

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION  
TRUST FUND COMMISSION  
COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2014

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2014

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STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2014

**AGENCY OFFICIALS**

Lisa Bonnett (effective 03/18/13) Environmental Protection Agency

John Kim (01/02/13 to 03/17/13)

John Kim (Interim) (10/25/11 to 01/01/13)

Designee: Carol Radwine (effective 01/29/14)

Julie Armitage (01/01/12 to 01/28/14)

Wayne Rosenthal (effective 01/20/15) Department of Natural Resources

Marc Miller (through 01/16/15)

Designee: Doug Florence (effective 01/15/14)

Todd Rettig (through 01/14/14)

Deanna Glosser (effective 09/13/13) Pollution Control Board

Vacant (07/01/13 to 09/12/13)

Thomas Holbrook (10/28/11 to 06/30/13)

Designee: Kathryn Griffin

Lisa Madigan Attorney General

Designee: David Boots (effective 01/29/14)

Thomas Davis (through 01/28/14)

Administrative functions are performed by the Illinois Environmental Protection Agency with the Agency office located at:

1021 North Grand Avenue East  
Springfield, Illinois 62794



# ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 • (217) 782-2829

BRUCE RAUNER, GOVERNOR

LISA BONNETT, DIRECTOR

May 18, 2015

Honorable William G. Holland  
Auditor General  
Iles Park Plaza  
740 E. Ash  
Springfield, IL 62703-3154

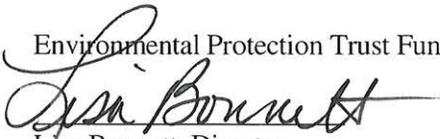
Dear Mr. Holland:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Environmental Protection Trust Fund Commission (Commission). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Commission's compliance with the following assertions during the two-year period ended June 30, 2014. Based on this evaluation, we assert that during the years ended June 30, 2013 and June 30, 2014, the Commission has materially complied with the assertions below.

- A. The Commission has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Commission has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

Yours truly,

Environmental Protection Trust Fund Commission



Lisa Bonnett, Director



Carol Radwine, Chief Financial Officer



John J. Kim, Chief Legal Counsel

STATE OF ILLINOIS  
 ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
 COMPLIANCE EXAMINATION  
 For the Two Years Ended June 30, 2014

**COMPLIANCE REPORT**

**SUMMARY**

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**ACCOUNTANT’S REPORT**

The Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	2	1
Repeated findings	1	1
Prior recommendations implemented or not repeated	0	0

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2014-001	8	Inadequate controls over receivables and collection	Noncompliance and Significant Deficiency
2014-002	10	Inadequate controls over receipts	Noncompliance and Significant Deficiency

PRIOR FINDINGS NOT REPEATED

None noted.

## **EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on April 20, 2015. Attending were:

### **Environmental Protection Agency**

Lisa Bonnett, Director  
Ryan McCreery, Deputy Director  
Carol Radwine, Chief Financial Officer  
Michelle Bennett, Fiscal Manager  
Rusti Cummings, Chief Internal Auditor

### **Office of the Auditor General**

Peggy Hartson, Audit Manager  
Max Paller, Audit Supervisor

The responses to the recommendations were provided by Ms. Rusti Cummings in a letter dated May 6, 2015.

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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have examined the State of Illinois Environmental Protection Trust Fund Commission's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2014. The management of the State of Illinois Environmental Protection Trust Fund Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois Environmental Protection Trust Fund Commission's compliance based on our examination.

- A. The State of Illinois Environmental Protection Trust Fund Commission has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois Environmental Protection Trust Fund Commission has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois Environmental Protection Trust Fund Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois Environmental Protection Trust Fund Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the

United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois Environmental Protection Trust Fund Commission's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois Environmental Protection Trust Fund Commission's compliance with specified requirements.

In our opinion, the State of Illinois Environmental Protection Trust Fund Commission complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2014. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2014-001 and 2014-002.

### **Internal Control**

Management of the State of Illinois Environmental Protection Trust Fund Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois Environmental Protection Trust Fund Commission's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois Environmental Protection Trust Fund Commission's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois Environmental Protection Trust Fund Commission's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings as items 2014-001 and 2014-002.

There were no immaterial findings that have been excluded from this report.

