



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

BOARD OF EXAMINERS

Compliance Examination
For the Two Years Ended June 30, 2019

Release Date: December 16, 2020

FINDINGS THIS AUDIT: 3	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	2	2	2017	19-2		
Category 2:	0	1	1	2015	19-1	19-3	
Category 3:	0	0	0				
TOTAL	0	3	3				
FINDINGS LAST AUDIT: 6							

SYNOPSIS

- **(19-1)** The Board of Examiners (Board) lacked adequate internal control over financial transactions within the CPA Examination Trust Fund.
- **(19-2)** The Board lacked adequate control over its personal services functions.

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.

**BOARD OF EXAMINERS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019**

CPA Examination Trust Account	2019	2018	2017
Balance at July 1.....	\$ 4,259,736	\$ 4,091,488	\$ 4,079,414
Revenues.....	\$ 1,319,115	\$ 1,227,890	\$ 1,180,009
Expenses.....	<u>1,191,144</u>	<u>1,059,642</u>	<u>1,167,935</u>
Balance at June 30.....	<u>\$ 4,387,707</u>	<u>\$ 4,259,736</u>	<u>\$ 4,091,488</u>
Average Number of Employees.....	1	1	1

EXECUTIVE DIRECTOR
During Examination Period: Mr. Russ Friedewald
Currently: Mr. Russ Friedewald

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE CONTROL OVER THE CPA
EXAMINATION TRUST FUND**

The Board of Examiners (Board) lacked adequate internal control over financial transactions within the CPA Examination Trust Fund (Fund).

During the examination period, all of the Board's transactions within the Fund, a non-shared enterprise fund, were processed by the accounting personnel at Northern Illinois University (University).

During testing, we noted the following:

- During testing of 60 disbursements from the Fund, we noted the following:
 - For 29 (48%) disbursements tested, totaling \$92,145, documentation of management's approval of the related invoices was not retained. As a result, we were unable to determine the timeliness of the approval.
 - Eight (13%) disbursements tested, totaling \$14,589, contained reimbursements for out-of-State travel that were not approved by the Governor's Office of Management and Budget (GOMB) prior to travel.
 - For 4 (7%) disbursements tested, totaling \$2,757, the invoice receipt date was not documented. As a result, we were unable to determine the timeliness of the approval of the invoice for payment.
 - For 1 (2%) disbursement tested, totaling \$383, the Board approved the related invoice for payment 73 days late.
 - For 1 (2%) disbursement selected for testing, totaling \$330, the Board was unable to provide the related travel voucher. As a result, we were unable to determine if the travel expenditure was in accordance with the Governor's Travel Control Board rules.
 - During testing of 60 P-Card (essentially a credit card) disbursements, we noted the following:
 - For 3 (5%) disbursements tested, totaling \$157, the amount per the Board's supporting documentation
- Lack of approval documentation**
- Out-of-State travel not approved**
- Invoice receipt date not documented**
- Invoice approved late**
- Lack of travel voucher documentation**
- Supporting documentation did not agree to accounting records**

of the purchase did not agree to the Board's accounting records.

Lack of supporting documentation

- For 2 (3%) disbursements selected for testing, totaling \$150, the Board was unable to provide supporting documentation. As a result, we were unable to test compliance.

Lack of receipt date documentation for checks received

- During testing of 60 receipts, we noted the following problems:
 - The Board could not provide documentation of the receipt date for 7 (12%) checks, totaling \$55,285. As such, we were unable to determine if checks were deposited in a timely manner.

Receipt deposited late

- One (2%) receipt tested, totaling \$47,021 was deposited 16 days late.

Noncompliance with terms of lease agreement

- During testing of one real property lease, we noted the Board did not comply with the agreed upon terms set forth in the Office Lease Agreement, which provided for an increase in rent in the event of a renewal. This resulted in the Board underpaying the University \$2,369 during Fiscal Year 2019.

Discrepancies between Board records and financial statements

- We noted discrepancies totaling \$7,466 between the Board's disbursements and its Fiscal Year 2018 financial statements and discrepancies totaling \$5,578 between the Board's disbursements and Fiscal Year 2019 financial statements. (Finding 1, pages 11-14). **This finding has been repeated since 2015.**

We recommended the Board take action to strengthen its internal controls over its disbursements and receipts to ensure all transactions comply with all applicable laws, rules, and regulations, are properly supported by documentation retained by the Board for the entire duration of the records retention period established by the State Records Commission, and are authorized by management.

Board agreed

The Board agreed and stated they are now in compliance.

INADEQUATE CONTROL OVER PERSONAL SERVICES

The Board of Examiners (Board) lacked adequate control over its personal services functions.

Executive Director is sole employee

The Executive Director is the Board's sole employee, as all other staff members are employees of Northern Illinois University (University) working on behalf of the Board pursuant to an intergovernmental agreement. During our examination, we tested

University personnel policies informally adopted instead of Governor's personnel policies

the Executive Director's accrued benefit time balances and usage records. The Board has informally adopted the University's personnel policies, as opposed to using the personnel policies promulgated by the Governor as required. The difference between the Governor's policies outlined in the Illinois Administrative Code (80 Ill. Admin. Code 303) and University policy for Salaried/FLSA Exempt employees are as follows:

- 1) 12 more vacation days each year;
- 2) bereavement leave of up to three days per death without charge against accrued vacation or sick time; and,
- 3) no personal days off each calendar year with pay.

Lack of written policies concerning benefit time

During testing, we noted the Board does not have written policies concerning requesting, approving, or using benefit time. (Finding 2, pages 15-16)

We recommended the Board take action to ensure its personnel policies comport with State law.

Board disagreed

The Board disagreed. The Executive Director's initial condition of employment indicated the Executive Director would receive the same benefits as the other employees of the Board and an inter-governmental agreement with the University indicated the Executive Director would be employed as a non-compensated employee with all University benefits.

The accountant's commented the Illinois Public Accounting Act (225 ILCS 450) created the Board of Examiners. While the Board utilizes interagency agreements with a State university to carry out its operations, the Board is a separate and distinct State agency and is not governed by the university's policies. The Executive Director is the Board's sole employee, and the accountants maintain the State's policies apply, rather than the university's policies.

OTHER FINDING

The remaining finding pertains to inadequate control over contracts. We will review the Board's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Board for the two years ended June 30, 2019, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2019-001 and Finding 2019-002. Except for the noncompliance described in these findings, the accountants stated the Board complied, in all material respects, 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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