Block Grant	93.667	DHS	FCSRE01261	127,717
Social Services Block Grant	93.667	DHS	FCSSU03098	31,500
Social Services Block Grant	93.667	DHS	FCSRE00732	42,400
Total Social Services Block Grant				<u>217,496</u>
Medical Assistance Program				
Medical Assistance Program	93.778 *	HFS		323,908
Medical Assistance Program	93.778 *	HFS		1,042,095
Total Medical Assistance Program				<u>1,366,003</u>
HIV Emergency Relief Project Grants				
HIV Emergency Relief Project Grants	93.914	CDPH	23775	217,274
HIV Emergency Relief Project Grants	93.914	CDPH	23775	180,309
Total HIV Emergency Relief Project Grants				<u>397,583</u>

\* Indicates major program

**LAKE COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended November 30, 2013

Grantor Agency / Program Title	Federal CFDA Number	Passed Through Agency	Grant Number	Federal Expenditures
<b>FEDERAL PROGRAMS</b>				
<b>U.S. Department of Health and Human Services (cont.)</b>				
HIV Care Formula Grants				
HIV Care Formula Grants	93.917	AFC		\$ 1,674
HIV Care Formula Grants	93.917	AFC		1,737
Total HIV Care Formula Grants				<u>3,411</u>
HIV Prevention Activities Health Department Based	93.940	PHA	14-142-02	54,767
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PHA	13-142-02	150,000
Community Mental Health Services				
Block Grants for Community Mental Health Services	93.958	DHS	45CSB00775	186,623
Block Grants for Community Mental Health Services	93.958	DHS	45CSB00776	174,385
Block Grants for Community Mental Health Services	93.958	DHS	45CSB00778	60,236
Block Grants for Community Mental Health Services	93.958	DHS	45CRB00785	167,983
Total Community Mental Health Services				<u>589,227</u>
Substance Abuse Treatment Program				
Block Grants for Prevention and Treatment of Substance Abuse	93.959 *	DHS	FCSSP01424	83,947
Block Grants for Prevention and Treatment of Substance Abuse	93.959 *	DHS	FCSRE01424	166,308
Block Grants for Prevention and Treatment of Substance Abuse	93.959 *	DHS	43CSC00180	97,146
Block Grants for Prevention and Treatment of Substance Abuse	93.959 *	DHS	43CRC00125	173,532
Block Grants for Prevention and Treatment of Substance Abuse	93.959 *	DHS	43CRC00132	822,296
Block Grants for Prevention and Treatment of Substance Abuse	93.959 *	DHS	43CSC00177	35,533
Block Grants for Prevention and Treatment of Substance Abuse	93.959 *	DHS	43CRC00304	82,241
Block Grants for Prevention and Treatment of Substance Abuse	93.959 *	DHS	43CSC00184	8,138
Total Substance Abuse Treatment Program				<u>1,469,141</u>
Maternal and Child Health Services Block Grant to the States	93.994	DHS	FCSRE01261	6,874
Total U.S. Department of Health and Human Services				<u>12,230,468</u>
<b>U.S. Department of Homeland Security</b>				
Hazard Mitigation Grant	97.039	EMA	HMGP DR-IL-1771	440,938
Emergency Management Performance Grants	97.042	EMA	12EMALAKE	13,621
Homeland Security Grant Program				
Homeland Security Grant Program	97.067	EMA	11CCPLAKE	808
Homeland Security Grant Program	97.067	EMA	11CCPLAKE2	8,973
Total Homeland Security Grant Program				<u>9,781</u>
Total U.S. Department of Homeland Security				<u>464,340</u>
TOTAL FEDERAL AWARDS				<u>\$ 40,592,738</u>

\* Indicates major program

See accompanying notes to schedule of expenditures of federal awards.

## LAKE COUNTY, ILLINOIS

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS As of and for the Year Ended November 30, 2013

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#### **NOTE 1 – BASIS OF PRESENTATION**

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The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of Lake County, Illinois under programs of the federal government for the year ended November 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Lake County, it is not intended to and does not present the financial position, changes in net position or cash flows of Lake County.

The reporting entity for the county is based upon criteria established by the Governmental Accounting Standards Board. Lake County is the primary government according to GASB criteria, while the Lake County Forest Preserve District (“District”) is a component unit. Federal awards received directly by the District are not included in this report since the District has been audited by other auditors.

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#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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Expenditures reported on the schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. 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 measureable 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.

