



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY

**FINANCIAL AUDIT AND COMPLIANCE
EXAMINATION
For the Year Ended: June 30, 2011
Release Date: December 21, 2011**

Summary of Findings:
Total this audit: 2
Total last audit: 2
Repeated from last audit: 2

INTRODUCTION

This digest covers the financial audit and compliance examination of the Kankakee River Valley Area Airport Authority (Authority) for the year ended June 30, 2011. The Authority received no appropriations from the Illinois General Assembly, and funds were not held in the State Treasury. The Authority was financed solely through interest income received from locally held funds.

SYNOPSIS

- The Authority had inadequate segregation of duties in the area of expenditure control.
- The Authority failed to comply with the Kankakee River Valley Area Airport Authority Act.

{Expenditures and Activity Measures are summarized on the reverse page.}

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

INADEQUATE SEGREGATION OF DUTIES

Inadequate segregation of duties in area of expenditure control

The Kankakee River Valley Area Airport Authority (Authority) had inadequate segregation of duties in the area of expenditure control.

Vice Chairman had ability to write and sign checks, reconcile banks statements, and maintain all Authority records

During testing, we noted that the Authority's Vice Chairman had the ability to write and sign checks, reconcile bank statements, and maintain all Authority records. However, the Authority had not written a check since August 2004. (Finding 1, page 9) **This finding was first reported in 2008.**

We recommended the Authority implement adequate segregation of duties over recordkeeping, expenditure approval, and reconciliation.

Authority agreed with auditors' recommendation

The Authority agreed with the recommendation, stating that due to the Authority's lack of board members, the member remaining is scheduling a meeting with the Kankakee County Board Chairman to discuss the Authority's future. (For the previous Authority response, see Digest footnote #1.)

NONCOMPLIANCE WITH KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY ACT

Authority failed to comply with statute

The Authority failed to comply with certain provisions of the Kankakee River Valley Area Airport Authority Act (Act). We noted the following deficiencies:

Authority did not submit report to the Governor

- The Authority did not create and submit a written statement and report to the Governor covering its activities for the preceding fiscal year by November 15th as required by statute.

Authority did not fill vacant positions

- The Authority had three vacancies requiring appointment. One vacancy required an appointment by the Will County Board and two vacancies required an appointment by the Kankakee County Board. As of 6/30/11, Will County and Kankakee County did not appoint any individuals to fill the vacant Authority member seats.

Authority members did not file bonds with the Office of the Secretary of State

- Five of Five (100%) Authority members did not file bonds in the amount of \$100,000 or file their constitutional oath of office with the Office of the Secretary of State in accordance with the Act. (Finding 2, pages 10-11) **This finding was first reported in 2005.**

We recommended the Authority prepare and submit a written statement and report covering its activities over the

preceding fiscal year to the Governor by November 15th of each year as required. In addition, we recommended the Authority strengthen controls to ensure the Authority obtains the constitutional oath of office and bond in the penal sum of \$100,000 for appointed members and that the oaths and bonds are filed with the Office of the Secretary of State or seek legislative remedy.

Further, due to the Authority's inactivity over the past several years and their inability to maintain eight appointed board members, we recommended the Authority either ensure members are appointed in accordance with the Act or seek legislative remedy.

Authority agreed with auditors' recommendation

The Authority agreed with the recommendation, stating that with the lack of board members and inactivity it was thought no report was necessary. The Authority further stated that there is a meeting scheduled with the Kankakee County Board Chairman to discuss the Authority's future. (For the previous Authority response, see Digest footnote #2.)

AUDITORS' OPINION

The auditors stated the financial statements of the Authority as of June 30, 2011, and for the year ended, are fairly presented in all material respects.

**STATE COMPLIANCE EXAMINATION –
ACCOUNTANT'S REPORT**

The auditors qualified their report on State Compliance for finding 11-2. Except for the noncompliance described in these findings, the auditors state the Authority complied, in all material respects, with the requirements described in the report.



WILLIAM G. HOLLAND
Auditor General

WGH:PH:pp

AUDITORS ASSIGNED

This audit was performed by the staff of the Office of the Auditor General.

DIGEST FOOTNOTES

#1 INADEQUATE SEGREGATION OF DUTIES

2010: The Authority agreed with the recommendation and noted due to the Authority's lack of Board members, the member remaining was scheduling a meeting with the Kankakee County Board Chairman to discuss the Authority's future.

#2 NONCOMPLIANCE WITH KANKAKEE RIVER VALLEY AREA AIRPORT AUTHORITY ACT

2010: The Authority agreed with the recommendation and noted with the lack of Board members and inactivity, it was thought no report was necessary. There was a meeting scheduled with the Kankakee County Board Chairman to discuss the Authority's future.