

**KANE COUNTY, ILLINOIS**

**SINGLE AUDIT  
FOR THE FISCAL YEAR ENDED  
NOVEMBER 30, 2011**

# KANE COUNTY, ILLINOIS

Single Audit  
For the Fiscal Year Ended November 30, 2011  
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WERMER, ROGERS, DORAN & RUZON LLC CERTIFIED PUBLIC ACCOUNTANTS

755 ESSINGTON ROAD, JOLIET, ILLINOIS 60435 • 815/730-6250 • FAX 815/730-6257 • WWW.WRDR.COM

**Independent Auditor's 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**

To the Chairman and Members  
of the County Board  
Kane County, Illinois

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 Kane County, Illinois (County), as of and for the year ended November 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 18, 2012. Our report includes a reference to other auditors. We conducted our audit 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. Other auditors audited the financial statements of the Forest Preserve District of Kane County, as described in our report on Kane County, Illinois' financial statements. The financial statements of the Forest Preserve District of Kane County were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

*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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

We noted certain matters that we reported to management of the County in a separate letter dated April 18, 2012.

This report is intended solely for the information and use of the Kane County Board, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Werner, Rogers, Doran & Ruyon, LLC*

April 18, 2012



**Independent Auditor's Report on Compliance with Requirements That  
Could Have a Direct and Material Effect on Each Major Program and on  
Internal Control Over Compliance in Accordance with OMB Circular A-133**

To the Chairman and Members  
of the County Board  
Kane County, Illinois

**Compliance**

We have audited Kane County, Illinois' (County), 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 the County's major federal programs for the year ended November 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Forest Preserve District of Kane County (the "District") a discretely presented component unit of the County. Federal awards expended by the District, if any, are not included in the schedule of federal awards for the year ended November 30, 2011. Our audit, described below, did not include the operations of the District because the District engaged other auditors to perform an audit which was not performed in accordance with OMB Circular A-133.

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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described in item 2011-1 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding subrecipient monitoring that are applicable to its Workforce Investment Act Title I-B Grants-Youth and ARRA Workforce Investment Act Title I-B Grants-Youth programs. Compliance with such requirements is necessary, in our opinion, for the County, to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the 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, 2011.

## Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## Schedule of Expenditures of Federal Awards

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 the County, as of and for the year ended November 30, 2011, and have issued our report thereon dated April 18, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Kane County Board, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Werner, Rogers, Doran & Ruzon, LLC*

April 18, 2012

**KANE COUNTY, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended November 30, 2011

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Pass-Through the Illinois State Board of Education			
Kane County Juvenile Justice Center			
School Breakfast Program 2010	10.553	31045005P00	\$ 28,149
School Breakfast Program 2011	10.553	31045005P00	2,392
Total CFDA #10.553			<u>30,541</u>
Food Commodities Distribution	10.555	31045005P00	8,832
National School Lunch Program 2010	10.555	31045005P00	43,455
National School Lunch Program 2011	10.555	31045005P00	3,666
Total CFDA #10.555			<u>55,953</u>
Pass-Through the Illinois Department of Human Services			
Kane County Health Department			
Nutrition Program for Women, Infants and Children (SY11)	10.557	111GM282900	27,695
Nutrition Program for Women, Infants and Children - Supplemental	10.557	N/A	559,449
Total CFDA #10.557			<u>587,144</u>
Total U.S. Department of Agriculture			<u>673,638</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Pass-Through the Illinois Department of Commerce & Economic Opportunity			
Community Development Block Grant - IKE - 2011	14.218	B-08-DI-17-0001	547,743
Direct Award from the U.S. Department of Housing and Urban Development			
Kane County Community Development Department			
Community Development Block Grants/Entitlement Grants - 2011	14.218	B-UC-17-0008	97,264
Community Development Block Grants/Entitlement Grants - 2010	14.218	B-UC-17-0008	1,216,685
Community Development Block Grants/Entitlement Grants - 2009	14.218	B-UC-17-0008	193,792
Community Development Block Grants/Entitlement Grants - 2008	14.218	B-UC-17-0008	3,256
Community Development Block Grants/Entitlement Grants - 2007	14.218	B-UC-17-0008	109,599
Total Community Development Block Grants/Entitlement Grants			<u>1,620,596</u>
ARRA - Community Development Block Grant - Recovery Act - 2009	14.218	B-09-UY-17-0008	266,870
Neighborhood Stabilization Program	14.218	B-08-UN-17-0003	1,348,335
Total CFDA #14.218			<u>3,783,544</u>
Homeless Management Information System - 2010	14.235	IL0335B5T170803	27,845
Homeless Management Information System - 2009	14.235	IL0335B5T170802	55,173
Total CFDA #14.235			<u>83,018</u>
HOME Investment Partnership Program - 2010	14.239	M-DC170220	323,473
HOME Investment Partnership Program - 2009	14.239	M-DC170220	294,347
Total CFDA #14.239			<u>617,820</u>
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	S09-UY-17-0008	292,215
Lead Based Paint Hazard Control Grant Program	14.900	FR-5500-N-02A	11,642
Total U.S. Department of Housing and Urban Development			<u>4,788,239</u>

