



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEAF AND HARD OF HEARING COMMISSION

Compliance Examination
 For the Two Years Ended June 30, 2019

Release Date: March 18, 2021

FINDINGS THIS AUDIT: 10	AGING SCHEDULE OF REPEATED FINDINGS			
	Repeated Since	Category 1	Category 2	Category 3
Category 1:	2017	19-2, 19-3, 19-4	19-6, 19-8	
Category 2:				
Category 3:				
TOTAL				

	New	Repeat	Total
Category 1:	2	3	5
Category 2:	3	2	5
Category 3:	0	0	0
TOTAL	5	5	10

FINDINGS LAST AUDIT: 6

INTRODUCTION

Because of the significance and pervasiveness of the matters described within the findings included within the report, we expressed an **adverse opinion** on the Commission’s compliance with the specified requirements which comprise a State compliance examination. The Codification of Statements on Standards for Attestation Engagements (AT-C§ 205.72) 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

- (19-1) The Commission did not provide requested documentation to auditors.
- (19-2) The Commission did not have adequate segregation of duties over its expenditure processing function.
- (19-3) The Commission did not ensure all monthly reconciliations of the Commission’s receipt and expenditure records to the records of the Office of the State Comptroller were timely and accurately performed.

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

**DEAF AND HARD OF HEARING COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019**

EXPENDITURE STATISTICS	2019	2018	2017
Total Expenditures.....	\$ 691,886	\$ 760,400	\$ 477,408
OPERATIONS TOTAL.....	\$ 691,351	\$ 759,470	\$ 477,408
% of Total Expenditures.....	99.9%	99.9%	100.0%
Personal Services.....	346,783	309,999	358,459
Other Payroll Costs (FICA, Retirement).....	72,949	22,560	25,984
All Other Operating Expenditures.....	271,619	426,911	92,965
REFUNDS.....	\$ 535	\$ 930	\$ -
% of Total Expenditures.....	0.1%	0.1%	0.0%
Total Receipts.....	\$ 185,472	\$ 267,623	\$ 171,824
Average Number of Employees.....	4	3	5

COMMISSION DIRECTOR	
During Examination Period:	John Miller (7/1/17 - 11/9/17), Vacant (11/10/17 - 12/27/17), Tonia Bogener (Interim) (12/28/17 - 11/1/20)
Currently:	Benro Ogunyipe (effective 11/2/20)

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

FAILURE TO PROVIDE REQUESTED ENGAGEMENT DOCUMENTATION

The Deaf and Hard of Hearing Commission (Commission) did not provide requested documentation to auditors.

Commission did not provide requested documentation

During the compliance examination, we made numerous requests from the Commission which were not fulfilled as follows:

- The Commission did not provide requested information related to the operation of its petty cash fund.
- The Commission did not provide requested information related to its property control operations:
 - Corresponding invoice-vouchers for equipment purchased during Fiscal Year 2018 and Fiscal Year 2019; and,
 - Supporting documentation related to the deletion of equipment items during Fiscal Year 2018 and Fiscal Year 2019.
- The Commission did not provide requested information regarding the extent of electronic processing and complexity of electronic operations, including policies and procedures governing confidential information. Additionally, information regarding application administration and access rights was not provided. (Finding 1, pages 12-13)

We recommended the Commission ensure documentation is provided to the auditors in a timely manner as required by the Illinois State Auditing Act.

Commission officials agreed

The Commission agreed with the recommendation, noting it will ensure all future audit requests are responded to in a timely manner going forward.

INADEQUATE SEGREGATION OF DUTIES

The Commission did not have adequate segregation of duties over its expenditure processing function.

Inadequate segregation of duties over non-payroll expenditures

During testing, we noted for non-payroll expenditures, one individual had the authority to perform the following parts of the transaction cycle, including:

- **Authorization** by reviewing and approving transactions, including having signature authority;
- **Custody** by maintaining electronic and physical records and submitting expenditures for payment to the State Comptroller;

- **Recordkeeping** by preparing entries and maintaining the Commission’s internal accounting records; and,
- **Reconciliation** by preparing reconciliations to the State Comptroller’s records to verify each transaction’s validity, proper authorization, and entry into the Commission’s accounting records.

No compensating controls during the examination period

We did not identify any compensating controls to mitigate this significant control weakness over the Commission’s non-payroll expenditure transaction cycle, which totaled \$427,841 during Fiscal Year 2018 and \$272,154 during Fiscal Year 2019. (Finding 2, pages 14-15)

We recommended the Commission implement procedures to limit one person from having the authority to perform all the functions associated with a transaction.

Commission officials agreed

The Commission agreed with the recommendation, noting the Commission will review and implement controls to ensure fiscal prudence in managing the resources.

FAILURE TO PERFORM REQUIRED RECONCILIATIONS

The Commission did not ensure all monthly reconciliations of the Commission’s receipt and expenditure records to the records of the Office of the State Comptroller (Comptroller) were timely and accurately performed.

During testing, we noted the following:

Receipt reconciliations not performed from July 2017 through December 2018

- Eighteen of 24 (75%) monthly reconciliations of the Commission’s receipt records to the Comptroller’s *Monthly Revenue Status Report* (SB04) were not performed. These reconciliations were for the months of July 2017 through December 2018. We were able to reconcile the Commission’s records to the SB04.

Receipt reconciliations did not document date of completion

- Six of 24 (25%) monthly reconciliations of the Commission’s receipt records to the Comptroller’s SB04 did not contain documentation of the date of completion. As such, we were unable to determine if the reconciliations were performed timely.

2018 receipts were overstated by \$210

- The Commission included a credit of \$210 on its Fiscal Year 2018 receipts ledger that was processed in Fiscal Year 2017. As a result, the Commission’s Fiscal Year 2018 receipts records were overstated by \$210.
- The Commission maintained spreadsheets reconciling the Commission’s expenditure records to those of the Comptroller for Fiscal Year 2018 and Fiscal Year 2019.

Expenditure reconciliations did not document date of completion

\$75,525 difference in expenditures between the Commission and the Comptroller

During our review of the spreadsheets, we noted the following:

- The spreadsheets did not document the dates of reconciliation. As such, we could not determine the timeliness of the reconciliations performed.
- The amounts reported in the Commission's expenditure records did not agree to the Comptroller's records for Fiscal Year 2018. The discrepancies totaled \$75,525. (Finding 3, pages 16-17)

We recommended the Commission strengthen its controls and procedures to ensure its receipts and expenditure records are properly and timely reconciled to Comptroller records.

Commission officials agreed

The Commission agreed with the recommendation, noting they will implement procedures for formal reconciliations to be documented and completed in a timely manner.

OTHER FINDINGS

The remaining findings pertain to voucher processing weaknesses, noncompliance with statutory requirements, inadequate controls over receipts, noncompliance with the Fiscal Control and Internal Auditing Act, inadequate controls over Agency Fee Imposition Reports, inadequate controls over personal services, and failure to report held invoices to the State Comptroller. We will review the Commission's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Commission for the two years ended June 30, 2019, as required by the Illinois State Auditing Act. Because of the effect of the noncompliance described in Finding 2019-001 through Finding 2019-005, the accountants stated the Commission did not comply with the requirements described in the report.

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

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

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

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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