

**STATE OF ILLINOIS
ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION
COMPLIANCE EXAMINATION**

For the Two Years Ended December 31, 2018

STATE OF ILLINOIS
ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION
 COMPLIANCE EXAMINATION
 For the Two Years Ended December 31, 2018

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STATE OF ILLINOIS
ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended December 31, 2018

COMMISSION OFFICIALS

Chairman	Mr. William Towns
Vice-Chair	Mr. Leon Walker
Treasurer	Mr. Carl Jenkins
Secretary	Ms. Tiffany Hightower

COMMISSION MEMBERS

Appointed by the President of Cook County

Member	Mr. William Towns
Member	Ms. Shirley Bomar-Cole
Member	Ms. Louise Moo-Young

Appointed by the Governor of the State of Illinois

Member	Mr. Leon Walker
Member	Mr. Carl Jenkins
Member	Mr. Tim Egan

Appointed by the Mayor of the City of Chicago

Member	Ms. Tiffany Hightower
Member	Ms. Regina Porter
Member	Ms. Ciere Boatright

Representing the Director of Commerce and Economic Opportunity

Ex-Officio Member	Mr. Jim Schultz
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STATE OF ILLINOIS
ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION
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For the Two Years Ended December 31, 2018

COMMISSION OFFICIALS (continued)

Representing the Director of Public Health

Ex-Officio Member

Mr. Joseph Harrington

Representing the Secretary of Human Services

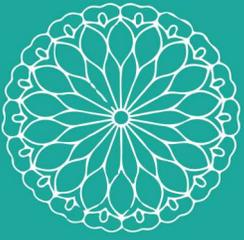
Ex-Officio Member

Ms. Patricia Bellock

COMMISSION OFFICE

The Commission's office is located at:

Roseland Community Hospital
45 West 111th Street
Chicago, Illinois 60628



MANAGEMENT ASSERTION LETTER

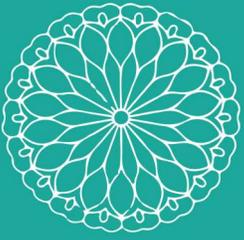
August 13, 2019

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 Roseland Community 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 Roseland Community Medical District Commission's compliance with the following assertions during the two-year period ended December 31, 2018. Based on this evaluation, we assert that during the years ended December 31, 2017, and December 31, 2018, the Roseland Community Medical District Commission has materially complied with the assertions below.

- A. The Roseland Community Medical District Commission has obligated, expended, received, and used public funds in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Roseland Community Medical District Commission has obligated, expended, received, and used public funds in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.



- C. The Roseland Community 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. State revenues and receipts collected by the Roseland Community Medical District 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 Roseland Community Medical District Commission or held in trust by the Roseland Community 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 very truly,

Roseland Community Medical District Commission

SIGNED ORIGINAL ON FILE

William Towns, Ph.D., Chairman

STATE OF ILLINOIS
ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION
 COMPLIANCE EXAMINATION
 For the Two Years Ended December 31, 2018

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with 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 contains an adverse opinion on compliance and identifies a material weakness in internal control over compliance.

SUMMARY OF FINDINGS

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

*The prior examination was the first examination of the Roseland Community Medical District Commission. As such, comparative data for the prior period is not available.

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2018-001	11	Failure to Establish a Control Environment	Material Weakness and Material Noncompliance

EXIT CONFERENCE

The finding and recommendation appearing in this report were discussed with Commission personnel at an exit conference on August 7, 2019.

Attending were:

Roseland Community Medical District Commission

William Towns, Chairman

Abraham Lacy, Executive Director for Far South Community

Office of the Auditor General

Adam Ausmus, Audit Manager

The response to the recommendation was provided by William Towns, the Commission's Chairman, in a correspondence dated August 13, 2019.

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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

Compliance

We have examined the State of Illinois, Roseland Community Medical District Commission's compliance with the requirements listed below (specified requirements), 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 December 31, 2018. The management of the State of Illinois, Roseland Community Medical District Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Roseland Community Medical District Commission's compliance based on our examination.

- A. The State of Illinois, Roseland Community 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 State of Illinois, Roseland Community 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 State of Illinois, Roseland Community 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. State revenues and receipts collected by the State of Illinois, Roseland Community Medical District 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 State of Illinois, Roseland Community Medical District Commission or held in trust by the State of Illinois, Roseland Community Medical District 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); the Roseland Community Medical District Act; and the Audit Guide as adopted by the Auditor General pursuant to the Act (the Audit Guide). Those standards, the Act, the Roseland Community Medical District Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the State of Illinois, Roseland Community Medical District Commission complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the State of Illinois, Roseland Community Medical District Commission complied with the specified requirements listed above. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our adverse opinion. Our examination does not provide a legal determination on the State of Illinois, Roseland Community Medical District Commission's compliance with specified requirements.