**KANE COUNTY, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended November 30, 2011**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
<b>U.S. DEPARTMENT OF JUSTICE:</b>			
Pass-Through the Illinois Criminal Justice Information Authority Kane County Court Services Juvenile Accountability Initiative Block Grant	16.523	10JAL508040	\$ 10,487
Pass-Through the Illinois Criminal Justice Information Authority Kane County State's Attorney's Office VOCA Child Advocacy Center Services	16.575	210056	17,379
ARRA - Multi-Jurisdictional Drug Prosecution	16.579	809122	113,967
Prosecutor Based Victim Assistance	16.579	210035	60,841
Total CFDA #16.579			<u>174,808</u>
Direct Award from the U.S. Department of Justice Kane County State's Attorney's Office Weed and Seed	16.595	2010-WS-QX-0079	157,000
Kane County Sheriff's Office State Alien Assistance Program	16.606	2011-AP-BX-0150	317,332
Pass-Through the City of Aurora, Illinois Kane County Sheriff's Office Edward Byrne Memorial Justice Assistance Grant	16.738	2010-DJ-BX-1568	42,009
Total U.S. Department of Justice			<u>719,015</u>
<b>U.S. DEPARTMENT OF LABOR:</b>			
Pass-Through the Illinois Department of Commerce & Economic Opportunity Kane County Department of Employment and Education Trade Adjustment Assistance	17.245	10-661005	60,172
Trade & Globalization Adjustment Assistance	17.245	10-662005	354,496
Total CFDA # 17.245			<u>414,668</u>
<i>Workforce Investment Act Cluster</i>			
Workforce Investment Act Title I-B Grants-Admin	17.255	09-681005	3
Workforce Investment Act Title I-B Grants-Admin	17.255	10-681005	489,288
Workforce Investment Act Title I-B Grants-Admin	17.255	11-681005	17,830
ARRA - Workforce Investment Act Title I-B Grants-Admin	17.255	08-761005	3
ARRA - Workforce Investment Act Title I-B Grants-Admin	17.255	08-762005	1
Total CFDA #17.255			<u>507,125</u>
Workforce Investment Act Title I-B Grants-Adult	17.258	09-681005	391,868
Workforce Investment Act Title I-B Grants-Adult	17.258	10-681005	1,248,075
Workforce Investment Act Title I-B Grants-Adult	17.258	11-681005	124,615
ARRA - Workforce Investment Act Title I-B Grants-Adult	17.258	08-761005	279,637
Total CFDA #17.258			<u>2,044,195</u>
Workforce Investment Act Title I-B Grants-Youth	17.259	09-681005	725,170
Workforce Investment Act Title I-B Grants-Youth	17.259	10-681005	858,884
Workforce Investment Act Title I-B Grants-Youth	17.259	11-681005	297,060
ARRA - Workforce Investment Act Title I-B Grants-Youth	17.259	08-762005	18,545
Total CFDA #17.259			<u>1,899,659</u>



