



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS COURT OF CLAIMS

COMPLIANCE EXAMINATION
For the Two Years Ended: June 30, 2013

Release Date: February 6, 2014

Summary of Findings:

Total this audit:	5
Total last audit:	5
Repeated from last audit:	5

SYNOPSIS

- The Court of Claims receipt and expenditure records were not properly reconciled with the Office of the Comptroller's monthly reports.
- The Court of Claims did not maintain sufficient controls over the recording and reporting of its State property.
- The Court of Claims lacked adequate segregation of duties in the areas of receipts processing and State property.

{Expenditures and Activity Measures are summarized on the reverse page.}

**COURT OF CLAIMS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013**

EXPENDITURE STATISTICS	2013	2012	2011
Total Expenditures.....	\$ 31,407,802	\$ 65,380,840	\$ 44,430,486
OPERATIONS TOTAL.....	\$ 1,599,922	\$ 1,524,599	\$ 1,311,794
% of Total Expenditures.....	5.1%	2.3%	3.0%
Personal Services.....	1,149,764	1,128,495	-
Other Payroll Costs (FICA, Retirement).....	124,724	122,821	-
All Other Operating Expenditures.....	325,434	273,283	1,311,794
AWARDS AND GRANTS.....	\$ 29,807,880	\$ 63,856,241	\$ 43,118,692
% of Total Expenditures.....	94.9%	97.7%	97.0%
Total Receipts.....	\$ 1,967,452	\$ 2,184,272	\$ 6,544,251
Average Number of Employees.....	36	36	31

SELECTED ACTIVITY MEASURES (Not Examined)	2013	2012	2011
Total Claims Pending.....	8,538	9,366	9,635
Total Claims Awarded.....	4,128	5,151	5,113
Total Claims Denied.....	2,733	3,711	3,609
Total Claims Dismissed.....	1,131	1,037	1,417

AGENCY DIRECTOR
During Examination Period: Brad Bucher
Currently: Brad Bucher

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

INADEQUATE CONTROLS OVER RECEIPT AND EXPENDITURE RECORDS

Failure to properly reconcile receipt and expenditure information

The Court of Claims (Court) did not properly reconcile the Court receipts and expenditures with the Office of the Comptroller's (IOC) monthly reports. We noted the following:

Differences of \$46,695 were noted in the Court's receipts records

- The Court did not correctly perform monthly reconciliations of Court receipt records with IOC's reports. The Court received \$2,647,458 and \$1,605,450 in FY12 and FY13, respectively. We noted differences between the Court and IOC records of \$46,695 in FY12. The monthly reconciliation process should have brought these inaccuracies to the Court's attention.

Reconciliation problems with the Crime Victim Federal Fund

- The Court did not perform monthly reconciliations of Court expenditure records with IOC's reports. In addition, the Court did not maintain accurate records necessary for preparing the Schedule of Appropriations, Expenditures, and Lapsed Balances for FY12. The monthly reconciliation process should have brought these inadequacies to the Court's attention.

- The Court did not correctly perform monthly reconciliations of ending available cash balance to the IOC's Cash Report (SB05). As a result, the Crime Victim Federal Fund could not be reconciled by the auditors. (Finding 1, pages 8-9) **This finding has been repeated since 2005.**

We recommended the Court perform monthly reconciliations of their receipt, cash, and expenditure records to the records of the Office of the Comptroller and correct errors in records to ensure reliable records are maintained.

Court agrees with auditors

Court officials agreed with our recommendation and stated they will act accordingly. *(For previous Court response, see Digest footnote #1.)*

PROPERTY CONTROL WEAKNESSES

Insufficient control over State property

The Court did not maintain sufficient controls over the recording and reporting of its State property. Some of the exceptions we noted follow:

Additions not recorded

- \$4,467 of additions were never recorded on the Court’s property listing.
- One item, totaling \$290, could not be located by the Court and four items, totaling \$2,218, were not in the location noted on the property listing.
- Five items, totaling \$931, were not marked with proper State property tags.
- One C-15 report contained a mathematical error resulting in a \$1,014 overstatement of additions.
- The Court did not timely file its FY13 Annual Real Property Utilization Report. (Finding 2, pages 10-11) **This finding has been repeated since 2009.**

Items not properly tagged

We recommended the Court strengthen internal controls over equipment and ensure all equipment is accurately and timely recorded on the Court’s property records. We also recommended the Court reconcile its property reports to the C-15’s and IOC expenditure reports for property on a quarterly basis to ensure completeness and accuracy of its property records. In addition, we recommended the Court ensure the Annual Real Property Utilization Reports are submitted to CMS by the July 31 deadline.

Court agrees with auditors

Court officials agreed with our recommendation and stated they will act accordingly. *(For previous Court response, see Digest footnote #2.)*

INADEQUATE SEGREGATION OF DUTIES

Inadequate segregation of duties over receipts and State property

The Court did not maintain adequate segregation of duties in the areas of receipts processing and State property. We noted one person was responsible for both the recordkeeping and custody of receipts and one person had authority to tag inventory, maintain the property records, perform the annual physical inventory and complete the quarterly reports of State property. (Finding 3, page 12) **This finding has been repeated since 2009.**

We recommended the Court allocate sufficient personnel in order to maintain effective internal control over the authorization, custody and recordkeeping duties regarding receipts processing and State property.

Court agree with auditors

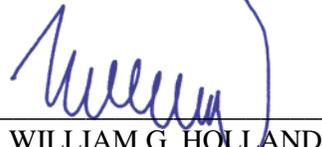
Court officials agreed with our recommendation and stated they will segregate the referenced duties to the best of its ability. *(For previous Court response, see Digest footnote #3.)*

OTHER FINDINGS

The remaining findings pertain to inadequate controls over receipts and personal services. We will follow up on these findings during our next examination of the Court of Claims.

AUDITOR'S OPINION

We conducted a compliance examination of the Court of Claims as required by the Illinois State Auditing Act. The auditors qualified their report on State Compliance for finding 2013-001. Except for the noncompliance described in this finding, the auditors state the Court complied, in all material respects, with the requirements described in the report. The Court of Claims has no funds that require an audit leading to an opinion of financial statements.



WILLIAM G. HOLLAND²
Auditor General

WGH:SKM

AUDITORS ASSIGNED

The compliance examination was performed by staff of the Office of the Auditor General.

DIGEST FOOTNOTES

#1 INADEQUATE CONTROLS OVER RECEIPT AND EXPENDITURE RECORDS - Previous Court Response

2011: The Court agrees with the recommendation and will act accordingly.

#2 PROPERTY CONTROL WEAKNESS - Previous Court Response

2011: The Court agrees with the recommendation and will act accordingly.

#3 INADEQUATE SEGREGATION OF DUTIES - Previous Court Response

2011: The Court agrees with the recommendation. Some staff shortages have been addressed and duties have since been segregated in the areas identified in the finding.