## LAKE COUNTY, ILLINOIS

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS As of and for the Year Ended November 30, 2013

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#### **NOTE 3 – PASS-THROUGH AGENCIES**

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The following identifies the pass-through agency acronyms used on the schedule of expenditures of federal awards:

SBE	State Board of Education
DPH	Illinois Department of Public Health
DHS	Illinois Department of Human Services
DCEO	Illinois Department of Commerce and Economic Activity
CJIA	Illinois Criminal Justice Information Authority
LCC	Liquor Control Commission
DOT	Illinois Department of Transportation
FTA	Federal Transit Administration
RTA	Regional Transportation Authority
EMA	Illinois Emergency Management Agency
NACCHO	National Association of County and City Health Officials
HHO	Heartland Health Outreach
HFS	Illinois Department of Healthcare and Family Services
CDPH	Chicago Department of Public Health
AFC	Aids Foundation of Chicago
PHA	Illinois Public Health Association

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#### **NOTE 4 – NONCASH PAYMENTS**

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Lake County receives vaccines at no charge from the Illinois Department of Public Health through federally assisted programs – Immunization Grants (CFDA No. 93.268). The value of vaccines received during the year ended November 30, 2013 was \$1,976,793.

Lake County receives non-cash assistance from the Illinois Department of Human Services under the Special Supplemental Food Program for Women, Infants and Children (CFDA No. 10.557), in the form of food instruments, which are distributed to qualifying WIC participants. Total distributions during the year ended November 30, 2013 were \$6,835,053.

Lake County receives non-cash food donations from the Illinois State Board of Education (CFDA No. 10.550). The total value of donations received during the year ended November 30, 2013 was \$2,419.

Lake County does not receive any non-cash insurance benefits, or receive any loans or guarantees relating to federal awards.

## LAKE COUNTY, ILLINOIS

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS As of and for the Year Ended November 30, 2013

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#### **NOTE 5 – SUBRECIPIENT EXPENDITURES**

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Payments during 2013 to subrecipients were as follows:

<u>CFDA Number</u>	<u>Program Title</u>	<u>Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>		
14.218	Neighborhood Stabilization Program	
	Affordable Housing Corporation	\$ 790,962
	City of Waukegan	571,207
	Lake County Residential	6,970
	City of North Chicago	56,460
	Affordable Housing Corporation	563,173
	City of Waukegan	149,526
	City of North Chicago	41,113
	Lake County Residential	10,302
	Affordable Housing Corporation	163,572
	Antioch Township	78,234
	CASA Lake County, Inc.	14,187
	Childserv	5,531
	Christ Church	10,759
	Christian Outreach	7,500
	City of Highwood	87,568
	City of Park City	115,421
	City of Zion	100,000
	Grant Township	172,936
	CREW	14,152
	Countryside Association	20,805
	Health Reach, Inc.	25,000
	Lake County Public Works	78,234
	Lake County Stormwater Management	66,399
	Lake County Center	26,925
	Mano a Mano Family Resource	23,847
	NICASA	48,264
	Northpointe Resources, Inc.	19,404
	Prairie State Legal	83,016
	Rosalind Franklin	7,075
	Village of Beach Park	92,369

## LAKE COUNTY, ILLINOIS

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS As of and for the Year Ended November 30, 2013

#### **NOTE 5 – SUBRECIPIENT EXPENDITURES (cont.)**

Payments during 2013 to subrecipients were as follows: (cont.)

CFDA Number	Program Title	Expenditures
<b>U.S. Department of Housing and Urban Development (cont.)</b>		
14.218	Neighborhood Stabilization Program (cont.)	
	Village of Fox Lake	\$ 137,853
	Village of Lake Villa	52,369
	Village of Mundelein	92,369
	Village of Round Lake	92,369
	Village of Round Lake Heights	100,000
	Village of Round Lake Park	92,111
	Wauconda Township	67,369
	Youthbuild	22,000
	Zacharias Sexual Abuse Center	18,131
	Total Community Development Block Grants / Entitlement Grants	4,125,481
14.231	Emergency Shelter Grants Program	
	A Safe Place	11,665
	Catholic Bishop of Chicago	8,750
	Catholic Charities	20,000
	Lake County Haven	16,126
	Maristella	8,954
	Bowman	67
	PADS lake County, Inc.	21,744
	Prairie State Legal	5,555
	Total Emergency Shelter Grants Program	92,861
14.239	HOME Investment Partnership Program	
	Affordable Housing Corporation	354,309
	City of North Chicago	86,305
	City of Waukegan	13,464
	Community Partners	246,849
	Habitat for Humanity Lake County	140,526
	Karcher Artspace Lofts Unlimited Partnership	25,000
	Lake County Residential	12,439
	Youthbuild Lake County	68,043
	US Department of HUD Repayment	8,003
	Total HOME Investment Partnership Program	954,937

## LAKE COUNTY, ILLINOIS

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS As of and for the Year Ended November 30, 2013

#### **NOTE 5 – SUBRECIPIENT EXPENDITURES (cont.)**

Payments during 2013 to subrecipients were as follows: (cont.)

