



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS LAW ENFORCEMENT  
 TRAINING AND STANDARDS BOARD**

Compliance Examination  
 For the Two Years Ended June 30, 2016

Release Date: September 21, 2017

FINDINGS THIS AUDIT: 7	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<b>1</b>	<b>4</b>	<b>5</b>	2014	<b>16-01, 16-05</b>		
<b>Category 2:</b>	<b>2</b>	<b>0</b>	<b>2</b>	2012	<b>16-02</b>		
<b>Category 3:</b>	<b>0</b>	<b>0</b>	<b>0</b>	2008	<b>16-03</b>		
<b>TOTAL</b>	<b>3</b>	<b>4</b>	<b>7</b>				
FINDINGS LAST AUDIT: 7							

**SYNOPSIS**

- **(16-01)** The Board did not properly process cash receipts.
- **(16-02)** The Board did maintain sufficient controls over its equipment and related records.
- **(16-05)** The Board did not properly document the performance and review of its required monthly reconciliations.

**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 LAW ENFORCEMENT TRAINING AND STANDARDS BOARD**  
**COMPLIANCE EXAMINATION**  
**For the Two Years Ended June 30, 2016**

<b>EXPENDITURE STATISTICS</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total Expenditures.....</b>	<b>\$ 15,106,190</b>	<b>\$ 15,197,145</b>	<b>\$ 15,103,200</b>
<b>OPERATIONS TOTAL.....</b>	<b>\$ 3,211,914</b>	<b>\$ 3,316,205</b>	<b>\$ 3,072,305</b>
% of Total Expenditures.....	21.3%	21.8%	20.3%
Personal Services.....	1,385,650	1,318,834	1,196,286
Other Payroll Costs (FICA, Retirement).....	1,158,947	1,023,389	930,970
All Other Operating Expenditures.....	667,317	973,982	945,049
<b>AWARDS AND GRANTS.....</b>	<b>\$ 11,894,276</b>	<b>\$ 11,880,940</b>	<b>\$ 12,030,895</b>
% of Total Expenditures.....	78.7%	78.2%	79.7%
<b>Total Receipts.....</b>	<b>\$ 17,536,748</b>	<b>\$ 17,321,516</b>	<b>\$ 17,309,342</b>
<b>Average Number of Employees.....</b>	<b>19</b>	<b>18</b>	<b>17</b>

<b>SELECTED ACTIVITY MEASURES (not examined)</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Law Enforcement Officers completing mandated basic training.....	1,322	1,020	1,177
County Corrections Officers completing mandated basic training.....	536	451	538
Public Safety Personnel trained utilizing the in-service training delivery system.....	44,899	45,185	46,089

<b>EXECUTIVE DIRECTOR</b>	
During Examination Period:	Mr. Kevin T. McClain (through 12/31/15) Mr. Pat Hahn (Interim Executive Director 01/01/16 - 01/15/16) Mr. Brent Fischer (effective 01/16/16)
Currently:	Mr. Brent Fischer

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**RECEIPT PROCESSING WEAKNESSES**

The Illinois Law Enforcement Training and Standards Board (Board) did not properly process cash receipts. During the examination period, the Board's records indicated it processed \$34.86 million in cash receipts.

During testing, we noted the following related to receipt processing:

**Errors were not identified during the Board's reconciliation process**

- During variance analysis, we noted a significant increase in receipts deposited into the Police Training Board Services Fund during Fiscal Year 2015. In following up with Board officials on this variance, Board officials reported this variance was due to the Office of the State Treasurer identifying \$53,350 in unprocessed non-negotiable Treasurer's Drafts that had not been remitted on a Receipt Deposit Transmittal (RDT) by the Board to the Office of the State Comptroller (Comptroller) during prior periods. These errors should have been recognized during reconciliations of the Board's cash receipt records to deposits recorded by the State Comptroller.

**Duties were not segregated within the receipt processing transaction cycle**

- The Board did not segregate duties within its receipt processing transaction cycle. We noted the same individual performs all parts of the Board's current transaction cycle, including:
  - **Authorization** by reviewing and approving transactions, including endorsing checks, depositing funds into the State Treasury's clearing accounts, and preparing RDTs or Expenditure Adjustment Transmittals;
  - **Custody** by handling and depositing physical checks and maintaining the electronic and physical records;
  - **Recordkeeping** by preparing entries and maintaining the Board's internal accounting records; and,
  - **Reconciliation** by preparing reconciliations to the State Comptroller's records to verify each transaction's validity, proper authorization, and entry into the Board's accounting records.

