



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, 2018

Release Date: July 2, 2019

FINDINGS THIS AUDIT: 2	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<b>0</b>	<b>0</b>	<b>0</b>	2014		<b>18-02</b>	
Category 2:	0	2	2	2010		<b>18-01</b>	
Category 3:	<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**

- (18-01) The Commission did not have adequate controls over the administration of its accounts receivable.
- (18-02) The Commission did not have adequate controls over its 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, 2018**

EXPENDITURE STATISTICS	2018	2017	2016
<b>Total Expenditures.....</b>	\$ 3,000,000	\$ 2,200,000	\$ 2,100,000
AWARDS AND GRANTS.....	\$ 3,000,000	\$ 2,200,000	\$ 2,100,000
% of Total Expenditures.....	100%	100%	100%
<b>Total Receipts.....</b>	\$ 1,730,707	\$ 2,343,421	\$ 3,347,346

COMMISSION MEMBERS	
During Examination Period:	Environmental Protection Agency, Alec Messina Department of Natural Services, Wayne Rosenthal Pollution Control Board, Gerald Keenan (through 5/26/17), Katie Papadimitriou (effective 5/27/17) Attorney General, Honorable Lisa Madigan
Currently:	John Kim, Colleen Callahan, Katie Papadimitriou, Honorable Kwame Raoul

**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 Commission's accounts receivable balance was approximately \$13.855 million, of which approximately \$13.074 million had been due over one year. The Illinois Environmental Protection Agency (Agency) handles all financial activities for the Commission.

During testing, the auditors noted the following:

- Twenty-four of 40 (60%) accounts receivable tested, totaling \$2.009 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, 15 of 40 (38%) accounts tested, totaling \$1.923 million, were over one year old and were not referred to the Attorney General for write off.
- Two of 40 (5%) accounts receivable tested, totaling \$16,750, were not established timely. The time elapsed from the due date to the set-up of the receivables ranged from 97 to 215 days.
- The Accounts Receivable Management Policy and Guidance (Policy) document was not updated to reflect current operations and practices. The Policy required all delinquent debt that is at least 90 days past due and in the amount of \$10 or more to be referred to a private collection firm. The auditors noted that the Commission does not use a private collection firm for collecting delinquent accounts receivable. (Finding 1, pages 7-9)  
**This finding has been repeated since 2010.**

**Receivable accounts not referred to the Comptroller's Offset System or to the Debt Collection Bureau**

**Two receivable accounts not established timely**

**Accounts Receivable Policy not updated**

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 reported. We further recommended the Commission periodically review and update its written policies to reflect current operations.

**Commission agrees with auditors**

Commission officials agreed with the recommendation and stated Agency staff continues to improve collections with the 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 its receipts. The Illinois Environmental Protection Agency (Agency) handles all financial activities for the Commission.

### **Receipts not deposited timely**

During testing, the auditors noted five of 40 (13%) receipts tested, totaling \$409,000, were deposited from one to six days late. (Finding 2, page 10) **This finding was first reported in 2014.**

We recommended the Commission strengthen its receipt processing controls to ensure receipts are timely deposited.

### **Commission agrees with auditors**

Commission officials agreed with the recommendation. (*For the previous Commission response, see Digest Footnote #2.*)

## **ACCOUNTANT'S OPINION**

The accountants conducted a compliance examination of the Commission for the two years ended June 30, 2018, 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 E.C. Ortiz & Co., LLP.

**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:PH

## **DIGEST FOOTNOTES**

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

2016: Agree. Agency staff continues to improve collections with the main focus on current billings. The Agency is working with the Legal department to overcome some of the challenges faced with placing debt into the Comptroller's Offset System. Accounts receivable balances have been reviewed for accuracy before conversion to the new ERP accounting system.

**#2 – INADEQUATE CONTROLS OVER RECEIPTS**

2016: The Agency will notify staff to fully document receipt date on the support.