



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION**

State Compliance Examination  
 For the Two Years Ended December 31, 2022

Release Date: March 28, 2024

FINDINGS THIS AUDIT: 4				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
<b>Category 1:</b>	<b>0</b>	<b>4</b>	<b>4</b>	2020	<b>22-3</b>		
<b>Category 2:</b>	<b>0</b>	<b>0</b>	<b>0</b>	2016	<b>22-1, 22-2, 22-4</b>		
<b>Category 3:</b>	<b>0</b>	<b>0</b>	<b>0</b>				
<b>TOTAL</b>	<b>0</b>	<b>4</b>	<b>4</b>				
<b>FINDINGS LAST AUDIT: 4</b>							

**INTRODUCTION**

Because of the significance and pervasiveness of the findings described within the report, we expressed an **adverse opinion** on the Roseland Community Medical District Commission’s (Commission) compliance with the specified requirements which comprise a State compliance examination. The Codification of Statements on Standards for Attestation Engagements (AT-C § 205.74) states a practitioner “should express an adverse opinion when the practitioner, having obtained sufficient appropriate evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the subject matter.”

**SYNOPSIS**

- **(2022-001)** The Commission failed to establish a control environment.
- **(2022-003)** The Commission did not consist of the required number of Commission members throughout Calendar Year 2021 and Calendar Year 2022.

<b>Category 1:</b>	Findings that are <b>material weaknesses</b> in internal control and/or a <b>qualification</b> on compliance with State laws and regulations (material noncompliance).
<b>Category 2:</b>	Findings that are <b>significant deficiencies</b> in internal control and <b>noncompliance</b> with State laws and regulations.
<b>Category 3:</b>	Findings that have <b>no internal control issues but are in noncompliance</b> with State laws and regulations.

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

### **FAILURE TO ESTABLISH A CONTROL ENVIRONMENT**

The Roseland Community Medical District Commission (Commission) failed to establish a control environment.

During testing, we noted the following:

#### **Inadequate documentation for disbursements**

- The Commission was unable to provide complete and proper supporting documentation for one of one (100%) disbursements during the examination period, totaling \$25. Therefore, we were unable to determine whether the disbursement was for the correct amount, the documentation was complete, properly approved, and in accordance with applicable policies.

#### **Related party transactions not recorded and risk of conflict of interest**

- The Commission has a memorandum of understanding in effect with a not-for-profit corporation. Related party transactions between the Commission and the not-for-profit corporation are not being accounted for in the Commission's financial records. Further, there is risk of a conflict of interest as the Interim Executive Director of the Commission is also the Executive Director of the not-for-profit corporation.

#### **Contractual agreement not approved**

- The Commission did not approve a contractual agreement, totaling \$1,575, entered into and funded on behalf of the Commission by the not-for-profit corporation the Commission has a memorandum of understanding with.

#### **Failure to revoke signature authority**

- The Commission failed to revoke bank signature authority for two Commissioners who are no longer active. The Commissioners have been inactive since June 5, 2017, and June 20, 2022, respectively. As of December 31, 2022, the Commission had not established bank signature authority for any of its active Commissioners.

#### **Commission financial records not maintained**

- The Commission failed to maintain a general ledger, trial balance, or a summary schedule to account for and log its transactions internally.

#### **Significant bank fees incurred**

- The Commission's bank charges a monthly bank fee. During Calendar Years 2021 and 2022, the Commission paid \$176.40 in bank fees, or \$7.35 monthly. The Commission should consider moving its account to a different bank that does not charge fees in order to avoid wasting its limited funding.

#### **No policies and procedures over identification and monitoring of applicable laws and regulations**

- The Commission did not establish policies and procedures to identify new laws and regulations or monitor existing laws and regulations applicable to the Commission. (Finding 1, pages 10-12) **This finding has been reported since 2016.**

We recommended the Commission take action to establish a control environment to provide assurance it complies with the State Records Act and the Fiscal Control and Internal Auditing Act. Further, we recommended the Commission ensure its accounting records are prepared, maintained, and reconciled to adequately support its transactions and reporting. Lastly, we recommended the Commission establish policies and procedures to identify and monitor laws and regulations applicable to the Commission.

**Commission agreed with the finding**

The Commission agreed with the finding and cited actions it is taking to implement the recommendations provided, such as working to establish an Auditing and Finance Committee to establish policies and procedures and seeking financial resources to fund operations.

**COMMISSION MEMBER VACANCIES**

The Commission did not consist of the required number of Commission members throughout Calendar Year 2021 and Calendar Year 2022.

During testing, we noted the following:

**Commission membership vacancies**

- The Commission consisted of five vacancies as of December 31, 2022. Of these vacancies, two vacancies were to be filled by the Governor of the State of Illinois, two vacancies were to be filled by the Chairman (President) of the County Board of Cook County, and the final vacancy was to be filled by the Mayor of the City of Chicago.

**Commission members serving expired terms**

- Three members serving on the Commission as of December 31, 2022, were serving expired appointment terms. Expired terms for these members ranged from 365 to 2,191 days as of December 31, 2022. Of those three members, one was to be appointed by the Governor of the State of Illinois, and the remaining two were to be appointed by the Mayor of the City of Chicago. (Finding 3, pages 16-17)

We recommended the Commission continue to work with the Governor, Chairman of the County Board of Cook County, and Mayor of the City of Chicago to ensure the Commission's vacancies are filled timely.

**Commission agreed with the finding**

The Commission agreed with the finding and noted seven new Commission member appointments have been made subsequent to the examination period. The Commission stated it is continuing to work with the appointing parties to fill all remaining vacancies.

## **OTHER FINDINGS**

The remaining findings pertain to noncompliance with the Roseland Community Medical District Act and a failure to file statements of economic interests. We will review the Commission's progress towards the implementation of our recommendations in our next State compliance examination.

## **ACCOUNTANT'S OPINION**

The accountants conducted a State compliance examination of the Commission for the two years ended December 31, 2022, as required by the Illinois State Auditing Act. Because of the effect of the noncompliance described in Findings 2022-001 through 2022-004, the accountants stated the Commission did not comply with the requirements described in the report.

This State compliance examination was conducted by the Office of the Auditor General's staff.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

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