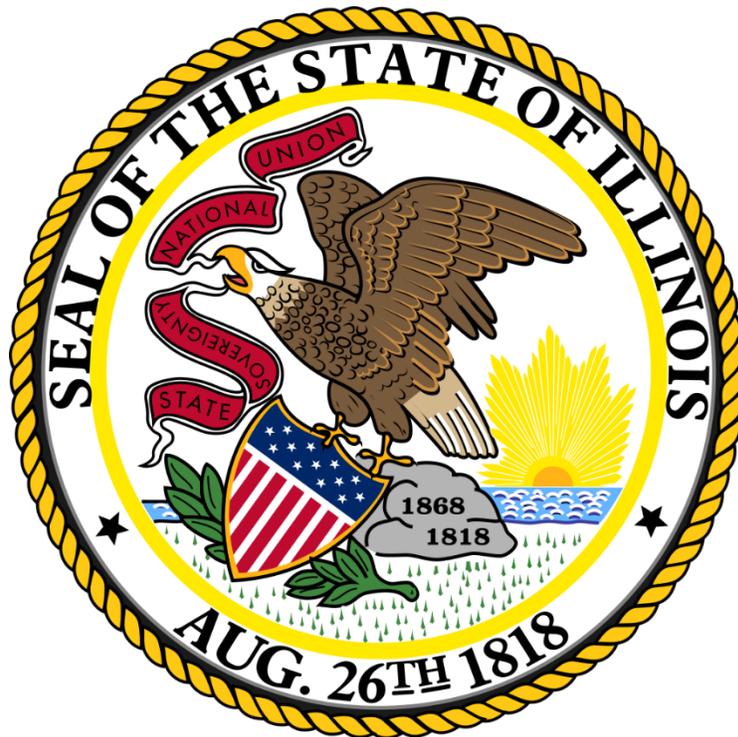


LEGISLATIVE AUDIT COMMISSION



Review of
Roseland Community Medical District Commission
Two Years Ended December 31, 2020

622 Stratton Office Building
Springfield, Illinois 62706
217/782-7097

**REVIEW: Roseland Community Medical District Commission – 2019/2020
Compliance**

**REVIEW: 4529
ROSELAND COMMUNITY MEDICAL DISTRICT COMMISSION
TWO YEARS ENDED DECEMBER 31, 2020**

**FINDINGS/RECOMMENDATIONS – 4
PARTIALLY IMPLEMENTED – NA
IMPLEMENTED – NA
ACCEPTED – NA**

REPEATED RECOMMENDATIONS – 3

PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 1 *2018-1 was separated out and broken into 3 separate findings.

This review summarizes the auditors' report on Roseland Community Medical District Commission for the two years ended December 31, 2020, filed with the Legislative Audit Commission on July 21, 2021. The auditors conducted a compliance examination in accordance with state law and Government Auditing Standards.

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 general purpose of the Commission, in addition to and not in limitation of those purposes and powers set forth in this Act, is to:

- (1) 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 this Act; and
- (2) provide for the orderly creation, maintenance, development, and expansion of
 - (i) 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 this 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 this Act; and (ii) medical research and high technology parks, together with the necessary lands, buildings, facilities, equipment, and personal property for those parks.

According to the Act, the Commission shall consist of nine appointed members and three ex-officio members. Three members shall be appointed by the Governor. Three members shall be appointed by the Mayor of the City of Chicago. Three members shall be appointed by the Chairman of the County Board of Cook County. All appointed members shall hold

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office for a term of 3 years ending on December 31, and until their successors are appointed and have qualified. The Director of Commerce and Economic Opportunity or his or her designee, the Director of Public Health or his or her designee, and the Secretary of Human Services or his or her designee shall serve as ex-officio members.

The Commission is to hold regular meetings annually for the election of a President, Vice President, Secretary, and Treasurer, for the adoption of a budget, and for any other business as may properly come before it. The Commission shall establish the duties and responsibilities of its officers by rule. The President or any three members of the Commission may call special meetings of the Commission. Each commissioner is to take an oath of office for the faithful performance of his or her duties. The Commission may not transact business at a meeting of the Commission unless there is present at the meeting a quorum consisting of at least seven commissioners. Meetings may be held by telephone conference or other communications equipment by means of which all persons participating in the meeting can communicate with each other.

The Commission’s office is located at:

Main Office- Headquarters

Roseland Community Hospital – 45 West 111th Street, Chicago 60628; and

Forwarding Address

Far South Community Development Corporation (Far South CDC), 837 West 115th Street, Chicago 60643.

