



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, 2019

Release Date: December 8, 2020

FINDINGS THIS AUDIT: 9	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	2	1	3	2015		19-07, 19-09	
Category 2:	4	2	6	2013	19-01		
Category 3:	0	0	0				
<b>TOTAL</b>	<b>6</b>	<b>3</b>	<b>9</b>				
FINDINGS LAST AUDIT: 6							

**SYNOPSIS**

- (19-01) The Commission lacked adequate control over its accounts receivable.
- (19-02) The Commission lacked adequate internal control over its transcripts of meetings.
- (19-04) The Commission failed to determine the projected surplus (deficit) on a budgetary cash basis of the Public Utility Fund during the specified timeframe.

**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.

**ILLINOIS COMMERCE COMMISSION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2019**

<b>EXPENDITURE STATISTICS</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total Expenditures.....</b>	<b>\$ 40,965,449</b>	<b>\$ 39,613,551</b>	<b>\$ 52,414,452</b>
OPERATIONS TOTAL.....	\$ 38,277,246	\$ 35,113,163	\$ 45,729,902
% of Total Expenditures.....	93.5%	88.7%	87.3%
Personal Services.....	18,999,548	17,641,411	17,126,547
Other Payroll Costs (FICA, Retirement).....	15,315,147	13,771,335	13,172,806
All Other Operating Expenditures.....	3,962,551	3,700,417	15,430,549
AWARDS AND GRANTS.....	\$ 2,679,886	\$ 4,494,413	\$ 6,658,681
% of Total Expenditures.....	6.5%	11.3%	12.7%
REFUNDS.....	\$ 8,317	\$ 5,975	\$ 25,869
% of Total Expenditures.....	0.0%	0.0%	0.0%
<b>Total Receipts.....</b>	<b>\$ 34,011,640</b>	<b>\$ 26,246,546</b>	<b>\$ 114,060,533</b>
<b>Average Number of Employees.....</b>	<b>207</b>	<b>206</b>	<b>197</b>

<b>EXECUTIVE DIRECTOR</b>
During Examination Period: Mr. Cholly Smith (7/1/17 to 4/30/19), Mr. Jim Zolnierек (Interim) (5/1/19 to 11/15/19), and Ms. Christy George (11/16/19 to Present)
Currently: Ms. Christy George

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE CONTROL OVER ACCOUNTS  
RECEIVABLE**

The Commission lacked adequate control over its accounts receivable. As of June 30, 2019, the Commission reported accounts receivable of \$36.451 million (reported net of estimated uncollectible accounts, totaling \$11.830 million) to the Office of the State Comptroller.

***Inadequate Collection Attempts***

During testing, we noted the Commission did not make adequate collection attempts on 55 of 57 (96%) accounts receivable tested. We noted the following:

**Accounts receivable not referred to the Debt Collection Bureau**

- 55 (96%) of the tested accounts, totaling \$43,917, were not referred to the Department of Revenue's Debt Collection Bureau.

**Accounts receivable not referred to the Comptroller's Offset System**

- 55 (96%) of the tested accounts, totaling \$43,917, were not referred to the State Comptroller's Offset System.

**Uncollectible accounts not referred for write-off to the Attorney General**

***Uncollectible Accounts Not Referred for Write-Off***

During testing of 57 accounts receivable, we noted 54 (95%) tested accounts, totaling \$704,510, appeared to be uncollectible; however, the Commission had not referred these accounts to the Office of the Attorney General for certification the debt was uncollectible.

**Internal procedures conflict with State law**

***Internal Procedures Conflict with State Law***

During testing, we noted § 5(B)(2) of the Commission's internal procedures conflicts with the Illinois State Collection Act of 1986 (Act) (30 ILCS 210/5(c-1)) and the Statewide Accounting Management System (SAMS) (Procedure 26.40.20). While the procedures of the Commission call for all debts greater than \$1,000 and more than 90 days old to be placed into the State Comptroller's Offset System, the Act and SAMS require all debts over \$250 and more than 90 days past due to be placed in the State Comptroller's Offset System (Finding 1, pages 13-14). **This finding has been repeated since 2013.**

We recommended the Commission pursue all reasonable and appropriate measures to collect on outstanding debts as required by State laws and regulations. Further, the Commission should report uncollectible amounts to the Attorney General. Finally, the Commission should ensure its internal procedures comport with State law.