As described in item 2018-001 in the accompanying schedule of findings, the State of Illinois, Roseland Community Medical District Commission did not comply with the specified requirements listed in the first paragraph of this report. Item 2018-001 is considered to represent material noncompliance with the specified requirements. Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Roseland Community Medical District Commission to comply with the specified requirements listed in the first paragraph of this report.

In our opinion, because of the significance and pervasiveness of the noncompliance described in the preceding paragraph, the State of Illinois, Roseland Community Medical District Commission did not comply, in all material respects, with the specified requirements listed in the first paragraph of this report during the two years ended December 31, 2018.

The State of Illinois, Roseland Community Medical District Commission's response to the finding identified in our examination is described in the accompanying schedule of findings. The State of Illinois, Roseland Community Medical District Commission's response was not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the response.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the

Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Internal Control

Management of the State of Illinois, Roseland Community Medical District Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Roseland Community Medical District Commission's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Roseland Community Medical District Commission's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Roseland Community Medical District Commission'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 the requirements listed in the first paragraph of this report 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 requirement listed in the first paragraph of this report 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings as item 2018-001, that we consider to be a material weakness.

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

The State of Illinois, Roseland Community Medical District Commission's response to the internal control finding identified in our examination is described in the accompanying schedule of findings. The State of Illinois, Roseland Community Medical District Commission's response was not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the response.

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 Audit Guide, issued by the Illinois Office of the Auditor General. 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 compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended December 31, 2018, and December 31, 2017, in Schedule 1 and the Analysis of Operations Section is presented for purposes of additional analysis. Because of the significance of the matters described in item 2018-001 in the accompanying Schedule of Findings, it is inappropriate to, and we do not, express an opinion on the supplementary information referred to above.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
August 13, 2019

STATE OF ILLINOIS
ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION
SCHEDULE OF FINDINGS

For the Two Years Ended December 31, 2018

2018-001. **FINDING** (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:

Noncompliance with the Roseland Community Medical District Act (Act)

- Nine of nine (100%) appointed Commissioners failed to take an oath of office upon appointment to the Commission.

The Act (70 ILCS 935/10(e)) requires each commissioner to take an oath of office for the faithful performance of their duties. Further, the Commission's By-Laws state a copy of the oath of office shall be signed by each appointee prior to or at the first Commission meeting following their appointment and shall be retained by the Commission.

- The Commission did not submit its Calendar Year 2015 – Calendar Year 2016 biennial report to the General Assembly. The report was due on March 1, 2017.

The Act (70 ILCS 935/10(f)) requires the Commission to submit to the General Assembly, 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.

- The Commission did not prepare and approve a comprehensive master plan during Calendar Year 2017 and Calendar Year 2018.

The Act (70 ILCS 935/60) requires the Commission to prepare and approve a comprehensive master plan for the orderly development and management of all property within the District.

Economic Interest Statements

- The Commission did not submit a listing of Commissioners required to file a statement of economic interest to the Secretary of State and Cook County Clerk by February 1, 2017, and February 1, 2018.

STATE OF ILLINOIS
ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION
SCHEDULE OF FINDINGS

For the Two Years Ended December 31, 2018

The Illinois Governmental Ethics Act (5 ILCS 420/4A-106) requires the Commission to file on, or before, February 1 each year, the names and addresses of persons required to file a statement of economic interests with the Secretary of State and Cook County Clerk.

- Nine of nine (100%) appointed Commissioners failed to file a statement of economic interest with the Secretary of State or Cook County Clerk during Calendar Year 2017 or Calendar Year 2018.

The Illinois Governmental Ethics Act (5 ILCS 420/4A-101(h)) requires persons appointed to the governing board of a special district, such as the Commission, file a verified written statement of economic interests.

Locally-Held Fund

- The Commission was unable to provide proper supporting documentation for one of one (100%) receipts, totaling \$2,500. Therefore, we were unable to determine whether the receipt was for the correct amount, deposited timely, properly approved, mathematically correct, and accurately recorded.

The State Records Act (5 ILCS 160/8) requires the Commission make and preserve records containing adequate and proper documentation of the organization, functions, and essential transactions of the Commission to furnish information to protect the legal and financial rights of the State.

- The Commission failed to revoke signature authority for a Commissioner who is no longer active.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission to establish and maintain a system of internal fiscal and administrative controls to provide assurance that funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and that funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities. Good internal controls include timely revoking an individual's signature authority upon separation from the Commission.

Commission officials stated the issues noted above were due to a lack of resources.