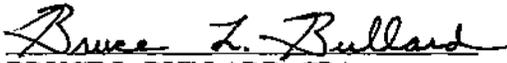
The State of Illinois Environmental Protection Trust Fund Commission's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois Environmental Protection Trust Fund Commission's responses and, accordingly, we express no opinion on the responses.

**Supplementary Information for State Compliance Purposes**

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2014 and June 30, 2013 in Schedules 1 through 8 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2014 and June 30, 2013 accompanying supplementary information in Schedules 1 through 8. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2012 accompanying supplementary information in Schedules 3 through 6 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Environmental Protection Agency and Commission officials and is not intended to be and should not be used by anyone other than these specified parties.

  
BRUCE L. BULLARD, CPA  
Director of Financial and Compliance Audits

Springfield, IL  
May 18, 2015

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2014

2014-001. **FINDING** (Inadequate controls over receivables and collection)

The Environmental Protection Trust Fund Commission (Commission) did not have adequate controls over the administration of its account receivables.

The Illinois Environmental Protection Agency (Agency) handles all financial activities for the Commission and the Division of Legal Counsel (DLC). The Agency was responsible for tracking, documenting and following up on receivables pertaining to penalties, court orders and administrative citations for violating environmental laws and regulations. As of June 30, 2014, the receivable balance was approximately \$10.700 million.

During our review of 25 receivable accounts, we noted the following:

- Seven (28%) receivable accounts tested, totaling \$485,800, were not established timely. The time elapsed from the due date to the set-up of receivables ranged from 7 to 107 days.
- Eighteen (72%) receivable accounts tested, totaling \$1.452 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, 13 of 25 (52%) accounts tested totaling \$3.803 million were over one year old and were not referred to the Attorney General for write off.
- Four of 25 (16%) account balances tested had incorrect balances reported. The differences totaled from \$24 to \$10,000.

The Illinois State Collection Act of 1986 (Act) (30 ILCS 210/3) states it is the "public policy of this State to aggressively pursue the collection of accounts or claims due and payable to the State of Illinois through all reasonable means." The Statewide Accounting Management System (SAMS) (Procedure 26.40.20) states that agencies must place all debts over \$250 and more than 90 days past due in the Comptroller's Offset System. In addition, the Act (30 ILCS 210/5(g)) requires the agency to refer qualifying delinquent debt to the Department of Revenue's Debt Collection Bureau. The Uncollected State Claims Act (30 ILCS 205/2) requires when a State agency is unable to collect any claim or account receivable of \$1,000 or more due the agency, the State agency shall request the Attorney General to certify the claim or account receivable to be uncollectible. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Agency establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance assets and resources are safeguarded against loss, revenues and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports, and to maintain accountability over the State's resources.

Agency officials stated during the prior engagement they had not been able to fully implement improved accounts receivable procedures as a part of the fiscal reorganization. Agency officials attributed the issues noted in the current engagement to staffing shortages and system errors.

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2014

Failure to attempt or document attempts to collect accounts receivable could result in lost revenues to the State. Failure to timely refer receivables to the Department of Revenue Debt Collection Bureau and to the Comptroller's Offset System increases the likelihood that past due amounts owed to the Commission will not be collected or the collection will be further delayed. In addition, the failure to report uncollectible accounts to the Attorney General results in inaccurate accounts receivable reporting. (Finding Code No. 2014-001, 12-1, 10-1)

**RECOMMENDATION**

We recommend the Commission pursue all reasonable and appropriate procedures to collect on outstanding debts as required. We also recommend the Commission ensure its accounts receivable balances are correctly reported. We further recommend the Commission refer overdue accounts to the appropriate parties when required.

**COMMISSION RESPONSE**

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.

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2014

2014-002. **FINDING** (Inadequate controls over receipts)

The Environmental Protection Trust Fund Commission (Commission) did not have adequate controls over receipts.

The Illinois Environmental Protection Agency (Agency) handles all financial activities for the Commission and the Division of Legal Counsel (DLC). The Agency was responsible for tracking, documenting, and collecting receipts. During our testing, we noted the following:

- Five of 25 (20%) receipts tested, totaling \$176,853, were deposited from 2 to 22 days late.
- For 3 of 25 (12%) receipts tested, totaling \$93,200, the receipt date was not documented so we could not determine whether they were deposited timely.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires each State agency to deposit into the State Treasury individual receipts exceeding \$10,000 in the same day received, an accumulation of receipts of \$10,000 or more within 24 hours, receipts valued between \$500 and \$10,000 within 48 hours, and cumulative receipts valued up to \$500 on the next first or fifteenth day of the month after receipt. The Act also requires each State agency to keep a detailed account of money received showing the date of receipt, the payor, purpose and amount when receipts are received.