Abraham Lacy is the registered agent for the Far South Community Development Center, a 501c3 in good standing with the ILSOS Office. The organization used to be called both the Beverly Area Local Development Company prior to the Beverly/Morgan Park Community Development Center.

Note: there is risk of a conflict of interest as the Interim Executive Director of the Commission, Abraham Lacy, is also the Executive Director of the not-for-profit corporation.

Appropriations and Expenditures

In FY22, the Roseland Community Hospital Association received the following state contracts:

Agency	Contract Number	Current Contract Amount
HUMAN SERVICES	2FCSAQ01089	\$489,020
HUMAN SERVICES	2FCSAQ01128	\$65,000
HUMAN SERVICES	2FCSAU06065	\$154,500
HUMAN SERVICES	243CAC03506	\$1,087,491

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IL CRIMINAL JUSTICE INFO AUTH	2CESF820009	\$448,377
PUBLIC HEALTH	2020180027J	\$4,200,000
PUBLIC HEALTH	2025080100J	\$4,200,000

In FY21, the Roseland Community Hospital Association received the following state contracts:

Agency	Contract Number	Current Contract Amount
CHILDREN AND FAMILY SERVICES	14100107532	\$7,200
HUMAN SERVICES	1FCSZQ01089	\$478,044
HUMAN SERVICES	1FCSZQ01128	\$65,000
HUMAN SERVICES	1FCSZQ01517	\$1,000
HUMAN SERVICES	143CZC03506	\$903,672
IL CRIMINAL JUSTICE INFO AUTH	1CESF820009	\$200,468
PUBLIC HEALTH	1015080100I	\$3,200,000

In FY20, the Roseland Community Hospital Association received the following state contracts:

Agency	Contract Number	Current Contract Amount
CHILDREN AND FAMILY SERVICES	4100107532	\$408,600
HUMAN SERVICES	043CYC03506	\$903,672
HUMAN SERVICES	0FCSYQ01089	\$488,344
HUMAN SERVICES	0FCSYQ01128	\$46,500
HUMAN SERVICES	0FCSYQ01517	\$1,000
PUBLIC HEALTH	0005080100H	\$5,500,000

In FY21, the Far South CDC received 3 DCEO grants worth \$192,800 compared to 4 grants worth \$227,200 in FY20.

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CURRENT MEMBERS of the Roseland Community Medical District Commission

At the time of audit each of the appointers (Governor, Cook County Board Chair and Mayor of Chicago) had a vacancy.

Note: Tim Egan, a member appointed by the Governor, is the registered agent for the Roseland Community Hospital Association, which is in good standing with the ILSOS Office. Tim Egan also is the President and CEO of Roseland Community Hospital.

According to Governor’s Appointment Site:

Name	Term	Since	Appointed			County
Bomar-Cole, Shirley	12/31/2015	5/6/2014	Cook County Board Chair	Member		None
Egan, Timothy	12/31/2016	8/28/2015	Governor	Member		Cook
Ezike, Ngozi			Statute	Ex-Officio	Director of Public Health	None
Hightower, Tiffany	12/31/2015	9/12/2013	Mayor of Chicago	Member	Executive Director, Developing Communities Project	None
Hou, Grace			Statute	Ex-Officio	Secretary of Human Services	None
Lyne, Sister Sheila	12/31/2013	9/12/2013	Mayor of Chicago	Member	Former Mercy Hospital, CEO	None
McGee, Jonathan		8/21/2020	Statute	Ex-Officio	Director of DCEO	None
Moo-Young, Louise	12/31/2014	2/4/2014	Cook County Board Chair	Member		None
Porter, Regina	12/31/2014	1/31/2013	Governor	Member		Cook

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Smith, Nicholas	12/31/2014	9/12/2013	Mayor of Chicago	Member	Community Engagement Coordinator, Chicago State University Institute for Youth & Community	None
Towns, William	12/31/2016	2/4/2014	Cook County Board Chair	Member		None
Walker, Leon	12/31/2015	1/31/2013	Governor	Member		Cook

Accountants' Findings and Recommendations

Condensed below are the four findings and recommendations included in the audit report. Of these, three are repeated from the previous audit.

- 1. Auditors recommend the Commission take action to establish a control environment to provide assurance it complies with the State Records Act, the Fiscal Control and Internal Auditing Act, and the Statewide Accounting Management System. Further, the Commission should ensure its accounting records are prepared, maintained, and reconciled to adequately support its transactions and reporting.**

FINDING: *(Failure to Establish a Control Environment)*

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

During testing, auditors noted the following:

- The Commission was unable to provide complete and proper supporting documentation for two of two (100%) tested disbursements during the examination period, totaling \$2,025. Therefore, auditors were unable to determine whether the disbursements were for the correct amount and the documentation was complete, properly approved, and in accordance with applicable policies. In addition, due to the lack of complete and proper supporting documentation, auditors could not

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determine if additional reporting requirements, such as federal Form 1099-MISC, were applicable.