CFDA Number	Program Title	Expenditures
<b>U.S. Department of Labor</b>		
17.259	WIA Youth Activities	
	North Chicago District 187	\$ 111,647
	Waukegan High School	111,228
	Computer Systems Institute	8,383
	First Institute	19,625
	YouthBuild Lake County	105,712
	Regional Office of Education	3,841
	North Chicago District 187	29,301
	Waukegan High School	8,527
	Regional Office of Education	38,385
	North Chicago District 187	29,930
	Waukegan High School	56,283
	Zion Benton Township High School	126,853
	Computer Systems Institute	46,635
	First Institute	108,072
	YouthBuild Lake County	5,595
	Total WIA Youth Activities	<u>810,017</u>
<b>U. S. Department of Justice</b>		
16.527	Crime Victim Assistance	
	A Safe Place	<u>41,679</u>

**LAKE COUNTY, ILLINOIS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
As of and for the Year Ended November 30, 2013

**NOTE 5 – SUBRECIPIENT EXPENDITURES (cont.)**

Payments during 2013 to subrecipients were as follows: (cont.)

CFDA Number	Program Title	Expenditures
<b>U. S. Department of Health &amp; Human Services</b>		
93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	
	transitional Living Services	\$ 14,779
	Transitional Living Services	105,057
	Transitional Living Services	20,073
	Transitional Living Services	126,389
	Total Substance Abuse & Mental Health Services-Projects of Regional and National Significance	266,298
93.525	State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	
	Disbursed from ILDPH to Alliance for Human Services / A Safe Place	19,483
	<b>Total Disbursed to Sub-Recipients</b>	<b>\$ 6,310,757</b>

**LAKE COUNTY, ILLINOIS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended November 30, 2013

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- > Material weakness(es) identified?      \_\_\_\_\_ yes        X   no
- > Significant deficiencies identified?        X   yes      \_\_\_\_\_ none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes        X   no

**FEDERAL AWARDS**

Internal control over federal award programs:

- > Material weakness(es) identified?      \_\_\_\_\_ yes        X   no
- > Significant deficiencies identified?      \_\_\_\_\_ yes        X   none reported

Type of auditor’s report issued on compliance of federal award programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

\_\_\_\_\_ yes        X   no

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes        X   no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
10.557	Special Supplemental Nutrition Program for Women, Infant, and Children
14.228	Community Development Block Grants
14.239	Home Investment Partnership Program WIA Cluster:
17.258	Workforce Investment Act – Adult Program
17.259	Workforce Investment Act – Youth Activities
17.278	Workforce Investment Act – Dislocated Workers
93.268	Immunization
93.778	Medical Assistance Program
93.959	Substance Abuse Treatment Program

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

\$ 1,217,782

# LAKE COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended November 30, 2013

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### SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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#### ***FINDING 2013-001 – CAPITAL ASSET REPORTING***

**Criteria:** Statements on Auditing Standards AU sec. 325, *Communicating Internal Control Related Matters Identified During an Audit*, requires auditors to communicate significant deficiencies or material weaknesses in the county's structure of internal control.

**Condition/Cause/Effect:** The County's year-end financial statements include capital assets owned by the County. These assets comprise some of the largest line items on the County's statement of net position. They represent an accumulation of historical purchases, construction, and improvements of County property. Due to the cumulative nature of this account balance, accurate and reliable record keeping is imperative to substantiating the capital asset amounts in the County's financial statements. Currently, the County uses spreadsheets to track its capital asset activity. Due to the substantial volume of capital asset transactions maintained by the County in these spreadsheets, these records are prone to errors. No material errors were noted in the County's capital asset records during the 2013 audit.

**Recommendation:** Due to the inherent risk of error in these spreadsheets, we would recommend that the County consider more reliable methods of tracking capital asset activity, such as software developed specifically for capital asset accounting. Such a system will eliminate errors that are inherent in spreadsheets with considerable amounts of data.

