



**MENARD COUNTY, ILLINOIS**

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**SINGLE AUDIT REPORT**

**For the Year Ended November 30, 2021**



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**MENARD COUNTY, ILLINOIS**  
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## **INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Honorable Chairman of the County Board and  
Members of the Board of Commissioners  
Menard County, Illinois  
Petersburg, Illinois

### **Report on the Audit of the Schedule of Expenditures of Federal Awards Opinion**

We have audited the accompanying Schedule of Expenditures of Federal Awards of Menard County, Illinois (County) for the year ended November 30, 2021 and the related notes to the financial statements (the financial statement).

In our opinion, the financial statement referred to above presents fairly, in all material respects, the expenditures of federal awards of the County for the year ended November 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule of Expenditures of Federal Awards section of our report. We are required to be independent of the County of Menard, Illinois and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Schedule of Expenditures of Federal Awards***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

## *Auditor's Responsibilities for the Audit of the Schedule of Expenditures of Federal Awards*

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County of Menard, Illinois' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Report on 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 were not identified. However, as described in the accompanying

schedule of findings and questioned costs, we identified 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 item 2021-002 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

*Sikich LLP*

Springfield, Illinois  
February 10, 2023



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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Chairman of the County Board  
Members of the Board of Commissioners  
Menard County  
Petersburg, Illinois

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

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

We have audited Menard County, Illinois (County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the County’s major federal programs for the year ended November 30, 2021. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County's federal programs.

### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Sibich LLP*

Springfield, Illinois  
February 10, 2023



**MENARD COUNTY, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended November 30, 2021

ALN	Federal Grantor	Pass-Through Grantor	Program Title	
20.205	Department of Transportation	Illinois Department of Transportation	Highway Planning and Construction Cluster	
			Highway Planning and Construction	\$ 207,639
			Total Department of Transportation	<u>207,639</u>
21.019	Department of Treasury	Illinois Department of Healthcare and Family Services	COVID-19 Coronavirus Relief Fund	68,560
		Illinois Department of Commerce and Economic Opportunity	COVID-19 Coronavirus Relief Fund	11,801
		Illinois Supreme Court	COVID-19 Coronavirus Relief Fund	39,238
		Illinois Department of Public Health	COVID-19 Coronavirus Relief Fund	<u>57,377</u>
				176,976
21.027*	Department of Treasury	N/A	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	10,000
		Illinois Department of Healthcare and Family Services	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	<u>87,070</u>
				97,070
			Total U.S. Department of Treasury	<u>274,046</u>
93.069	Department of Health and Human Services	Illinois Department of Public Health	Public Health Emergency Preparedness (PHEP)	<u>44,124</u>
93.044	Department of Health and Human Services	Illinois Department on Aging	Title III B Supportive Services	<u>20,585</u>
93.268	Department of Health and Human Services	Illinois Department of Public Health	Immunization Cooperative Agreements	
			COVID-19 Mass Vaccination Grant	144,638
			Influenza Vaccine Program	<u>25,000</u>
			Total 93.268	<u>169,638</u>
93.323	Department of Health and Human Services	Illinois Department of Public Health	COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	<u>118,100</u>
93.498*	Department of Health and Human Services	N/A	COVID-19 Provider Relief Fund	<u>443,729</u>
			Total Department of Health and Human Services	<u>796,176</u>
97.042	Department of Homeland Security	Illinois Emergency Management Agency	Emergency Management Performance Grants	<u>19,415</u>
TOTAL FEDERAL AWARDS				<u>\$ 1,297,276</u>

\*Denotes a major program

## MENARD COUNTY, ILLINOIS

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended November 30, 2021

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#### **Note A – Basis of Presentation**

The accompanying schedule of federal awards is a summary of the activity of the County's federal award programs presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). Accordingly, revenues are recognized when the qualifying expenditure has been incurred and expenditures have been recognized when the fund liability has been incurred.

#### **Note B – Subrecipients**

There were no payments to subrecipients related to federal awards noted during the year ended November 30, 2021.

#### **Note C – Major Programs**

ALNs above noted with an asterisk (\*) were tested as major programs.

#### **Note D – Loans and Insurance**

There were no insurance, loans or loan guarantees related to federal awards reported in the Schedule of Expenditures of Federal Awards at November 30, 2021.