**KANE COUNTY, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended November 30, 2011**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
Workforce Investment Act Title I-B Grants-Dislocated	17.260	09-681005	\$ 157,701
ARRA - Workforce Investment Act Title I-B Grants-Dislocated	17.260	08-761005	909,885
Total CFDA #17.260			<u>1,067,586</u>
Workforce Investment Act Title I-B Grants-Dislocated	17.278	10-681005	1,549,546
Workforce Investment Act Title I-B Grants-Dislocated	17.278	11-681005	149,536
Workforce Investment Act Title I-B Grants-Trade Case Management	17.278	10-653005	70,735
Total CFDA #17.278			<u>1,769,817</u>
<i>Total Workforce Investment Act Cluster</i>			<u>7,288,382</u>
Workforce Investment Act Title I-B Incentive	17.267	08-672005	94,181
Workforce Investment Act Title I-B Incentive	17.267	09-672005	44,257
High Speed Internet Grant	17.267	10-632005	5,665
Total CFDA # 17.267			<u>144,103</u>
Total U.S. Department of Labor			<u>7,847,153</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>			
Pass-Through the Illinois Department of Transportation			
Kane County Division of Transportation			
Highway Planning and Construction Grants			
Bike Path	20.205	N/A	115,182
Bridges	20.205	N/A	1,277,057
Interconnects	20.205	N/A	1,575,169
Roads	20.205	N/A	1,866,627
Right of Ways	20.205	N/A	5,296,501
Total CFDA #20.205			<u>10,130,536</u>
Pass-Through the Illinois Department of Transportation			
Kane County Veterans' Commission			
Consolidated Vehicle Procurement Grant Section 5310	20.513	IL-16-X004	41,728
Pass-Through the Illinois Emergency Management Agency			
Kane County Local Emergency Planning Committee			
Hazardous Material Emergency Preparedness Planning	20.703	HMEPKANE10	9,310
Total U.S. Department of Transportation			<u>10,181,574</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
Pass-Through the Illinois Department of Public Health			
Kane County Health Department			
Potable Water Supply	66.605	15380107	11,250
Total U.S. Environmental Protection Agency			<u>11,250</u>
<b>U.S. DEPARTMENT OF ENERGY</b>			
Direct Award from the U.S. Department of Energy			
Kane County Environmental Management Department			
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE0000818	302,397
Total U.S. Department of Energy			<u>302,397</u>

**KANE COUNTY, ILLINOIS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended November 30, 2011**

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
<b>ELECTION ASSISTANCE COMMISSION</b>			
Pass-Through the Illinois State Board of Elections Kane County - County Clerk Help America Vote Act - Phase III	90.401	11-0206	\$ 120,262
Total Election Assistance Commission			<u>120,262</u>
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES:</b>			
Pass-Through the National Association of County and City Health Officials Kane County Office of Emergency Management Medical Reserve Corps Capacity Building Awards	93.008	IMRCSG101005-01	<u>5,000</u>
<b>Pass-Through the Illinois Department of Public Health</b>			
Kane County Health Department			
Cities Readiness (SY 11)	93.069	7181106	73,889
Cities Readiness (SY 12)	93.069	7181106	14,180
Bioterrorism Preparedness (SY 11)	93.069	7181043	209,827
Bioterrorism Preparedness (SY 11)	93.069	7180016	173,497
Public Health Emergency Response Phase 1 & 2	93.069	7181043	21,326
Public Health Emergency Response (SY12)	93.069	7180043	84,781
Public Health Emergency Response Phase 3	93.069	7180016	<u>36,412</u>
Total CFDA #93.069			<u>613,912</u>
Tuberculosis Directly Observed Therapy	93.116	5180128	<u>34,000</u>
Vector Surveillance Program - West Nile Virus (SY 12)	93.283	15380030	<u>34,426</u>
<b>Pass-Through the Illinois Department of Human Services</b>			
Kane County Department of Employment and Education Serving the Client Program	93.558	181XMFD0032	<u>816</u>
<b>Pass-Through the Illinois Department of Healthcare and Family Services</b>			
Kane County State's Attorney			
Title IV-D of the Social Security Act	93.563	11KSAO00004	191,015
Title IV-D of the Social Security Act	93.563	21KSAO00004	<u>310,374</u>
Total CFDA #93.563			<u>501,389</u>
<b>Pass-Through the Illinois Department of Human Services</b>			
Kane County Health Department			
Healthy Child Care Illinois (SY 11)	93.575	M11GM282420	23,275
Healthy Child Care Illinois (SY 12)	93.575	M11GM282420	7,827
Early Childhood Network Grant (AOK) (SY 11)	93.575	M11GM282570	51,400
Early Childhood Network Grant (AOK) (SY 12)	93.575	11GQ01352	<u>20,030</u>
Total CFDA #93.575			<u>102,532</u>
<b>Pass-Through the Illinois Department of Public Health</b>			
Kane County Health Department ARRA - Varicella Surveillance Grant	93.712	5180464	<u>34,135</u>
<b>Pass-Through the Illinois Department of Healthcare and Family Services</b>			
Kane County Health Department Medicaid - Medical Assistance Program	93.778	N/A	<u>250,457</u>

