



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION**

Compliance Examination  
 For the Two Years Ended June 30, 2016

Release Date: June 8, 2017

FINDINGS THIS AUDIT: 2				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>0</b>	<b>0</b>	2014		16-02	
<b>Category 2:</b>	<b>0</b>	<b>2</b>	<b>2</b>	2010		16-01	
<b>Category 3:</b>	<u>0</u>	<u>0</u>	<u>0</u>				
<b>TOTAL</b>	<b>0</b>	<b>2</b>	<b>2</b>				
<b>FINDINGS LAST AUDIT: 2</b>							

**SYNOPSIS**

- (16-01) The Commission did not have adequate controls over the administration of its accounts receivable.
- (16-02) The Commission did not have adequate controls over receipts.

**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.

{Expenditures and Activity Measures are summarized on next page.}

**ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

<b>EXPENDITURE STATISTICS</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total Expenditures.....</b>	<b>\$ 2,100,000</b>	<b>\$ 2,000,000</b>	<b>\$ 1,900,000</b>
AWARDS AND GRANTS.....	\$ 2,100,000	\$ 2,000,000	\$ 1,900,000
% of Total Expenditures.....	100%	100%	100%
<b>Total Receipts.....</b>	<b>\$ 3,347,346</b>	<b>\$ 2,455,536</b>	<b>\$ 2,078,263</b>

<b>COMMISSION MEMBERS</b>	
During Examination Period:	Environmental Protection Agency Alec Messina (effective 7/1/16), Lisa Bonnett (through 6/30/16) Department of Natural Services Wayne Rosenthal (effective 1/20/15), Marc Miller (through 1/16/15) Pollution Control Board Gerald Keenan (effective 9/4/15), Deanna Glosser (through 9/3/15) Attorney General Honorable Lisa Madigan
Currently:	Alec Messina, Wayne Rosenthal, Gerald Keenan, Honorable Lisa Madigan

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER ACCOUNTS  
RECEIVABLE**

The Environmental Protection Trust Fund Commission (Commission) did not have adequate controls over the administration of its accounts receivable. The Illinois Environmental Protection Agency (Agency) handles all financial activities for the Commission.

During testing, the auditors noted the following:

- Receivable account not established timely**

  - One of 25 (4%) accounts receivable tested, totaling \$1.777 million, was not established timely. The time elapsed from the due date to the set-up of the receivable was 144 days.
  
- Receivable accounts not referred to the Comptroller's Offset System or to the Department of Revenue's Debt Collection Bureau**

  - Twenty of 25 (80%) accounts receivable tested, totaling \$4.635 million, were over 90 days past due and had not been referred to the Comptroller's Offset System or the Department of Revenue's Debt Collection Bureau. In addition, 19 of 25 (76%) accounts tested, totaling \$6.753 million, were over one year old and were not referred to the Attorney General for write off.
  
- Receivable accounts were incorrectly reported**

  - Five of 25 (20%) accounts receivable balances tested were incorrectly reported. The differences noted resulted in the Commission's accounts receivable totals being overstated by \$79,679. In addition, during receipt testing, we noted 2 of 25 (8%) receipts tested had incorrect receivable balances reported, totaling \$260. (Finding 1, pages 7-8). **This finding has been repeated since 2010.**

We recommended the Commission pursue all reasonable and appropriate procedures to collect on outstanding debt as required by State laws and regulations. We also recommended the Commission ensure its accounts receivable balances are promptly and correctly reported.

- Commission agrees with auditors**

Commission officials agreed with the recommendation and stated Agency staff continues to improve collections with the main focus on current billings. *(For the previous Commission response, see Digest Footnote #1.)*

**INADEQUATE CONTROLS OVER RECEIPTS**

The Commission did not have adequate controls over receipts. The Illinois Environmental Protection Agency (Agency) handles all financial activities for the Commission.

**Receipt dates not documented**

During testing, the auditors noted 10 of 25 (40%) receipts tested, totaling \$596,600, where the Commission did not have adequate supporting documentation detailing the date the receipts were received by the Commission. As such, the auditors were unable to determine if these receipts were timely deposited by the Commission into the State Treasury. (Finding 2, page 9).

We recommended the Commission implement controls to ensure each receipt has documentation detailing the date the receipt was received by the Commission.

**Commission agrees with auditors**

Commission officials agreed with the recommendation and stated the Agency will notify staff to fully document the receipt date on the support.

**ACCOUNTANT’S OPINION**

The accountants conducted a compliance examination of the Commission for the two years ended June 30, 2016, as required by the Illinois State Auditing Act. The accountants stated the Commission 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**

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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

FJM:PH

**DIGEST FOOTNOTES**

**#1 - INADEQUATE CONTROLS OVER ACCOUNTS RECEIVABLE**

2014: Agree. The Agency agrees collection efforts for the Trust Fund Commission’s accounts receivable balances had fallen behind during Fiscal Years 2013-2014. Several years ago, much of the Commission’s current \$10.700 million

accounts receivable balance was referred to the Comptroller's offset system for collection efforts and referred to the Attorney General's office for potential write-off (respectively, \$7.985 million and \$7.302 million) but the Agency did not take further actions to follow-up on these referrals during Fiscal Years 2013-2014. In addition, the Agency agrees the TFC accounts receivable which became past due during Fiscal Years 2013-2014 were not referred to the Comptroller or the Attorney General in a timely manner.

In Fiscal Year 2014, the Agency hired more collection personnel. Because much of the Trust Fund Commission's accounts receivable was anticipated to be uncollectible (\$10.071 million), the new personnel focused their initial efforts on other Agency accounts which were more likely to collect additional revenue for the State. These efforts included several measures to ensure the accounts receivable balances are recorded correctly as well as implementing a new process to more aggressively pursue internal collection efforts and better determine when uncollectible accounts should be written off. In addition, the Agency began reconciling the existing aging schedules and the amounts in the Comptroller's Offset System to bring our collection efforts current.

In response to this finding, the Agency has now reassigned a person to update the Trust Fund Commission's accounts receivable collection efforts. This includes ensuring approximately \$629,000 accounts receivable balance estimated to be collectible has been recorded correctly; aggressively pursuing internal collection efforts as possible; and better coordinating with the Comptroller to place these collectible accounts on offset. In addition, the Agency will improve coordination with the Attorney General's Office to write-off approximately \$10.071 million of uncollectible accounts.