#### **Note E – Indirect Cost Rate**

The County did not elect the federal 10% de minimis indirect cost rate for the year ended November 30, 2021.

**MENARD COUNTY, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended November 30, 2021

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: *unmodified*

Internal control over financial reporting:

Material weakness(es) identified?        X   yes             no

Significant deficiency(ies) identified?        X   yes             none reported

Noncompliance material to financial statements noted?             yes        X   no

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?             yes        X   no

Significant deficiency(ies) identified?             yes        X   none reported

Type of auditor's report issued on compliance for major federal programs: *unmodified*

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:

<u>ALN</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Recovery Funds
93.498	Provider 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

# MENARD COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended November 30, 2021

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### Section II - Financial Statement Findings

#### Significant Deficiency

##### **2021-001 Internal Controls over Preparation of Schedule of Expenditures of Federal Awards (SEFA)**

*Condition:* Prior to November 30, 2021, the last time that the County was required to have a single audit was for the year ended November 30, 2011. Since then, each year, management has relied on a tabulation of Federal expenditures derived from the annual audited financial statements to determine whether or not the \$750,000 threshold had been exceeded. The County's independent auditor has always participated in the determination. Consequently, management has not established the practice of annually preparing a formal Schedule of Expenditures of Federal Awards. For the year ended November 30, 2021, management's long-standing practice resulted in a determination that a single audit was required, primarily because of the expenditure of significant amounts of federal awards derived from certain State agencies and Federal agencies' response to the COVID-19 pandemic. Management did develop a formal Schedule of Expenditures of Federal Awards with the assistance of the independent auditor after employing appropriate independence safeguards.

*Criteria:* Uniform Guidance section 200.510 Financial Statements requires that the auditee prepare a SEFA which includes the total federal awards expended determined in accordance with section 200.502, Basis for Determining Federal Awards. The SEFA must be based on and derived from the grant information obtained from the financial reporting records and other information provided by each County department, including the managing contractor firms for the Health Department and the county owned nursing home, Sunny Acres Nursing Home.

*Cause:* The County's grant activities and related processes are decentralized. Each department is responsible for grant performance, and the related administration, reporting and, monitoring. This holds true for the two managing contractor firms. The absence of a centralized information gathering process for grant expenditure information negatively impacts the County's ability to prepare a timely accurate, and complete Schedule of Expenditures of Federal Awards without assistance from the County's independent auditor and others.

*Recommendation:* Presently, each County Department, and managing contractor firm is responsible for overseeing, and administration of their respective grant contracts. As such, we recommend that procedures be developed and implemented to assure the centralized accumulation of information to allow for the timely preparation of a complete and accurate formal Schedule of Expenditures of Federal Awards each and every fiscal year end.

*Views of Responsible Officials:* Management agrees with this finding and response is included in Corrective Action Plan.

# MENARD COUNTY, ILLINOIS

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended November 30, 2021

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

#### **Material Weaknesses**

##### **2021-002 Internal Controls over Compliance**

*Condition:* The County utilizes a contractor entity to manage its health department, and another contractor entity to manage its county owned nursing home, Sunny Acres Nursing Home. As such the expenditure of significant amounts of federal awards derived from certain State agencies and Federal agencies' response to the COVID-19 pandemic mentioned at 2021-001 was concentrated in these two County activities. Given the nature of the County's arrangement with the two contractor firms, the County has effectively outsourced the respective grant compliance requirements to the two contractor entities. It appears, that for the year ended November 30, 2021, the two contractor firms will be responsible for the compliance requirements for all of the County's major federal programs.

*Criteria:* The Uniform Guidance provides that when contractors are responsible for program compliance and the procurement transactions relate to a major program, the scope of the single audit must include whether transactions initiated by the respective contractors follow federal statutes, regulations, and the terms and conditions of federal awards if such transactions are material to a major program of the auditee, the County. In such situations the auditor would normally evaluate the contractor's compliance by reviewing the auditee's records and the results of the auditee's procedures for ensuring compliance by the contractor.

*Cause:* The County has not established sufficient and adequate internal control policies and procedures to assure compliance by the two contractors.

*Effect:* Without timely, accurate and complete, reports regarding compliance by the two contractors, the County cannot be assured that material compliance has been attained.

