



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND COUNCIL

Compliance Examination
 For the Year Ended June 30, 2017

Release Date: March 13, 2018

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2007			17-01
Category 2:	0	0	0				
Category 3:	0	1	1				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

INTRODUCTION

The Drycleaner Environmental Response Trust Fund Council (Council) was established to provide financial resources for drycleaning facilities to pay for the cleanup of drycleaning solvent contamination. The Council administers a mandatory license program, a remediation program, and a voluntary insurance program for all retail drycleaning facilities within the State. The Council has contracted with a third party administrator to conduct fiscal and administrative duties, under the oversight of the Council.

SYNOPSIS

- (17-01) The Council has several members serving on expired terms.

OTHER MATTER

The Council's financial projections for the Drycleaner Environmental Response Trust Fund (Fund) for the period of July 1, 2017, through the Fund's sunset date of January 1, 2020, indicated the Fund would have program deficits of approximately \$17,920,896.

- 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.}

DRYCLEANER ENVIRONMENTAL RESPONSE TRUST FUND COUNCIL
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2017

EXPENDITURE STATISTICS	2017	2016
Total Expenditures	\$ 2,146,806	\$ 1,519,112
OPERATIONS TOTAL.....	\$ 2,146,806	\$ 1,519,112
% of Total Expenditures.....	100.0%	100.0%
Total Council Receipts	\$ 499,876	\$ 560,228

SELECTED ACTIVITY MEASURES (Not Examined)	2017	2016
License applications received.....	787	836
License in force.....	783	829
Insurance applications received.....	432	459
Insurance policies in force.....	428	455
Open insurance claims.....	1	0
Insurance claims with payments made.....	1	1
Eligible remedial and insurance claims filed.....	700	699
Eligible remedial and insurance claims closed.....	537	515
Open remedial claims.....	162	184
Remedial claims with payments made.....	678	678
Cost per license application.....	\$108	\$107
Cost per insurance application.....	\$109	\$107
Cost per eligible claim filed.....	\$605	\$518

COUNCIL CHAIRMAN
During Examination Period: John Polak
Currently: John Polak

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

EXPIRED COUNCIL MEMBER APPOINTMENTS

The Drycleaner Environmental Response Trust Fund Council (Council) has several members serving on expired terms.

Four Council members had expired terms

During testing, we noted Council member appointments or reappointments had not been made as required by the Drycleaner Environmental Response Trust Fund Act for four of seven Council member positions (57%). The following chart depicts the amount of time passed as of June 30, 2017, after each noted Council member's term expired:

Member #1	Term Expired May 1, 2007	3,713 Days
Member #2	Term Expired May 1, 2008	3,347 Days
Member #3	Term Expired May 1, 2015	791 Days
Member #4	Term Expired May 1, 2016	425 Days

(Finding 1, page 7). **This finding has been repeated since 2007.**

We recommended the Council continue to work with the Governor's Office to obtain current Council member appointments as soon as possible.

Council management agrees

Council management indicated the Council's members have applied for reappointment directly and online and that the Council will continue to make contacts with the Governor's Office to secure appointments for the terms that have expired. *(For the previous Council response, see Digest Footnote #1.)*

OTHER MATTER

SIGNIFICANT PROJECTED DEFICIT

Anticipated deficit of approximately \$18 million

The Council's financial projections for the Drycleaner Environmental Response Trust Fund (Fund) for the period of July 1, 2017, through the Fund's sunset date of January 1, 2020, indicated the Fund would have program deficits of approximately \$17,920,896 based on program assumptions as of July 1, 2017.

According to Council officials, the Council has several legislative and non-legislative options to reduce the projected program deficit. The options under consideration are described within the report on page 13.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Council for the year ended June 30, 2017, as required by the Illinois State Auditing Act. The accountants stated the Council 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

FJM:spn

DIGEST FOOTNOTES

#1 – Expired Council Member Appointments

Council members have applied for reappointment directly and online. The Council has and will continue to make contacts with the Governor's Office to secure appointments for the terms that have expired.