Agency officials stated the delays were due to employees waiting for backup documentation from another department and the errors in recording the receipt date were due to employees not understanding the procedures.

Failure to deposit cash receipts in a timely manner may result in a loss of interest revenue and increases the risk of misappropriation of assets. (Finding Code No. 2014-002)

**RECOMMENDATION**

We recommend the Agency ensure Commission receipts are deposited timely and the receipt date is documented.

**COMMISSION RESPONSE**

Agree. The Agency has strengthened its procedures to ensure deposits are made timely and the required information is recorded.

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2014

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending
- Analysis of Accounts Receivable

- Analysis of Operations (Not Examined):

- Agency Functions and Planning Program (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2014 and June 30, 2013 accompanying supplementary information in Schedules 1 through 8. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS  
 ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
 Appropriations for Fiscal Year 2014

Fourteen Months Ended August 31, 2014

	Appropriations	Expenditures Through 6/30/14	Lapse Period Expenditures 7/01-8/31/14	Total Expenditures	Balances Lapsed
Public Act 98-0064					
<u>Appropriated Funds</u>					
<u>Environmental Protection Trust Fund - 845</u>					
Grant to Environmental Protection Agency to support enhanced environmental protection and enforcement activities.	\$ 1,000,000	\$ 200,000	\$ 200,000	\$ 400,000	\$ 600,000
Grant to Department of Natural Resources for projects relating to natural resources research, protection and educational activities.	1,000,000	500,000	-	500,000	500,000
Grant to Pollution Control Board for funding expenses of case processing and other activities.	1,000,000	500,000	-	500,000	500,000
Grant to the Attorney General for enhanced enforcement activities.	1,000,000	500,000	-	500,000	500,000
<b>Totals - All Appropriated Funds</b>	<b>\$ 4,000,000</b>	<b>\$ 1,700,000</b>	<b>\$ 200,000</b>	<b>\$ 1,900,000</b>	<b>\$ 2,100,000</b>

Note: The data was taken directly from the State Comptroller records which have been reconciled to those of the Commission. The Environmental Protection Trust Fund Commission (Fund 845) was appropriated to the Illinois Environmental Protection Agency (Agency) and therefore the appropriations and expenditures related to Fund 845 have also been reported in the Agency's appropriation schedules. Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS  
 ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
 Appropriations for Fiscal Year 2013

Fourteen Months Ended August 31, 2013

	Appropriations	Expenditures Through 6/30/2013	Lapse Period Expenditures 7/01-8/31/13	Total Expenditures	Balances	
					Lapsed	Unlapsed
Public Act 97-0727						
<u>Appropriated Funds</u>						
<u>Environmental Protection Trust Fund - 845</u>						
Grant to Environmental Protection Agency to support enhanced environmental protection and enforcement activities.	\$ 1,000,000	\$ 600,000	\$ 200,000	\$ 800,000	\$	200,000
Grant to Department of Natural Resources for projects relating to natural resources research, protection and educational activities.	1,000,000	1,000,000	-	1,000,000		-
Grant to Pollution Control Board for funding expenses of case processing and other activities.	1,000,000	1,000,000	-	1,000,000		-
Grant to the Attorney General for enhanced enforcement activities.	1,000,000	1,000,000	-	1,000,000		-
<b>Totals - All Appropriated Funds</b>	<b>\$ 4,000,000</b>	<b>\$ 3,600,000</b>	<b>\$ 200,000</b>	<b>\$ 3,800,000</b>		<b>\$ 200,000</b>

Note: The data was taken directly from the State Comptroller records which have been reconciled to those of the Commission. The Environmental Protection Trust Fund Commission (Fund 845) was appropriated to the Illinois Environmental Protection Agency (Agency) and therefore the appropriations and expenditures related to Fund 845 have also been reported in the Agency's appropriation schedules. Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Years Ended

