

MID-ILLINOIS MEDICAL DISTRICT COMMISSION

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2019

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

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MID-ILLINOIS MEDICAL DISTRICT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

COMMISSION OFFICIALS

President	Dr. Charlotte Warren
Vice President (2/8/18 – Present)	Mr. Mitchell Johnson
Vice President (7/1/17 – 2/7/18)	Mr. Jack Mazzotti
Treasurer	Ms. Ramona Metzger
Secretary (2/8/18 – Present)	Mr. Joe Hurwitz
Secretary (7/1/17 – 2/7/18)	Mr. Mitchell Johnson

COMMISSIONERS

Appointed by the Governor

Commissioner	Mr. Mitchell Johnson
Commissioner	Mr. Rex Brown
Commissioner ¹	Ms. Jennifer Lee
Commissioner ¹	Mr. Roland Cross
Commissioner ¹	Mr. Jack Mazzotti
Commissioner (1/29/19 – Present)	Vacant
Commissioner (7/1/17 – 1/28/19)	Ms. Michelle Ownbey

Appointed by the Mayor of Springfield

Commissioner	Dr. Charlotte Warren
Commissioner	Mr. Joe Hurwitz
Commissioner (5/9/19 – Present)	Mr. Ryan Croke
Commissioner (3/19/19 – 5/8/19)	Vacant
Commissioner (7/1/17 – 3/18/19)	Mr. Guerry Suggs
Commissioner (10/16/19 – Present)	Dr. Gurpreet Mander
Commissioner (11/1/18 – 10/15/19)	Vacant
Commissioner (7/1/17 – 10/31/18)	Dr. Charles Lucore

Appointed by the Chairperson of the County Board of Sangamon County

Commissioner	Mr. Norm Sims
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MID-ILLINOIS MEDICAL DISTRICT COMMISSION
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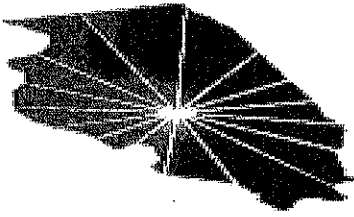
COMMISSION OFFICE

The Commission's office is located at:

130 W. Mason Street
Springfield, Illinois 62702

Footnote:

¹ Term Expired. Commissioner continues to serve until a successor is appointed.



Mid-Illinois Medical District

130 W. Mason Street • Springfield, Illinois 62702 • 217-525-1173
www.midillinoismedicaldistrict.org

MANAGEMENT ASSERTION LETTER

August 11, 2020

Honorable Frank J. Mautino
Auditor General
State of Illinois
740 East Ash Street
Springfield, Illinois 62703-3154

Auditor General Mautino:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Mid-Illinois Medical District Commission. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Mid-Illinois Medical District Commission's compliance with the following specified requirements during the two-year period ended June 30, 2019. Based on this evaluation, we assert that during the years ended June 30, 2018, and June 30, 2019, the Mid-Illinois Medical District Commission has materially complied with the specified requirements listed below.

- A. The Mid-Illinois Medical District Commission has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Mid-Illinois Medical District Commission has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Mid-Illinois Medical District Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

D. Money or negotiable securities or similar assets handled by the Mid-Illinois Medical District Commission on behalf of the State or held in trust by the Mid-Illinois Medical District Commission have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

Mid-Illinois Medical District Commission

SIGNED ORIGINAL ON FILE

Dr. Charlotte Warren, President

SIGNED ORIGINAL ON FILE

Ramona Metzger, Treasurer

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2019

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and the Illinois State Auditing Act.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
	<u>Report</u>	<u>Report</u>
Findings	1	1
Repeated findings	1	0
Prior recommendations implemented or not repeated	0	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last</u> <u>Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)				
2019-001	9	2017	Noncompliance with the Mid-Illinois Medical District Act	Significant Deficiency and Noncompliance

EXIT CONFERENCE

The Commission waived an exit conference in a correspondence from Dr. Charlotte Warren, Commission President, on July 31, 2020. The response to the recommendations were provided by Josh Collins, audit liaison, in a correspondence dated August 10, 2020.

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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

**INDEPENDENT ACCOUNTANT'S REPORT
ON STATE COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE, AND
ON SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Mid-Illinois Medical District Commission

Compliance

We have examined compliance by the Mid-Illinois Medical District Commission (Commission) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2019. Management of the Commission is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Commission's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Commission has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Commission has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. Revenues and receipts collected by the Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

- E. Money or negotiable securities or similar assets handled by the Commission on behalf of the State or held in trust by the Commission have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Commission complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Commission complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Commission's compliance with the specified requirements.

In our opinion, the Commission complied with the specified requirements during the two years ended June 30, 2019, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which is required to be reported in accordance with criteria established by the *Audit Guide* and is described in the accompanying Schedule of Findings as item 2019-001.

The Commission's response to the compliance finding identified in our examination is described in the accompanying Schedule of Findings. The Commission's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the Commission's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Commission's compliance with the specified requirements and to test and report on the Commission's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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, noncompliance with the specified requirements 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 material noncompliance with the specified requirements 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.

