



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS POWER AGENCY**

**Compliance Examination  
 For the Two Years Ended June 30, 2018**

**Release Date: February 19, 2020**

FINDINGS THIS AUDIT: 4	AGING SCHEDULE OF REPEATED FINDINGS																												
	Repeated Since	Category 1	Category 2	Category 3																									
<table border="0"> <tr> <td></td> <td><u>New</u></td> <td><u>Repeat</u></td> <td><u>Total</u></td> <td></td> </tr> <tr> <td><b>Category 1:</b></td> <td><b>2</b></td> <td><b>0</b></td> <td><b>2</b></td> <td></td> </tr> <tr> <td><b>Category 2:</b></td> <td>2</td> <td>0</td> <td>2</td> <td></td> </tr> <tr> <td><b>Category 3:</b></td> <td><u>0</u></td> <td><u>0</u></td> <td><u>0</u></td> <td></td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>4</b></td> <td><b>0</b></td> <td><b>4</b></td> <td></td> </tr> </table>		<u>New</u>	<u>Repeat</u>	<u>Total</u>		<b>Category 1:</b>	<b>2</b>	<b>0</b>	<b>2</b>		<b>Category 2:</b>	2	0	2		<b>Category 3:</b>	<u>0</u>	<u>0</u>	<u>0</u>		<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>4</b>		No Repeat Findings			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>																										
<b>Category 1:</b>	<b>2</b>	<b>0</b>	<b>2</b>																										
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<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>4</b>																										
FINDINGS LAST AUDIT: 0																													

**INTRODUCTION**

This digest covers the Agency’s compliance examination for the two years ended June 30, 2018. A separate audit of the Agency’s nonshared governmental funds was previously released on September 11, 2019. In total, this report contains four findings, two of which were previously reported within the Agency’s financial audit report.

**SYNOPSIS**

- (18-03) The Agency lacked adequate control over personal services.

**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 POWER AGENCY  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2018**

EXPENDITURE STATISTICS	2018	2017	2016
<b>Total Expenditures.....</b>	<b>\$ 8,520,517</b>	<b>\$ 5,364,309</b>	<b>\$ 4,030,631</b>
OPERATIONS TOTAL.....	\$ 8,211,927	\$ 4,633,909	\$ 3,266,497
% of Total Expenditures.....	96.4%	86.4%	81.0%
Personal Services.....	507,348	387,190	378,150
Other Payroll Costs (FICA, Retirement).....	382,911	261,457	266,540
All Other Operating Expenditures.....	7,321,668	3,985,262	2,621,807
INTERFUND CASH TRANSFERS.....	\$ -	\$ -	\$ 497,078
% of Total Expenditures.....	0.0%	0.0%	12.3%
REFUNDS.....	\$ 308,590	\$ 730,400	\$ 267,056
% of Total Expenditures.....	3.6%	13.6%	6.6%
<b>Total Receipts.....</b>	<b>\$ 5,544,317</b>	<b>\$ 1,635,701</b>	<b>\$ 4,652,574</b>
<b>Average Number of Employees.....</b>	<b>7</b>	<b>6</b>	<b>6</b>

SELECTED ACTIVITY MEASURES	2018	2017	2016
<i>Customers with Fixed Price Supply in May</i>			
Ameren Residential Customers	419,335	408,607	411,189
ComEd Residential Customers	2,379,596	2,279,431	2,059,350
MidAmerican Residential Customers	77,814	78,163	78,213

AGENCY DIRECTOR
During Examination Period: Mr. Anthony Star
Currently: Mr. Anthony Star

**FINDINGS, CONCLUSIONS, AND**  
**RECOMMENDATIONS**

**INADEQUATE CONTROL OVER PERSONAL SERVICES**

The Illinois Power Agency (Agency) lacked adequate control over personal services.

During testing, we noted the following:

- |  |  |
|--|--|
| <b>Late performance evaluations</b>  | <ul style="list-style-type: none"><li>• Four of eight (50%) employees tested had their performance evaluation in Fiscal Year 2018 performed between 179 and 180 days after the end of the employee's evaluation period.</li></ul>  |
| <b>Timesheets submitted late</b>   | <ul style="list-style-type: none"><li>• Two of eight (25%) employees tested submitted timesheets between 12 and 196 days late.</li><li>• Payroll deductions did not trace to the appropriate supporting documentation for six of eight (75%) employees tested. We noted the following:<ul style="list-style-type: none"><li>○ one employee had an incorrect calculation of withholding payable to the State of Maryland during Fiscal Year 2017 and Fiscal Year 2018;</li><li>○ five employees had an incorrect number of withholding exemptions during Fiscal Year 2017;</li><li>○ one employee had an incorrect deduction for optional life insurance contributions during Fiscal Year 2017; and,</li><li>○ two employees had an incorrect employee contribution to the State Employees Group Insurance Program.</li></ul></li></ul> |
| <b>Five employees had an incorrect number of withholding exemptions</b>      |  |
| <b>Incorrect insurance deductions</b>  |  |
| <b>No leave slips for 26 instances of compensated time off</b>               | <ul style="list-style-type: none"><li>• Six of eight (75%) employees tested did not have a leave slip for 26 separate instances of compensated time off.</li></ul>   |
| <b>Incorrect balance computation of an employee's compensated leave time</b> | <ul style="list-style-type: none"><li>• The employee's compensated time balance was not computed correctly for one of eight (13%) employees tested.</li><li>• Time taken off was not properly documented on the timesheet for two of eight (25%) employees tested (Finding 3, pages 20-22).</li></ul>  |

We recommended the Agency take action to ensure:

- 1) employees receive a performance evaluation and complete the evaluation process within a reasonable period of time after the end of the evaluation period, which is usually no more than 30 days;

- 2) employees timely submit timesheets or document the reason why it was not practicable to file the timesheet earlier;
- 3) employee timesheets are complete and accurate, with all leave time properly documented; and,
- 4) payroll deductions are properly calculated from the Agency's supporting documentation.

**Agency officials agree**

Agency officials agreed with our recommendation.

### **OTHER FINDINGS**

The remaining findings pertain to inadequate control over financial reporting, noncompliance with the State Finance Act, and inadequate control over accounts receivable. We will review the Agency's progress towards the implementation of our recommendations in our next financial audit and/or compliance examination.

### **AUDITOR'S OPINION**

The financial audit report was previously released. The auditors stated the financial statements of the Illinois Power Agency Operations Fund, the Illinois Power Agency Trust Fund, and the Renewable Energy Resources Fund as of and for the year ended June 30, 2018, are fairly stated in all material respects.

### **ACCOUNTANT'S OPINION**

The accountants conducted a compliance examination of the Agency for the two years ended June 30, 2018, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2018-001 and Finding 2018-002. Except for the noncompliance described in these findings, the accountants stated the Agency complied, in all material respects, with the requirements described in the report.

This financial audit and 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**

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FRANK J. MAUTINO  
Auditor General

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