STATE OF ILLINOIS
ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION
SCHEDULE OF FINDINGS

For the Two Years Ended December 31, 2018

Failure to establish a proper control environment to provide assurance the Commission operates in accordance with applicable laws and regulations and maintains proper accounting records hinders accountability, represents noncompliance with State law, and increases the risk of errors or other irregularities not being identified by Commissioners in the performance of their normal functions. (Finding Code No. 2018-001, 2016-001)

RECOMMENDATION

We recommend the Commission take action to establish a control environment to provide assurance it complies with the Act, the Illinois Governmental Ethics Act, the State Records Act, and the Fiscal Control and Internal Auditing Act. Further, the Commission should ensure its accounting records are prepared and maintained to adequately support its transactions and reporting.

COMMISSION RESPONSE

The Commission will act to establish a control environment to provide assurance it complies with the Act, the Illinois Governmental Ethics Act, the State Records Act, and the Fiscal Control and Internal Auditing Act. Further, the Commission will ensure its accounting records are prepared and maintained to adequately support its transactions and reporting.

STATE OF ILLINOIS
ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended December 31, 2018

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
 - Comparative Schedule of Receipts, Disbursements, and Fund Balance
(Cash Basis) - Locally Held Fund (Not Examined)

- Analysis of Operations (Not Examined)
 - Commission Functions and Planning Program (Not Examined)
 - Memorandum of Understanding (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that because of the significance of the matters described in item 2018-001 in the accompanying Schedule of Findings, it is inappropriate to, and we do not, express an opinion on the supplementary information.

STATE OF ILLINOIS
ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION
COMPLIANCE EXAMINATION
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCE
(CASH BASIS) - LOCALLY HELD FUND
(NOT EXAMINED)

For the Two Years Ended December 31, 2018

Balance at January 1, 2017	\$	250
Receipts		-
Disbursements:		
Bank Fees		60
		<hr/>
Balance at December 31, 2017	\$	190
		<hr/> <hr/>
Balance at January 1, 2018	\$	190
Receipts		2,500
Disbursements:		
Bank Fees		81
		<hr/>
Balance at December 31, 2018	\$	2,609
		<hr/> <hr/>

Note: The data in this schedule was prepared from the Commission's bank records. The Commission did not maintain proper supporting documentation for receipts, as noted in Finding 2018-001.

STATE OF ILLINOIS
ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION
COMPLIANCE EXAMINATION
COMMISSION FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended December 31, 2018
(NOT EXAMINED)

Commission Functions

The Roseland Community Medical District Commission (Commission) is a body politic created to support the Roseland Community Medical District (District). The jurisdiction, supervision, powers, and duties of the Commission are enumerated in the Roseland Community Medical District Act (Act) (70 ILCS 935). The origins of the Commission began on August 5, 2011, when the General Assembly established the Commission to govern and administer the powers of the District.

The Commission's operations are directed and policies are set by nine members, with three members appointed by the Governor, three members appointed by the Mayor of the City of Chicago, and three members appointed by the President of Cook County. In addition, the Director of Commerce and Economic Opportunity, or designee, the Director of Public Health, or designee, and the Director of Human Services, or designee, serve as ex-officio members. The Commission is to hold regular meetings annually with an annual election of a chair, vice-chair, secretary, and treasurer. The current chair of the Commission is Mr. William Towns.

The Commission's designated location is at the Roseland Community Hospital, which is located at 45 West 111th Street, Chicago, Illinois 60628.

The primary duties of the Commission for the District are to maintain 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 permitted under the Act, and to provide for the orderly creation, maintenance, development, and expansion of (1) health care facilities and other ancillary or related facilities that the Commission may from time to time determine are established and operated (a) for any aspect of the carrying out of the Commission's purposes as set forth in the Act, (b) for the study, diagnosis, and treatment of human ailments and injuries, whether physical or mental, or (c) to promote medical, surgical, and scientific research and knowledge as permitted under the Act; and (2) medical research and high technology parks, together with the necessary lands, buildings, facilities, equipment, and personal property for those parks.

Planning Program

The Commission is currently working to create a strategic plan the Commission can implement to aid in the improvement of the medical treatment provided within the District.

Due to the nature of the Commission's operations, the Commission's continuance is dependent on the continuance of the Roseland Community Hospital (Hospital). In recent years, the Hospital has experienced financial hardship. If the Hospital ceases operations, the Commission will, consequently, cease operations as well.

STATE OF ILLINOIS
ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION
MEMORANDUM OF UNDERSTANDING
For the Two Years Ended December 31, 2018
(NOT EXAMINED)

The Commission had one Memorandum of Understanding (MOU) in effect during the examination period with Far South CDC (Far South). The MOU was signed into effect on November 4, 2017, and is for the purpose of collaborating in order to foster economic growth in the greater Roseland area of Chicago, including through (i) the development of medical and healthcare related facilities and other beneficial businesses in and around the Roseland Medical District (District) and (ii) the recruitment and retention of medical and healthcare related enterprises which would, in turn, create medical and healthcare related (and supporting) jobs for members of the community.