#### ***Management's Response:***

Lake County is currently in the process of implementing the Fixed Assets module of its Oracle financial software. In this module, assets that meet the established capital asset thresholds are automatically captured in the Fixed Asset module once the item is purchased and paid for in Oracle. Disposal and depreciation will also occur within the system, thereby diminishing the possibility of human error. The seven-month implementation is currently on schedule and the module is expected to be live in October 2014, with anticipated use for Fiscal Year 2014 year end reporting.

#### ***FINDING 2013-002 WIRE TRANSFERS***

**Criteria:** Statement on Auditing Standards AU sec. 325, *Communicating Internal Control Related Matters Identified During an Audit*, requires auditors to communicate significant deficiencies or material weaknesses in the county's structure of internal control.

**Condition/Cause/Effect:** As business transactions have been trending towards "paperless" over the last several years, there has been an increase in the number electronic fund transfers (EFT), including wire transfers, which is a method of transferring money from one institution to another, or from one bank account to another bank account. Bank wire transfers offer an expedient method for transferring funds between bank accounts.

## LAKE COUNTY, ILLINOIS

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended November 30, 2013

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#### **SECTION II – FINANCIAL STATEMENT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (cont.)**

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##### ***FINDING 2013-002 WIRE TRANSFERS (cont.)***

Proper segregation of duties is important for EFT transactions to reduce the risk of an improper transaction. Internal controls for EFT transactions should be similar to controls in place for check signing and should require approval of the transaction by someone independent of the authorization of the transaction. During our audit, we noted that wire transfers for the first half of the fiscal year were able to be authorized by one person without a secondary approval. In May of 2013, the County implemented a requirement for secondary approval of all wire transfers. However, we are required to report this because of the weakness that existed for a portion of the year under audit.

**Recommendation:** We recommend the County continue to require secondary approval for all wire transfers.

##### ***Management's Response:***

The Treasurer's Office has implemented bank-initiated procedures to confirm that all wire transfers are verified with and approved by someone other than the initiator.

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#### **SECTION III – FEDERAL FINDINGS AND QUESTIONED COSTS**

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None noted.

## LAKE COUNTY, ILLINOIS

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS For the Year Ended November 30, 2013

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**FINDING 2012-3 – WORKFORCE INVESTMENT ACT CLUSTER**  
**CFDA No. 17.258-17.260, 17.260, AND 17.278 (INCLUDING ARRA)**

Supervisor approval of eligibility determinations is considered to be a key control of the program. For one of our participants selected for testing, we found there was no case manager signature on the participant eligibility form. The auditor was unable to determine if this participant's eligibility was properly approved by a case manager.

**Status**

Workforce Development has strengthened internal monitoring procedures to ensure all documents are reviewed periodically throughout the client's enrollment, including the following steps: 1) Case managers complete a desk review during the initial eligibility process to verify all signatures are obtained. 2) The case managers complete a quarterly file review, verifying all required documents are completed. 3) The program manager conducts a sample review of the files to ensure compliance with eligibility guidelines and rules. 4) The Director of Workforce Development has engaged the staff of the Workforce Investment Board to conduct a quarterly compliance review on a sample of participant files to identify and report any potential issues.

**FINDING 2012-4 – WORKFORCE INVESTMENT ACT CLUSTER**  
**CFDA No. 17.258-17.260, 17.260, AND 17.278 (INCLUDING ARRA)**

Lake County did not perform subrecipient monitoring for any of these contracts during the fiscal year 2012.

**Status**

Workforce Development continues to follow its sub-recipient monitoring process and schedule. Sub-recipient monitoring is now scheduled annually. Sub-recipient contract monitoring was completed during May-June 2013 for Lake County fiscal year 2013, and is currently underway for Lake County fiscal year 2014.

**FINDING 2012-5 – ARRA - ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT PROGRAM –**  
**REPORTING CFDA No. 81.128**

During our testing of the financial and ARRA reports prepared for this grant and submitted to the Department of Energy, we noted that there was no control for the review and approval of the reports by an individual independent of their preparation.

**Status**

During the final year of this grant award, the Construction Division completed all required reports and submitted them to an individual independent of the preparation prior to submission.

The submittal to an independent individual allowed for the Division and Department to maintain effective internal control procedures as well as achieving compliance with all provisions of the grant award.

## **LAKE COUNTY, ILLINOIS**

### **CORRECTIVE ACTION PLAN For the Year Ended November 30, 2013**

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Findings 2013-001 and 2013-002, Financial Statement Findings, refer to management's response in the schedule of findings and questioned costs.