



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS COMMERCE COMMISSION

Compliance Examination
 For the Two Years Ended June 30, 2015

Release Date: April 14, 2016

FINDINGS THIS AUDIT: 5	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2013		15-1,15-2	
Category 2:	3	2	5				
Category 3:	0	0	0				
TOTAL	3	2	5				
FINDINGS LAST AUDIT: 4							

SYNOPSIS

- (15-01) The Commission lacked adequate controls over the administration of its accounts receivables.
- (15-03) The Commission failed to exercise controls over its employees' accrual and use of benefit time, overtime, and equivalent earned time.
- (15-04) The Commission did not have adequate controls over the administration of State vehicles.

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 COMMERCE COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015**

EXPENDITURE STATISTICS	2015	2014	2013
Total Expenditures.....	\$ 118,664,686	\$ 116,838,321	\$ 123,517,388
OPERATIONS TOTAL.....	\$ 38,850,010	\$ 48,342,679	\$ 49,210,673
% of Total Expenditures.....	32.7%	41.4%	39.8%
Personal Services.....	21,063,314	21,069,842	21,023,341
Other Payroll Costs (FICA, Retirement).....	14,935,422	15,054,498	15,381,190
All Other Operating Expenditures.....	2,851,274	12,218,339	12,806,142
AWARDS AND GRANTS.....	\$ 79,810,039	\$ 68,471,285	\$ 74,295,992
% of Total Expenditures.....	67.3%	58.6%	60.2%
REFUNDS.....	\$ 4,637	\$ 24,357	\$ 10,723
% of Total Expenditures.....	0.0%	0.0%	0.0%
Total Receipts.....	\$ 172,842,150	\$ 143,116,404	\$ 99,872,493
Average Number of Employees (Not Examined).....	226	241	245

SELECTED ACTIVITY MEASURES (Not Examined)	2015	2014	2013
Public Utilities Program:			
Cases Filed.....	729	735	700
Cases Resolved	782	777	746
Transportation Regulatory Program:			
Investigations	1,273	1598	1,725
Track Inspections (In miles)	2,819	7,040	7,569

AGENCY DIRECTOR
During Examination Period: Cholly Smith (effective 4/27/15), Steven Matrisch (Acting) (4/6/15-4/26/15), Jonathan Feipel (through 4/3/15)
Currently: Cholly Smith

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

NEED TO IMPROVE CONTROLS OVER ACCOUNTS RECEIVABLE

The Commission did not have adequate controls over the administration of its accounts receivables.

The Commission did not make adequate collection attempts on 10 of 10 (100%) accounts receivables tested. We noted the following:

Accounts receivable not referred to the Offset System

Accounts receivable not referred to the Debt Collection Bureau

Accounts receivable not referred to the Attorney General

- The Commission failed to refer 5 of 10 (50%) accounts receivable tested, totaling \$15,287, to the Office of the Comptroller's (Comptroller) Offset System.
- The Commission failed to refer 10 of 10 (100%) accounts receivable tested, totaling \$29,868, to the Department of Revenue Debt Collection Bureau.
- The Commission did not refer 8 of 10 (80%) accounts receivable tested, totaling \$28,687, to the Illinois Attorney General to be certified as uncollectible. (Finding 1, pages 10-11)

We recommended the Commission pursue all reasonable and appropriate procedures to collect on outstanding debts as required.

Commission officials agree with auditors

Commission officials agreed with the finding and stated the Commission will resume monthly reporting requirements to the Department of Revenue's Debt Collection Bureau. They also stated the section that handles the referrals of accounts receivable is comprised of new employees. They further stated the Commission will evaluate workload of current staff and determine when these additional duties can be assigned.

NEED TO IMPROVE CONTROLS OVER EMPLOYEE TIME

The Commission did not exercise adequate controls over its employees' accrual and use of benefit time, overtime, and equivalent earned time (EET).

We tested timekeeping records for four months and noted the following:

Discrepancies between employee time records and the timekeeping system

- Eight of 25 (32%) employees tested had discrepancies between the use of vacation/sick/personal time recorded on the employees' time records and the use recorded in the Commission's timekeeping system. Discrepancies ranged from 0.5 to 7.5 hours. Three of the employees' times recorded were misclassified and three of the employees' times recorded were entered on the wrong day. The errors

No documentation of prior approval for vacation time

were subsequently corrected.