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 have not been identified. Given these limitations, during our examination, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2019-001 that we consider to be a significant deficiency.

There were no immaterial findings that have been excluded from this report.

The Commission's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The Commission's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on the Commission's compliance with the specified requirements. The accompanying supplementary information for the years ended June 30, 2018, and June 30, 2019, in Schedule 1 and the Analysis of Operations section are presented for purposes of additional analysis. Such information is the responsibility of Commission management. We have applied certain limited procedures as prescribed by the *Audit Guide* to the accompanying supplementary information for the years ended June 30, 2018, and June 30, 2019, in Schedule 1. We have not applied procedures to the accompanying supplementary information for the year ended June 30, 2017, in Schedule 1 and in the Analysis of Operations Section. We do not express an opinion, a conclusion, nor provide any assurance on the accompanying supplementary information in Schedule 1 or the Analysis of Operations Section.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
August 11, 2020

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2019

2019-001. **FINDING** (Noncompliance with the Mid-Illinois Medical District Act)

The Mid-Illinois Medical District Commission (Commission) did not comply with the Mid-Illinois Medical District Act (Act).

During testing, we noted the following:

- The Commission was not comprised of required representation as of June 30, 2019. The Commission consisted of five members appointed by the Governor, three members appointed by the Mayor of Springfield, and one member appointed by the Chairperson of the County Board of Sangamon County.

The Act (70 ILCS 925/10(c)) states that the Commission shall consist of six members appointed by the Governor, four members appointed by the Mayor of Springfield, and one member appointed by the Chairperson of the County Board of Sangamon County.

- In one instance where a Commissioner vacancy was caused by a term expiration, the Commission did not ensure that the Commissioner appointed to fill the vacancy served a term with a start date that matched the expiration date of the previous term. In addition, the Commissioner was appointed to a term for four years.

The Act (70 ILCS 925/10(d)) states that a vacancy caused by the expiration of the period for which the member was appointed shall be filled by a new appointment for a term of five years from the date of the expiration of the prior 5-year term, notwithstanding when the appointment is actually made.

- One of two (50%) Commission members appointed during the examination period did not file an oath of office with the Secretary of State.

The Act (70 ILCS 925/10(e)) requires each Commission member to take an oath of office for the faithful performance of his or her duties.

- The Commission could not provide documentation that the 2019 biennial report was submitted to the required entities.

The Act (70 ILCS 925/10(f)) requires the Commission to submit, not later than March 1 of each odd-numbered year, a detailed report covering its operations for the two preceding calendar years and a statement of its program for the next two years to the Clerk of the House of Representatives, the Secretary of the Senate, the Commission on Government Forecasting and Accountability, and the State Government Report Distribution Center for the General Assembly at the State Library.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2019

Commission personnel indicated that the Commission has no control over the appointments of Commission members nor the length of terms. In addition, Commission members were not aware of the changes made to the Act with regard to the biennial report submission. Commission personnel further stated that Commission members are strictly volunteers who receive no assistance from the State.

Failure to comply with the Act increases the likelihood that all requirements of the Act would not be met and may subject the Commission to unnecessary legal action. (Finding Code No. 2019-001, 2017-001)

RECOMMENDATION

We recommend the Commission:

- communicate with the appropriate parties to ensure appointments are made to fill vacancies within the Commission;
- ensure each Commission member's term of Office complies with the Act;
- ensure each new Commission member files an oath of office;
- retain documentation to substantiate compliance with requirements of the Act; and,
- strengthen internal controls to ensure all applicable statutory requirements, including updates to requirements, are identified by the Commission.

COMMISSION RESPONSE

The Commission acknowledges the recommendations.

MID-ILLINOIS MEDICAL DISTRICT
COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES
(CASH BASIS)

For the Fiscal Year Ended June 30,

	Checking Account¹		
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Balance - July 1	\$ 195	\$ 190	\$ 185
Receipts			
Deposits to Prevent Account Dormancy	10	5	5
TOTAL RECEIPTS	<u>10</u>	<u>5</u>	<u>5</u>
Less: Outstanding Checks Beginning of Year	-	-	-
Add: Outstanding Checks End of Year	-	-	-
Balance - June 30	<u><u>\$ 205</u></u>	<u><u>\$ 195</u></u>	<u><u>\$ 190</u></u>

Note:

¹ The balances per the Mid-Illinois Medical District Commission's records at June 30, 2018, and June 30, 2019, were reconciled to bank statements and a bank confirmation completed by the financial institution.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
COMMISSION FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2019
(NOT EXAMINED)

FUNCTIONS

The Mid-Illinois Medical District Commission (Commission) was created January 3, 2003, by the Mid-Illinois Medical District Act (Act) (70 ILCS 925 et seq.), which provides the powers and duties of the Commission. The Commission's mission is to attract and retain academic centers of excellence, viable health care facilities, medical research facilities, emerging high technology enterprises, and other facilities and uses as permitted by the Act. Pursuant to the Act, the Commission has the power:

- a. to plan, construct, acquire, develop, operate, expand, maintain and/or contract health care facilities and other ancillary or related facilities including but not limited to; hospitals, sanitariums, clinics, laboratories or any other institutions, buildings, or structures;
- b. to preserve the proper surroundings for a medical center and a related technology center in order to attract, stabilize, and retain within the District hospitals, clinics, research facilities, educational facilities, or other facilities;
- c. to exercise the right to sell, convey, transfer, or lease, all at fair market value, any title or interest in real property owned by it to any person or persons;
- d. to secure grants, loans or appropriations from the State of Illinois, the federal government, any State or federal agency or instrumentality, any unit or local government, or any other person or entity to be used for any of the purposes of the District;
- e. to collect assessments or fees from entities that enter into such a contract for District enhancement and improvements, common area shared services, shared facilities or other activities or expenditures;
- f. to acquire the fee simple title to real property lying within the District and personal property required for its purposes, by gift, purchase, or otherwise;
- g. to provide relocation assistance to persons and entities displaced by the District's acquisition of property and improvement of the District;
- h. to issue revenue bonds in its corporate capacity to be payable from the revenues derived from the operation of the institutions or buildings owned, leased, or operated by or on behalf of the District;
- i. to prepare and approve a comprehensive master plan for the orderly development and management of all property within the District;

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
COMMISSION FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2019
(NOT EXAMINED)

- j. to establish an advisory council consisting of two representatives, appointed for one-year terms by the Mayor of Springfield, to review and make recommendations to the Commission with respect to the comprehensive Master Plan; and,
- k. to exercise the right to use all money received as rentals for the purposes of planning, acquisition, and development of property within the District, for the operation, maintenance, and improvement of property of the District, and for all purposes and powers set forth in the Act.

The Commission is made up of eleven members, six appointed by the Governor with the advice and consent of the Senate, four appointed by the Mayor of Springfield with the advice and consent of the Springfield City Council, and one appointed by the Chair of the County Board of Sangamon County. Dr. Charlotte Warren was elected President on February 13, 2014, and has served as President from that time forward.

PLANNING PROGRAM

The Commission meets quarterly. Monthly financial reports are prepared and distributed at each meeting. The meetings of the Commission are open to the public. The Master Plan was approved unanimously by the Commission and the Commission's Advisory Council in November 2005 and serves as the official guide for future development activity. The Commission's strategic goals were updated during the prior examination. Current goals include seeking sources of funding for staff, updating the Commission's strategic plan, reporting on economic activities within the District since its creation, and working with partner organizations on identifying targeted medical-related industries and begin implementing outreach and communication to targeted businesses and location decision-makers.

The Commission will be re-evaluating and updating its strategic goals.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN ACCOUNT BALANCES
For the Two Years Ended June 30, 2019
(NOT EXAMINED)

**ANALYSIS OF SIGNIFICANT VARIATIONS IN ACCOUNT BALANCES BETWEEN
FISCAL YEARS 2019 AND 2018**

No significant variations in account balances occurred during this period.

**ANALYSIS OF SIGNIFICANT VARIATIONS IN ACCOUNT BALANCES BETWEEN
FISCAL YEARS 2018 AND 2017**

No significant variations in account balances occurred during this period.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2019
(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2019 AND 2018

No significant variations in receipts occurred during this period.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2018 AND 2017

No significant variations in receipts occurred during this period.

MID-ILLINOIS MEDICAL DISTRICT COMMISSION
MEMORANDUM OF UNDERSTANDING
For the Two Years Ended June 30, 2019
(NOT EXAMINED)

MEMORANDUM OF UNDERSTANDING

The Commission had a Memorandum of Understanding with the Greater Springfield Chamber of Commerce (Chamber) for the purpose of collaborating in medical economic development. The Memorandum of Understanding states:

- a. The Commission will share information with the Chamber regarding any media material prepared for release related to the Commission and Chamber's collaboration or the affiliation itself;
- b. The Chamber will provide administrative support to the Commission including an appointed staff member;
- c. The Commission will cooperate with the Chamber to secure meeting space within the boundaries of the District;
- d. The Chamber will provide support staff necessary to implement the strategies and tactics as agreed upon by both parties;
- e. The Commission will cooperate with the Chamber and its partners in the pursuit of a common program for the advancement of medical economic development, appropriating funds when available and as appropriate to support the effort, subject to the formal approval of the Commission, separate from the agreement;
- f. The Chamber will record, prepare, and distribute meeting minutes in print and online;
- g. The Chamber will prepare, publish, and post the agenda and notice for the Commission's meetings;
- h. The Chamber will assume the custodial care of the Commission's organizational media including items such as statutes, bylaws, rosters, minutes, research, proposals, publications, and website;
- i. The Chamber will prepare and deliver correspondence of the Commission;
- j. The Chamber will provide administrative support and coordination to the Commission in its work to secure the long-term operational funding needed to accomplish its statutory mandates;
- k. The Chamber will report on economic development inquiries within the District;
- l. The Chamber will compile, produce, and distribute the Commission's periodic performance reports for the public as directed by the Commission; and,
- m. The Chamber will provide other administrative activities as needed and agreed upon by both parties.

The Memorandum of Understanding was in effect through June 30, 2018.