



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS EMERGENCY MANAGEMENT AGENCY

Compliance Examination
 For the Two Years Ended June 30, 2017

Release Date: July 25, 2018

FINDINGS THIS AUDIT: 8	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2013		17-07	
Category 2:	3	5	8	2011		17-04, 17-06	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>	2009		17-05, 17-08	
TOTAL	3	5	8				
FINDINGS LAST AUDIT: 9							

SYNOPSIS

- (17-04) The Agency did not comply with the Fiscal Control and Internal Auditing Act.
- (17-06) The Agency has not conducted a study on the use of nuclear power or on nuclear safety or formulated the State's general nuclear policy.

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.}

**ILLINOIS EMERGENCY MANAGEMENT AGENCY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017**

EXPENDITURE STATISTICS	2017	2016	2015
Total Expenditures.....	\$ 144,213,568	\$ 147,243,163	\$ 174,019,378
OPERATIONS TOTAL.....	\$ 35,428,199	\$ 39,155,085	\$ 37,290,662
% of Total Expenditures.....	24.6%	26.6%	21.5%
Personal Services.....	16,460,905	18,100,453	17,915,802
Other Payroll Costs (FICA, Retirement).....	11,347,192	12,740,752	11,311,468
Contractual Services.....	5,843,608	5,842,939	6,030,459
All Other Operating Expenditures.....	1,776,494	2,470,941	2,032,933
AWARDS AND GRANTS.....	\$ 108,729,023	\$ 108,000,178	\$ 135,277,710
% of Total Expenditures.....	75.4%	73.3%	77.7%
REFUNDS.....	\$ 56,346	\$ 87,900	\$ 1,451,006
% of Total Expenditures.....	0.0%	0.1%	0.8%
Total Receipts.....	\$ 138,017,621	\$ 149,993,710	\$ 172,321,696
Average Number of Employees (Not Examined)...	156	192	204

SELECTED ACTIVITY MEASURES (NOT EXAMINED)	2017	2016	2015
Disaster Response and Recovery Fund Releases:			
March 2015 Train Derailment.....	196	-	17,322
December 2015 Flooding.....	10,106	245,639	-
May 2017 Flooding.....	37,003	-	-
Winter Storm (01/08/2014 - 01/09/2014).....	-	-	43,811
Washington Severe Storms (11/17/2013).....	-	-	1,475,883
Crisis Counseling.....	-	-	614
April 2013 Flooding.....	-	-	20,833

AGENCY DIRECTOR
During Examination Period: James K. Joseph (07/01/15 - 11/12/17), Joseph Klinger (Acting) (11/13/17 - 12/31/17), Jennifer Ricker (Interim) (01/01/18 - 03/04/18), and William Robertson (Acting) (03/05/18 - Present)
Currently: William Robertson (Acting)

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**NONCOMPLIANCE WITH THE FISCAL CONTROL
AND INTERNAL AUDITING ACT**

The Illinois Emergency Management Agency (Agency) did not comply with the Fiscal Control and Internal Auditing Act.

During testing of the internal audit function at the Agency, we noted the following:

- A detailed audit activities report was not submitted to the Director for Fiscal Year 2016.
- The Agency's internal audit function did not audit the Agency's major systems of internal accounting and administrative controls on a periodic basis so that all systems are reviewed every two years. We noted the Agency completed one of the eight internal audits planned for Fiscal Year 2016 and only one of four internal audits planned for Fiscal Year 2017 was completed as of June 30, 2017.

Major systems of controls not reviewed by internal audit

Internal control certification not prepared in Fiscal Year 2016

Further, the Agency did not prepare or transmit its internal control verification for Fiscal Year 2016 to the Auditor General. **This finding has been repeated since 2011.**

We recommended the Agency ensure its internal audit function complies with the provisions of the Fiscal Control and Internal Auditing Act and its annual internal controls certification is prepared and timely filed with the Auditor General.

Agency officials agree

Agency officials accepted our recommendation and stated the position of Chief Internal Auditor was vacant from January 1, 2016 through March 15, 2017. *(For the previous Agency response, see Digest Footnote #1.)*

**FAILURE TO PREPARE THE STATE'S GENERAL
NUCLEAR POLICY**

The Agency has not conducted a study on the use of nuclear power or on nuclear safety or formulated the State's general nuclear policy.

Study not conducted

During testing, we noted the Agency had not worked with the Department of Natural Resources to study nuclear power and safety or formulate the State's general nuclear policy. Further, we noted the Agency had pursued legislation to repeal this requirement, which has not been adopted by the General Assembly. **This finding has been repeated since 2011.**

We recommended the Agency conduct the study, formulate the policy, and publish its findings as required by State law, or continue to seek a legislative remedy.

Agency officials agree

Agency officials accepted our recommendation and stated they will continue to seek a legislative remedy. *(For the previous Agency response, see Digest Footnote #2.)*

OTHER FINDINGS

The remaining findings pertain to (1) an inadequate information technology disaster recovery plan and tests; (2) weaknesses in computer systems, change management, and property control, and (3) inadequate controls over personnel and payroll records and performance evaluations. We will review the Agency's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

We conducted a compliance examination of the Agency for the two years ended June 30, 2017, as required by the Illinois State Auditing Act. The accountants stated the Agency 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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DIGEST FOOTNOTES

#1 – Noncompliance with the Fiscal Control and Internal Auditing Act – Previous Agency Response

2015: The Agency agrees with the finding. A new Chief Internal Auditor was appointed in December, 2014. The Agency believes filling this vacancy will address the weaknesses noted regarding noncompliance with the Act.

**#2 – Failure to Prepare the State’s General Nuclear Policy –
Previous Agency Response**

2015: The Agency continues to work towards legislation to revise the statute as the Agency does not have the expertise or staff available to conduct a comparative study on various sources of energy. Senate Bill 1743 was held in the House by the sponsor and was not called for a committee vote. Therefore, the Agency will reintroduce the same measure in the 2016 General Assembly.