KANE COUNTY, ILLINOIS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended November 30, 2011

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Expenditures
Pass-Through the Illinois Department of Human Services Kane County Health Department HealthWorks Grant	93.994	M11GM282390	\$ 20,263
Total U.S. Department of Health and Human Services			<u>1,596,930</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass-Through the Illinois Emergency Management Agency Kane County Office of Emergency Management Emergency Snow Removal Program	97.036	1960-089-U03CB-00	<u>168,738</u>
Emergency Management Assistance Grant Program	97.042	EMAKANE	<u>101,212</u>
Citizen's Corps Program	97.067	CCPKANE	<u>2,458</u>
Pass-Through the Illinois Law Enforcement Alarm System Kane County Office of Emergency Management ILEAS Emergency Operations Center	97.067	09ILEASEOC	<u>43,631</u>
Total U.S. Department of Homeland Security			<u>316,039</u>
TOTAL FEDERAL AWARDS			<u>\$ 26,556,497</u>

## KANE COUNTY, ILLINOIS

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended November 30, 2011

### Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Kane County (federal awards, if any, of the Kane County Forest Preserve District, a component unit of Kane County for financial reporting purposes, are not included), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### Subrecipients

Of the federal expenditures presented in the schedule, the following federal awards were provided to subrecipients.

Federal Grantor/Program Title	Federal CFDA Number	Amount Provided to Subrecipients
U.S. Department of Housing and Urban Development -		
Community Development Block Grants	14.218	\$ 1,137,359
ARRA - Community Development Block Grant	14.218	266,870
Neighborhood Stabilization Program	14.218	1,245,101
Community Development Block Grant - IKE - 2011	14.218	547,743
HOME Investment Partnership Program	14.239	537,872
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	290,597
U.S. Department of Labor -		
Workforce Investment Act Title I-B Grants - Youth	17.259	1,881,114
ARRA Workforce Investment Act Title I-B Grants-Youth	17.259	18,545
U.S. Department of Justice -		
Juvenile Accountability Initiative Block Grant	16.523	10,487
Total provided to subrecipients		<u>\$ 5,935,688</u>

### Insurance and Loans

Of the federal expenditures presented in the schedule, the District did not have any federal insurance in effect during the year, and did not have any federal loans or loan guarantees outstanding at year end.

### Property

The County has received property, mainly in the form of road and bridge construction projects through the resources provided by the U.S. Department of Transportation. There are several ongoing construction projects and recent projects completed for which the County has recorded federal expenditures for the infrastructure and construction in progress performed by the State of Illinois with the use of federal funding. The County is the beneficiary of the construction projects. Certain estimates relating to the percentage of completion of the projects and the ultimate percentage of the federal share of the projects have been made in recording the expenditures in the accompanying Schedule of Expenditures of Federal Awards for the grants provided by the U.S. Department of Transportation.

# KANE COUNTY, ILLINOIS

## Schedule of Findings and Questioned Costs For the Year Ended November 30, 2011

### Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Kane County.

#### INTERNAL CONTROL OVER FINANCIAL REPORTING:

2. No material weaknesses were disclosed during the audit of the financial statements.
3. No significant deficiencies that were not considered to be material weaknesses were disclosed during the audit of the financial statements.
4. No instances of noncompliance material to the financial statements of Kane County, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

#### FEDERAL AWARDS

5. No material weaknesses were disclosed during the audit of compliance over major federal award programs.
6. No significant deficiencies that were not considered to be material weaknesses were disclosed during the audit of compliance over major federal award programs.
7. The auditor's report on compliance for the major federal award programs for Kane County expresses a qualified opinion on the County's major federal programs.
8. There was one audit finding relative to the major federal award programs for Kane County that was required to be reported in accordance with Circular A-133, § .510(a).
9. The following programs were tested as major programs:

U.S. Department of Housing and Urban Development Community Development Block Grants	CFDA No. 14.218
U.S. Department of Labor Workforce Investment Act Cluster	CFDA Nos. 17.255, 17.258, 17.259, 17.260, & 17.278
U.S. Department of Transportation Highway Planning and Construction Grants	CFDA No. 20.205
10. The threshold for distinguishing between Types A and B programs was \$796,694.
11. Kane County was not determined to be a low-risk auditee.