- Based on review of the Commission's Board minutes, there is evidence of financial activity that was not recorded in Commission records. Namely, a \$5,000 payment was made for a draft plan that did not appear as an expenditure on the Commission financial records.
- 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.
- The Commission failed to revoke bank signature authority for a Commissioner who is no longer active. The Commissioner has been inactive since June 5, 2017.
- The Commission failed to maintain a general ledger, trial balance, or a summary schedule of financial activity and the Commission does not reconcile its bank account on a monthly basis.
- The Commission's bank charges a monthly bank fee. During 2019 and 2020, the Commission paid \$176.40 in bank fees, or \$7.35 monthly. The Commission should consider moving its account to a different bank which does not charge fees in order to avoid wasting its limited funding.

Commission officials indicated, as they did during the prior two examinations, the errors noted were due to a lack of resources.

RESPONSE:

The Commission declined to provide a response.

- 2. Auditors recommend the Commission ensure each Commissioner takes an oath of office upon appointment. Auditors also recommend the Commission ensure its biennial reports to the General Assembly are submitted timely. Lastly, auditors recommend the Commission prepare and approve a master comprehensive plan for the orderly development and management of all property within the Roseland Community Medical District.**

FINDING: *(Noncompliance with the Roseland Community Medical District Act)*

The Roseland Community Medical District Commission (Commission) failed to comply with the Roseland Community Medical District Act.

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During testing, auditors noted the following:

- Nine of nine (100%) appointed Commissioners failed to take an oath of office upon appointment to the Commission or during the examination period. Five of nine (56%) Commission members did complete an oath of office during Calendar Year 2021, subsequent to our examination period.
- The Commission did not submit its Calendar Year 2017 – Calendar Year 2018 biennial report to the General Assembly in a timely manner. The report was due on March 1, 2019. The Commission submitted the report four days late.
- The Commission did not prepare and approve a master comprehensive plan during Calendar Year 2019 and Calendar Year 2020.

Commission officials indicated, as they did during the prior two examinations, the errors noted were due to a lack of resources.

RESPONSE:

The Commission declined to provide a response.

- 3. Auditors recommend 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.**

FINDING: *(Board Member Vacancies)*

The Roseland Community Medical District Commission (Commission) did not consist of the required number of Commission members throughout Calendar Year 2019 and Calendar Year 2020.

During testing, auditors noted the following:

- The Commission was not composed of the required number of Commission members during the examination period. There were six Commission members as of December 31, 2019 (with three vacancies) and five Commission members as of December 31, 2020 (with four vacancies). As of December 31, 2020, one vacancy was to be filled by the Governor of the State of Illinois, two vacancies were to be filled by the Chairman of the County Board of Cook County, and the final vacancy was to be filled by the Mayor of the City of Chicago.
- Six of the nine (67%) Commissioners who served throughout the engagement period were serving on expired terms. Of those six members, four are currently holding office until their successors are appointed and qualified. One position should be appointed by the Mayor of the City of Chicago, two positions should be

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appointed by the Governor of the State of Illinois, and the final position should be appointed by the Chairman of the County Board of Cook County.

The Commission indicated the vacancies were not filled by the appointing parties during the examination period.

RESPONSE:

The Commission declined to provide a response.

- 4. Auditors recommend the Commission file a list of those required to file a statement of economic interests with the Secretary of State and Cook County Clerk. In addition, we recommend the Commission ensure those required to file statements of economic interests do so as required.**

FINDING: *(Failure to File Statements of Economic Interests)*

The Roseland Community Medical District Commission (Commission) did not require its Commissioners to file statements of economic interests in Calendar Year 2019 and Calendar Year 2020.

During our testing, we noted the following:

- The Commission did not submit a listing of Commissioners required to file a statement of economic interests to the Secretary of State and Cook County Clerk by February 1, 2019, and February 1, 2020.
- Six of six (100%) active appointed Commissioners failed to file a statement of economic interests with the Secretary of State or Cook County Clerk during Calendar Year 2019. Five of five (100%) active appointed Commissioners failed to file a statement of economic interests with the Secretary of State or Cook County Clerk during Calendar Year 2020.

Commission officials indicated, as they did during the prior two examinations, the errors noted were due to a lack of resources.

RESPONSE:

The Commission declined to provide a response.