	Fiscal Year		
	2014	2013	2012
	P.A. 98-0064	P.A. 97-0727	P.A. 97-0062
<b>Environmental Protection Trust Fund - 845</b>			
Appropriations	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
Expenditures			
Grant to Environmental Protection Agency to support enhanced environmental protection and enforcement activities.	\$ 400,000	\$ 800,000	\$ 500,000
Grant to Department of Natural Resources for projects relating to natural resources research, protection and educational activities.	500,000	1,000,000	500,000
Grant to Pollution Control Board for funding expenses of case processing and other activities	500,000	1,000,000	500,000
Grant to the Attorney General for enhanced enforcement activities.	<u>500,000</u>	<u>1,000,000</u>	<u>500,000</u>
Total Expenditures	<u>\$ 1,900,000</u>	<u>\$ 3,800,000</u>	<u>\$ 2,000,000</u>
Lapsed Balances	<u>\$ 2,100,000</u>	<u>\$ 200,000</u>	<u>\$ 2,000,000</u>

Note 1: The Fiscal Year 2012 expenditures and related lapsed period balances do not include interest payments approved for payment by the Commission and submitted to the Comptroller for payment after August.

Note 2: The Environmental Protection Trust Fund Commission (Fund 845) was appropriated to the Illinois Environmental Protection Agency (Agency) and therefore the appropriations and expenditures related to Fund 845 have also been reported in the Agency's appropriation schedules.

STATE OF ILLINOIS  
 ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND  
 RECONCILIATION OF CASH RECEIPTS TO  
 DEPOSITS REMITTED TO THE STATE COMPTROLLER**  
 For the Years Ended June 30, 2014, 2013 and 2012

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>Environmental Protection Trust Fund - 845</b>			
Penalty Payments	\$ 2,172,652	\$ 2,201,101	\$ 3,814,986
Interest on Past Due Penalties	1,511	3,938	-
Prior Year Fee Transfer	(95,900)	(100)	-
Total cash receipts per Commission	<u>2,078,263</u>	<u>2,204,939</u>	<u>3,814,986</u>
Less - In transit at End of Year	220,250	241,700	41,300
Plus - In transit at Beginning of Year	241,700	41,300	100
Total cash receipts per State Comptroller's Records	<u><u>\$ 2,099,713</u></u>	<u><u>\$ 2,004,539</u></u>	<u><u>\$ 3,773,786</u></u>

Note: The Environmental Protection Trust Fund (Fund 845) was appropriated to the Illinois Environmental Protection Agency (Agency) and therefore the receipts for Fund 845 have also been reported in the Agency's receipts schedules.

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2014

A comparative schedule of net appropriations, expenditures and lapsed balances is presented on page 14. We considered the fluctuations in excess of \$200,000 and 20% to be significant. Explanations of significant fluctuations are as follows:

**Fiscal Year 2014**

Total expenditures decreased by \$1.9 million or 50%. The Environmental Protection Trust Fund Commission uses the fund for the purposes of funding grants to the Illinois Environmental Protection Agency, the Pollution Control Board, the Attorney General, and the Illinois Department of Natural Resources for the enhancement of environmental protection, enforcement and case processing activities. The funding varies from year to year as it is based on collections from penalties, court orders and administrative citations for violating environmental laws and regulations. The Commission meets twice annually in January and June. In June, the Commission reviews the receipts and determines how much can be allocated to each of the four agencies. Funds are transferred throughout the year based on cash availability. Expenditures relate to cash availability.

**Fiscal Year 2013**

Total expenditures increased by \$1.8 million or 90%. The Environmental Protection Trust Fund Commission uses the fund for the purposes of funding grants to the Illinois Environmental Protection Agency, the Pollution Control Board, the Attorney General, and the Illinois Department of Natural Resources for the enhancement of environmental protection, enforcement and case processing activities. The funding varies from year to year as it is based on collections from penalties, court orders and administrative citations for violating environmental laws and regulations. The Commission meets twice annually in January and June. In June, the Commission reviews the receipts and determines how much can be allocated to each of the four agencies. Funds are transferred throughout the year based on cash availability. Expenditures relate to cash availability.

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Two Years Ended June 30, 2014

A comparative schedule of cash receipts is presented on page 15. We considered fluctuations in excess of \$250,000 and 20% to be significant. Explanations of significant fluctuations are as follows:

**Fiscal Year 2014**

There were no significant variations in receipts between Fiscal Years 2014 and 2013.