## KANE COUNTY, ILLINOIS

### Schedule of Findings and Questioned Costs For the Year Ended November 30, 2011

#### Federal Award Finding

##### *Finding 2011-1*

*Federal Program Names and CFDA #:* Workforce Investment Act Title I-B Grants-Youth, ARRA - Workforce Investment Act Title I-B Grants-Youth CFDA# 17.259

*Federal Agency:* U.S. Department of Labor

*Passed Through:* Illinois Department of Commerce and Economic Opportunity

*Criteria:* Federal Office of Management and Budget (OMB) Circular A-133 § 400(d) states "A pass-through entity shall perform the following for the Federal awards it makes: (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved."

*Criteria:* Kane County, as a pass-through entity, must perform sufficient subrecipient monitoring of the entities that receive grant monies from the County.

*Condition:* During our audit of the Kane County Department of Employment and Education (KCDEE), it was noted KCDEE did not produce evidence that proper monitoring of subrecipients was performed. KCDEE did not receive and review all of the audited financial reports of subrecipients' federal funds to assist in planning for monitoring visits and did not ensure that corrective action, if any, noted in the reports had been taken.

*Questioned Costs:* None

*Context:* KCDEE passed federal WIA Youth funds through to seven subrecipients. KCDEE did not perform subrecipient monitoring on any of the subrecipients.

*Effect:* The County was not in compliance with Federal regulations. The County did not receive and review subrecipients' audited financial reports and therefore, did not possess complete information about weaknesses, if any, identified by the independent auditors of the subrecipients.

*Cause:* The staff at KCDEE scheduled the monitoring activities but those activities were not carried out.

*Recommendation:* We recommend the County comply with Federal regulations by planning for and executing a systematic review of all grant subrecipients each fiscal year.

*County Response:* Management concurs with the finding. KCDEE has been reorganized and the County is planning on following through with subrecipient monitoring activities in fiscal year 2012.

## KANE COUNTY, ILLINOIS

### Summary Schedule of Prior Year Audit Findings For the Year Ended November 30, 2011

#### **Prior Year Financial Statement Finding**

There was one financial statement finding reported for the fiscal year ended November 30, 2010.

#### ***Finding 2010-1***

*Condition:* OMB Circular A-133 § 300 states "the auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received." During our audit of the Kane County Department of Employment and Education (KCDEE), it was noted KCDEE was in the process of changing its general ledger accounting system, leading to difficulty in summarizing federal awards expended during the fiscal year. KCDEE utilized two separate accounting systems in addition to non-ledger spreadsheets to produce information for financial reporting. Although the separate systems used were able to ultimately produce auditable grant-related information, the use of such systems is cumbersome and can lead to reporting errors.

*Current Status:* The County recorded all revenues and expenditures of KCDEE in the County's New World general ledger system. The finding has not been repeated.

#### **Prior Year Federal Award Finding**

There was one federal award finding reported for the fiscal year ended November 30, 2010.

#### ***Finding 2010-2***

*Condition:* During the course of the audit, it was noted certain monthly expenditure reports submitted by the County Health Department did not report actual expenditures incurred within the stated time period.

*Current Status:* No instances of misreporting of expenditures were noted during our audit. The finding has not been repeated.

## KANE COUNTY, ILLINOIS

Corrective Action Plan  
For the Year Ended November 30, 2011

### ***Finding 2011-1***

*Condition:* During our audit of the Kane County Department of Employment and Education (KCDEE), it was noted KCDEE did not produce evidence that proper monitoring of subrecipients was performed. KCDEE did not receive and review all of the audited financial reports of subrecipients' federal funds to assist in planning for monitoring visits and did not ensure that corrective action, if any, noted in the reports had been taken.

*Corrective Action Plan:* Management of KCDEE is working on improving the process by requesting copies of current audited financial statements and Single Audit reports from each grant subrecipient. KCDEE is also working on a plan to make site visits to each subrecipient to review processes and assist in implementing changes to correct any deficiencies. The process is expected to be completed by July 2012.