



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

**ILLINOIS STATE POLICE
STATE ASSET FORFEITURE FUND**

**Limited Scope Compliance Examination
 For the Two Years Ended June 30, 2022**

Release Date: April 13, 2023

FINDINGS THIS AUDIT: 4	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	3	3	2020	22-01, 22-02, 22-03		
Category 2:	1	0	1				
Category 3:	0	0	0				
TOTAL	1	3	4				
FINDINGS LAST AUDIT: 4							

INTRODUCTION

Because of the significance and pervasiveness of the findings described within the report, we expressed an adverse opinion on the Illinois State Police Asset Forfeiture Fund’s compliance with specified requirements which comprise a limited scope compliance examination. The Codification of Statements on Standards for Attestation Engagements (AT-C § 205.74) states a practitioner “should express an adverse opinion when the practitioner, having obtained sufficient appropriate evidence, concludes the misstatements, individually or in the aggregate, are both material and pervasive to the subject matter.”

SYNOPSIS

- **(22-01)** The Department did not maintain adequate internal controls over receipts and reconciliations.
- **(22-02)** The Department did not comply with the Seizure and Forfeiture Reporting Act.

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.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INADEQUATE CONTROLS OVER RECEIPTS AND RECONCILIATIONS

The Illinois State Police (Department) did not maintain adequate internal controls over receipts and reconciliations.

Controls over cash receipts

Receipt records did not agree with the receipts reconciliations

During testing, we requested the Department provide the population of cash receipts received by the Department during Fiscal Years 2021 and 2022 for the State Asset Forfeiture Fund (Fund 514) in order to test compliance applicable to those receipts. In response to our request, the Department provided a listing of cash receipts. We noted the Department's population of cash receipts did not agree to the documentation in the Department's Revenue Status Report (SB04) reconciliations for Fiscal Year 2021 or Fiscal Year 2022.

Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36) to test the Department's compliance relative to cash receipts.

Inadequate segregation of duties

Additionally, we noted the Department did not maintain proper segregation of custody and recordkeeping duties over receipt collection and processing. One employee was responsible for:

- Preparing a log of receipts received;
- Recording receipts in the receipts ledger; and
- Depositing funds into the State Treasury.

Controls over reconciliations

Reconciliation errors

During testing of Fiscal Year 2022 and 2021 reconciliations between the Comptroller's records and the Department's records for Fund 514, we noted:

- Monthly SB04 reconciliations for Fiscal Years ended June 30, 2022 and 2021 contained unexplained reconciliation discrepancies totaling a net amount of \$563 and \$896, respectively.
- SB04 reconciliations for Fiscal Year 2021 were not reconciled by receipt account; whereby each Fund was reconciled in total.
- Monthly Appropriation Status Report (SB01) and Object Expense/Expenditure by Quarter Report (SA02)

final lapse period reconciliations for the Fiscal Years Ended June 30, 2022 and 2021 contained unexplained and uncorrected reconciliation discrepancies. The net discrepancies shown on the September 30, 2021 and August 31, 2022 SB01 and SA02 reconciliations totaled \$563 and \$1,810, respectively.

- Five of 29 (17%) monthly SB01 and SA02 reconciliations were not performed within 60 days following the end of the month. The SB01 reconciliations were completed 1 to 446 days late.
- Three of 29 (10%) monthly SB01 and SA02 reconciliations did not have documentation retained to indicate the date prepared and supervisor review of the reconciliation.
- Seven of 24 (29%) Monthly Cash Report (SB05) reconciliations were not performed within 60 days following the end of the month. The SB05 reconciliations were completed 1 to 82 days late.
- Four of 24 (17%) SB05 reconciliations were not reviewed by a supervisor or an independent person. In addition, one of four SB05 reconciliations did not indicate when the reconciliation was prepared. (Finding 1, pages 9-11)

We recommended the Department establish and document proper segregation of duties over the receipts process, establish internal controls to ensure receipts and expenditures are properly reconciled and records are timely corrected, and accurate documentation is maintained to support receipt activities and related reviews performed.

Department agreed

Department management concurred with the finding and stated they had made progress in the timeliness of the reconciliations between Fiscal Years 2021 and Fiscal Years 2022; however, turnover and system errors remained a barrier. Additionally, the Department is developing a plan to provide additional support for reconciliations and will continue to work with the Department of Innovation and Technology to address errors in the reports produced by the financial system.

FAILURE TO COMPLY WITH THE SEIZURE AND FORFEITURE REPORTING ACT

The Department did not comply with the Seizure and Forfeiture Reporting Act (Act).

Department had not adopted rules

The Act (5 ILCS 810/10(d)), effective August 3, 2018, requires the Department to adopt rules to administer the asset forfeiture program, including the categories of authorized expenditures consistent with the statutory guidelines for each of the included forfeiture statutes, the use of forfeited funds, other expenditure requirements and the reporting of seizure and forfeiture information. However, the Department had not adopted rules regarding the categorization of authorized expenditures to ensure they were consistent with the statutory guidelines for each forfeiture statute.

Accountants unable to test disbursements

Due to the lack of rules we were unable to test the disbursements to determine if they were made in accordance with the Act. Furthermore, we could not determine if the administrative costs charged to the fund were reasonable. (Finding 2, page 12)

We recommended the Department comply with the Act and adopt rules regarding the disbursement of forfeitures.

Department agreed

The Department concurred with the finding and stated they had begun the process of revising the rules associated with 5 ILCS 810/10 in August 2021. The Department has now completed responses to questions received during public comment and returned them to the Joint Committee on Administrative Rules. While the rest of the process is outside of the control of the Department, it is hoped that final rules will be published by early Fiscal Year 2024.

OTHER FINDINGS

The remaining findings pertain to noncompliance with the Seizure and Forfeiture Reporting Act and voucher processing weaknesses. We will review the Department's progress towards the implementation of our recommendations in our next limited scope compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a limited scope compliance examination of the Illinois State Police State Asset Forfeiture Fund for the two years ended June 30, 2022, as required by the Act and the Illinois State Auditing Act. Because of the effect of noncompliance described in findings 2022-001 through 2022-004, the accountants stated the Department did not materially comply with the requirements described in the report.

This limited scope compliance examination was conducted by West & Company, LLC.

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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