**Receipts recorded to the wrong date and county**

- Differences existed, totaling \$21,241, between the Board's records for county receipts, the RDTs prepared by the Board, and the supporting documentation maintained for the Traffic and Criminal Conviction Surcharge Fund. Specifically, we noted these receipts were recorded under the incorrect date or county on the Board's records.

**Date when checks were received was not recorded**

- The Board failed to record the date checks were received for deposit into the Police Training Board Services Fund; therefore, we were unable to determine whether deposits were made in a timely manner.

In following up on this exception, Board employees indicated the Board uses the check’s date to determine the date received. Using this standard, one of six (17%) receipt batches tested, totaling \$6,400, were deposited between 31 to 33 days late. (Finding 1, pages 10-12)

We recommended the Board implement controls to ensure its receipt processing duties are adequately segregated, receipt records are properly recorded and reconciled, and receipts are properly documented and timely deposited into the State Treasury.

**Board accepted the recommendation**

Board officials accepted the recommendation.

**INSUFFICIENT CONTROLS OVER EQUIPMENT**

The Board did not maintain sufficient controls over its equipment and related records.

During testing, we noted the following:

**Additions and deletions were not recorded timely**

- Nine of 10 (90%) equipment additions tested, totaling \$4,896, were added to the Board’s property listing between 27 and 719 days late.
- Five of eight (63%) equipment deletions tested, totaling \$27,308, were removed from the Board’s property listing between 92 and 276 days late. Further, while tracing items from the Board’s property listing to equipment in use at the Board, the accountants noted one item, totaling \$1,400, which had been disposed of; however, it was still on the Board’s inventory listing over 300 days later.

**Two equipment items were unable to be located**

- Two of 60 (3%) equipment items were unable to be located while tracing items from the Board’s property listing to equipment in use at the Board.

**One capital lease was recorded incorrectly**

- One equipment item, totaling \$540, was on the Object Expense/Expenditures by Quarter Report (SA02) prepared by the Office of the State Comptroller, but was not included on the Board’s *Agency Report of State Property* (Form C-15)
- One capital lease of photocopiers was recorded as \$11,192 on the Board’s Form C-15 for the first quarter of Fiscal Year 2015. However, the lease value on the Comptroller’s reports – calculated by the Comptroller

from the Board's *Accounting for Leases-Lessee* Form (Form SCO-560) for this capital asset – reported the asset cost was \$11,992. (Finding 2, pages 13-14) **This finding has been repeated since 2012.**

We recommended the Board take action to complete a full inventory to identify and correct errors on its property listing, implement controls to ensure the timely recording of property transactions, and ensure its capital assets and capital leases are reported at the correct amount to enable complete and accurate reporting of transactions to the Comptroller.

**Board accepted the recommendation** Board officials accepted the recommendation. *(For the previous Board response, see Digest Footnote #1)*

### **INADEQUATE CONTROLS OVER RECONCILIATIONS**

The Board did not properly document the performance and review of its required monthly reconciliations.

During testing, some of the issues we noted included the following:

**Unable to determine when required expenditures reconciliations were performed and reviewed**

- The Board did not retain documentation of the date when it performed its monthly expenditure reconciliations to the Monthly Appropriations Status Report (SB01) prepared by the Office of the State Comptroller (Comptroller). As a result, we could not determine if these required reconciliations were completed and reviewed timely by the Board's staff.

**Unable to determine when required cash receipts reconciliations were performed and reviewed**

- The Board did not retain documentation of the date when it performed its monthly cash receipts reconciliation to the Monthly Revenue Status Report (SB04) prepared by the Comptroller. As a result, we could not determine if these required reconciliations were completed and reviewed timely by the Board's staff. (Finding 5, pages 20-21)

We recommended the Board document the completion and review of its reconciliations.

**Board accepted the recommendation** Board officials accepted the recommendation.

### **OTHER FINDINGS**

The remaining findings pertain to inadequate controls over voucher processing, petty cash, and vehicle reports and certain administrative weaknesses over monitoring and receiving reports from Mobile Team Units. We will review the Board's progress towards the implementation of our recommendations in our next compliance examination.

## ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Board for the two years ended June 30, 2016, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2016-001 through 2016-005. Except for the noncompliance described in these findings, the accountants stated the Board 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**

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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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## DIGEST FOOTNOTES

### #1 - INSUFFICIENT CONTROLS OVER EQUIPMENT – Previous Board Response

2014: The Board accepts the Recommendation. It will continue efforts to fill outstanding vacancies, and in the interim will work within existing resources to implement the Recommendation. The Board will implement regular inventory verifications.

Also, a specific Board staff member has been assigned to monitor compliance with the Audit Recommendation, and regularly report to Board Administrators.