**Fiscal Year 2013**

**Fund 845 - Environmental Protection Trust Fund**

Total receipts decreased by \$1,610,047 or 42%. The receipts are based on referrals and penalties assessed by the Attorney General's Office. The decrease was due to a Fiscal Year 2012 repayment of funds borrowed in accordance with Public Act 096-0958 and a higher amount of prior year court ordered penalties during Fiscal Year 2012.

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
**ANALYSIS OF SIGNIFICANT LAPSE SPENDING**  
For the Two Years Ended June 30, 2014

**FISCAL YEAR 2014**

Grant amounts are approved by the Commission in June of the prior fiscal year. The lapse period spending for the grant to the Environmental Protection Agency (Agency) was due to the timing of the allocation and cash availability.

**FISCAL YEAR 2013**

Grant amounts are approved by the Commission in June of the prior fiscal year. The lapse period spending for the grant to the Agency was due to the timing of the allocation and cash availability.

STATE OF ILLINOIS  
 ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
**ANALYSIS OF ACCOUNTS RECEIVABLE**  
 For the Two Years Ended June 30, 2014

An aging schedule of the Commission's accounts receivable are presented below (in thousands):

	<u>Current</u>	<u>Less than 30 Days</u>	<u>31 to 90 Days</u>	<u>91 to 181 Days</u>	<u>181 to 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
June 30, 2014	\$ 482	\$ 29	\$ 22	\$ 96	\$ 158	\$ 9,913	\$ 10,700
Allowance for uncollectible accounts							<u>(10,071)</u>
Net Accounts Receivable							<u>\$ 629</u>
June 30, 2013	\$ 389	\$ 48	\$ 703	\$ 90	\$ 440	\$ 8,465	\$ 10,135
Allowance for uncollectible accounts							<u>(8,903)</u>
Net Accounts Receivable							<u>\$ 1,232</u>

Note: The Commission's net accounts receivable balance was approximately \$629 (in thousands) and \$1,232 (in thousands) at June 30, 2014 and June 30, 2013, respectively. The Commission utilizes the Attorney General, Department of Revenue's Bureau of Collection, and the Comptroller Offset System to collect unpaid receivables; however, see finding 2014-001 regarding the administration of the Commission's receivables.

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
**AGENCY FUNCTIONS AND PLANNING PROGRAM**  
For the Two Years Ended June 30, 2014  
(Not Examined)

The State of Illinois, Environmental Protection Trust Fund Commission (Commission) was created by Public Act 81-951 on September 22, 1979 (effective January 1, 1980).

The Commission is statutorily authorized to accept, receive, and administer, on behalf of the State, any grants, gifts, loans, or other funds made available to the Commission from any source for the purpose of environmental protection and related enforcement programs.

The Commission has the authority to approve grants from the Environmental Protection Trust Fund to the Environmental Protection Agency (Agency), the Department of Natural Resources (DNR), the Pollution Control Board (PCB), and the Office of the Attorney General in order to carry out its environmental protection and related enforcement program purposes.

The following are types of grants approved by the Commission:

1. Grants to the Agency for the enhancement of environmental protection and enforcement activities.
2. Grants to the DNR for projects relating to natural resources, research, protection, and education activities.
3. Grants to the PCB for the purpose of case processing and other activities.
4. Grants to the Office of the Attorney General for enhancement of environmental enforcement activities.

The Commission has no employees and owns no property. Its members serve without compensation. The financial activities of the Commission are handled by the Agency. The Agency absorbs all administrative costs of the Commission.

The Commission developed a written, formal Program Plan, which discusses and defines:

- a) Powers of the Commission
- b) Commission membership
- c) Commission Chair
- d) Receipt of funds
- e) Commission goals
- f) Program plan

STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
**AGENCY FUNCTIONS AND PLANNING PROGRAM**  
For the Two Years Ended June 30, 2014  
(Not Examined)

The Commission's planning process is closely tied to the budget process. Each fall, the Commission members are notified by the Chairperson/Designee of the projected monies available. The member agencies provide project proposals which describe the project and the requested funding. The Commission uses these documents as the program plan for the fiscal year. A meeting is held in December to discuss and vote on the proposed projects and budget. Another meeting is held in June to pass the formal resolutions releasing the money for approved projects. The meeting agenda prepared for each meeting provides annual planning information, such as revenues and project information.

The proposed project descriptions include deadlines for completion of the projects with an informal agreement among Commission members that no project should exceed five years. The Commission requires annual project status reports to ensure grant monies are spent in accordance with awards.