- Five of 25 (20%) employees tested did not have documentation supporting prior approval of vacation time use. Fifteen requests for time off were submitted from 1 to 27 days after vacation time was used, and four requests for time off were not dated so timeliness could not be determined.

Discrepancy between EET recorded on time records and the timekeeping system

We also tested EET records and noted the following:

- One of six (17%) employees tested had a four hour discrepancy between the use of EET recorded on the employee's time record and the use recorded in the Commission's timekeeping system. The error was subsequently corrected.

No documentation of prior approval for EET accrual and use

- One of six (17%) employees tested did not have documentation supporting prior approval of the accrual of EET time and four of six (67%) employees tested did not have documentation supporting prior approval for the use of EET. Fifteen of the EET reporting/usage forms were submitted 1 to 36 days after the time was accrued or used, and two of the EET reporting/usage forms were not dated so timeliness could not be determined.

EET not used in accordance with Commission policy

- One of six (17%) employees did not use EET in accordance with Commission Policy. Two transactions occurred where the employee used quarter-hour increments of EET.

No documentation of prior approval to work overtime

We tested overtime records and noted seven of eight (88%) employees tested did not have documentation supporting prior approval to work overtime. Fifty-seven requests for overtime pay were submitted from 1 to 30 days after the overtime was worked. (Finding 3, pages 13-14)

We recommended the Commission ensure leave time is accurately recorded and agrees with the use recorded by employees. We also recommended support is maintained to document compliance with leave, EET, and overtime policies.

Commission officials partially agree with auditors

Commission officials agreed that leave time must be accurately recorded and used by employees. They stated they will continue to train staff on timekeeping policies and procedures.

Commission officials disagreed with part of the finding, specifically regarding documentation supporting prior approval of vacation time use, EET time use and prior approval to work overtime. Commission officials stated policies allow for the verbal approval of vacation time usage, EET time usage and the ability to work overtime. They further stated employees verbally make the request and their supervisor verbally approves the request. Employees then document the time usage/worked on the appropriate form for

timekeeping purposes. They lastly stated the supervisor's signature on the form verifies the vacation time, EET time or overtime was requested and approved according to their policy.

Auditors' comment

In an auditors' comment, we noted the Commission's policy requires the use of vacation time, the accrual and use of EET, and the approval to work overtime to be approved before the time is accrued or used. The Commission could not provide documentation to support time was approved in advance. The documentation provided was signed after the time was accrued or used.

NEED TO IMPROVE CONTROLS OVER STATE VEHICLES

The Commission did not properly certify license and automotive liability coverage for all employees assigned a State-owned vehicle during the examination period. In addition, the Commission's vehicle use policy (policy) did not contain all information as required by the State Vehicle Use Act (Act).

During testing, we noted the following:

No annual licensure and liability insurance certification

- For 5 of 37 (14%) employees tested, the Commission did not ensure the individuals assigned an automobile had annual licensure and liability insurance certifications on file.

Policy did not address emergency use, daily vehicle logs and mileage recording

- The Commission's policy did not contain a policy concerning requirements for emergency use of take-home vehicles or procedures regarding daily vehicle use logs and mileage recording. (Finding 4, pages 15-16)

We recommended the Commission obtain proper certifications of licensure and automotive liability coverage for employees assigned State vehicles as required by the Illinois Vehicle Code. We also recommended the Commission update its vehicle use policy to include information as required by the Act.

Commission officials agree with auditors

Commission officials agreed with the finding and stated the Commission will require employees with Individually Assigned Vehicles to certify annually in July that they are maintaining the required additional insurance coverage. The Commission also stated they will revise the vehicle use policy to expand on the current coverage regarding the emergency use of vehicles and daily vehicle use logs.

OTHER FINDINGS

The remaining findings pertain to inaccurate fee imposition reports and inadequate controls over grant documentation. We will review the Commission's progress toward implementation of our recommendations in our next examination.

ACCOUNTANT'S OPINION

We conducted a compliance examination of the Commission for the two years ended June 30, 2015 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.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:PH

AUDITORS ASSIGNED

This examination was performed by the Office of the Auditor General's staff.