**Commission officials agreed**

Commission officials agreed with the finding and indicated they will assign staff to pursue the referral and reporting issues related to accounts receivable and update internal policies to comport with State law.

**INADEQUATE CONTROL OVER MEETING TRANSCRIPTS**

The Commission lacked adequate internal control over its transcripts of meetings.

**Transcripts not included on Commission website**

During testing, we noted the Commission did not maintain a complete record of its meeting minutes. Several transcripts of meetings were not included on the Commission’s website.

Due to these conditions, we were unable to conclude whether the Commission’s population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Commission’s meeting transcripts.

*Even given the population limitations noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed testing which noted the following exceptions:*

**Meeting minutes not approved prior to being posted online**

- Two of 22 (9%) meeting minutes tested were not approved prior to being posted to the Commission’s website.

**Meeting minutes approved late**

- Five of 22 (23%) meeting minutes tested were not approved within 30 days of the meeting. These meeting minutes were approved 3 to 10 days late.

**Meeting minutes not posted the same day they were approved**

- Two of 22 (9%) meeting minutes tested were not posted to the Commission’s website the same day they were approved. These meeting minutes were posted 7 and 35 days late. (Finding 2, pages 15-16)

We recommended the Commission ensure all meeting transcripts are timely approved and posted to the Commission’s website on the day of approval.

**Commission officials agreed**

Commission officials agreed with the finding and indicated they will, going forward, strive to have all meeting transcripts timely approved and posted.

## **NONCOMPLIANCE WITH THE PUBLIC UTILITIES ACT**

The Commission failed to determine the projected surplus (deficit) on a budgetary cash basis of the Public Utility Fund (Fund) during the specified timeframe.

### **Projected surplus (deficit) determined in wrong months**

During testing, we noted the Commission failed to determine the Fund's projected surplus (deficit) during the months of October 2017 and 2018. The Commission instead determined required amounts in July 2017 and June 2018. (Finding 4, pages 19-20)

We recommended the Commission comply with State law as written or seek a legislative remedy to change the month during which these amounts are to be determined.

### **Commission officials disagree**

Commission officials disagreed with the finding and provided the following response.

The Commission disagrees with the finding. In Docket No. 18-0375, conducted pursuant to the Public Utilities Act (220 ILCS 5/2-202(i-5)), the Commission concluded the provision requiring that the Commission make the determinations in question in October of each year was: (a) consistent with Illinois case law, directory rather than mandatory, such that the Commission could lawfully fix a different date for apportionment by its Order; (b) only applied by its terms to any assessments conducted prior to the conclusion of the docketed proceeding; and (c) would, if followed, frustrate legislative intent. The Commission ordered that apportionment would in the future be made on June 30 of each year. Lastly, Commission officials indicated they would, nevertheless, pursue a legislative change seeking a change to the referenced date.

### **Accountant's Comment**

As legislative post-auditors, our responsibility is to test the Commission's compliance with State law as written. The plain language of the Act requires the Commission to make this determination in October. Additionally, as the Fund's beginning budgetary basis balance is not known until after all of the closing fiscal year's Lapse Period transactions have been recorded, attempts to ascertain this balance must rely upon estimates and not actual results typically known by October. These estimates hinder the precise calculation of the beginning balance, as such precision would not have been possible in June or July because of the inherent limitations in the accounting measurement process. We continue to recommend the Commission comply with State law as written, or seek a legislative remedy.

## **OTHER FINDINGS**

The remaining findings pertain to inadequate control over monthly reconciliations, revenues, State vehicles, personal services, and timekeeping and noncompliance with the Collateral Recovery Act. We will review the Commission's progress towards the implementation of our recommendations in our next compliance examination.

## **ACCOUNTANT'S OPINION**

The accountants conducted a compliance examination of the Commission for the two years ended June 30, 2019, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2019-001 through 2019-003. Except for the noncompliance described in these findings, the accountants stated the Commission 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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