*Recommendation:* Presently, communications, verbal and written, between the County and the two contractor firms occur throughout the year. We recommend that policies and procedures be developed that require the two contractors regularly report on the status of applicable compliance requirements and to periodically provide underlying documentary support for certain program costs, including methodologies for determining salaries and fringe costs charged to programs and the firm's internal controls for compliance. Such reports should be in writing; include relevant documents, and, at a minimum, be provided at least quarterly to the respective governing body. The acceptance of the reports should be acknowledged in the respective Board's meeting minutes. In addition, each and all of the remaining departments should be required to regularly report on the status of applicable compliance requirements to the County governing body, the five County commissioners.

**MENARD COUNTY, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

For the Year Ended November 30, 2021

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**Section II - Financial Statement Findings (Continued)**

**Material Weaknesses**

**2021-002 Internal Controls over Compliance (Continued)**

*Views of Responsible Officials:* Management agrees with this finding and response is included in Corrective Action Plan.

**Section III - Federal Award Findings and Questioned Costs**

None

**Section IV - Prior Year Audit Findings**

None



# MENARD COUNTY, ILLINOIS

Menard County Board of Commissioners  
102 South Seventh Street  
Petersburg, IL 62675  
PH. (217)632-4412 Fax (888)287-7651

Board  
Members

## **MENARD COUNTY**

Robert Lott,  
Chair  
District 4

Corrective Action Plan  
For the Year Ended November 30, 2021

Jeffrey Fore  
District 1

### **2021-001 Internal Controls over Preparation of Schedule of Expenditures of Federal Awards (SEFA)**

Ed Whitcomb  
District 5

#### Condition Found

Rich Brauer  
District 2

Troy  
Cummings  
District 3

Prior to November 30, 2021, the last time that the County was required to have a single audit was for the year ended November 30, 2011. Since then, each year, management has relied on a tabulation of Federal expenditures derived from the annual audited financial statements to determine whether or not the \$750,000 threshold had been exceeded. The County's independent auditor has always participated in the determination. Consequently, management has not established the practice of annually preparing a formal Schedule of Expenditures of Federal Awards. For the year ended November 30, 2021, management's long-standing practice resulted in a determination that a single audit was required, primarily because of the expenditure of significant amounts of federal awards derived from certain State agencies and Federal agencies' response to the COVID-19 pandemic. Management is in the process of preparing a formal Schedule of Expenditures of Federal Awards with the assistance of the independent auditor after employing appropriate independence safeguards.

#### Corrective Action Plan

The Menard County Board of Commissioners adopted Grant Management Policies on June 28, 2022. Within those policies, a Grant Approval Form has been created to be completed by each grant elected official/department head when a grant has been received within their department. Additionally, Grant Management Policies were adopted at the same meeting which outline the flow of the grant funds as it moves through the county from the initial award to the close out of the grant.

#### Responsible Person for Corrective Action Plan

Robert Lott, Menard County Board Chair

#### Implementation Date of Corrective Action Plan

June 28, 2022

## **MENARD COUNTY**

### **Corrective Action Plan**

For the Year Ended November 30, 2021

### **2021-002 Internal Controls over Compliance**

#### **Condition Found**

The County utilizes a contractor entity to manage its health department, and another contractor entity to manage its county owned nursing home, Sunny Acres Nursing Home. As such the expenditure of significant amounts of federal awards derived from certain State agencies and Federal agencies' response to the COVID-19 pandemic mentioned at 2021-001 was concentrated in these two County activities. Given the nature of the County's arrangement with the two contractor firms, the County has effectively outsourced the respective grant compliance requirements to the two contractor entities. It appears, that for the year ended November 30, 2021, the two contractor firms will be responsible for the compliance requirements for all of the County's major federal programs

#### **Corrective Action Plan**

The Menard County Board of Commissioners will adopt an amendment to their Grant Management Policies as follows: Contractors/Elected Officials/Department Heads will provide financial/programmatic/performance reports no less than quarterly. As part of the reporting, substantiating documentation will be included. Reports will be submitted as required by the awarding grantor, i.e. monthly, quarterly or annually. Contractors from outside of county departments will attend county board meetings on a quarterly basis to provide in-person reporting. Acceptance of the reports submitted will be recorded within the regular board minutes.

#### **Responsible Person for Corrective Action Plan**

Robert Lott, Menard County Board Chair

#### **Implementation Date of Corrective Action Plan**

June 28, 2022