

**State of Illinois  
Pollution Control Board**

---

**COMPLIANCE EXAMINATION**

---

**FOR THE TWO YEARS ENDED  
JUNE 30, 2022**

---

**PERFORMED AS SPECIAL  
ASSISTANT AUDITORS FOR THE  
AUDITOR GENERAL,  
STATE OF ILLINOIS**

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022**

**TABLE OF CONTENTS**

<i>State Compliance Examination Report</i>	<b><u>Page</u></b>
Board Officials	1
Management Assertion Letter	2
State Compliance Report	
Summary	3
Independent Accountant's Report on State Compliance and on Internal Control over Compliance	4
Schedule of Findings	
Current Findings	7

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022**

**BOARD OFFICIALS**

Chief Fiscal Officer (11/16/20 - Present)	Mr. Bruce Bennett
Chief Fiscal Officer (10/31/20 – 11/15/20)	Vacant
Chief Fiscal Officer (07/01/20 – 10/30/20)	Ms. Kathryn Griffin
General Counsel	Ms. Marie Tipsord

**BOARD OFFICER**

Chair of the Board	Ms. Barbara Flynn Currie
--------------------	--------------------------

The Pollution Control Board's primary administrative offices are located at:

1021 North Grand Avenue East  
Springfield, Illinois 62794

60 East Van Buren Street, Suite 630  
Chicago, Illinois 60605



# IPC

## Illinois Pollution Control Board

### MANAGEMENT ASSERTION LETTER

#### GOVERNOR

JB Pritzker



#### CHAIRMAN

Barbara Flynn Currie



#### MEMBERS

Michelle Gibson

Jennifer Van Wie



#### CHICAGO OFFICE

60 E. Van Buren St.  
Suite 630  
Chicago, IL  
60605

Main: 312-814-3620  
FAX: 312-814-3669  
TTY: 866-323-1677



#### SPRINGFIELD OFFICE

1021 N. Grand Ave. East  
P.O. Box 19274  
Springfield, IL  
62794-9274

Main: 217-524-8500  
FAX: 217-524-8508



#### WEB SITE

pcb.illinois.gov

June 27, 2023

Roth & Company LLP  
815 West Van Buren Street, Suite 500  
Chicago, Illinois 60607

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Pollution Control Board (Board). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Board's compliance with the following specified requirements during the two-year period ended June 30, 2022. Based on this evaluation, we assert that during the years ended June 30, 2021 and June 30, 2022, the Board has materially complied with the specified requirements listed below.

- A. The Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Yours truly,

State of Illinois, Pollution Control Board

**SIGNED ORIGINAL ON FILE**

Barbara Flynn Currie  
Board Chair

**SIGNED ORIGINAL ON FILE**

Bruce Bennett  
Chief Fiscal Officer

**SIGNED ORIGINAL ON FILE**

Marie Tipsord  
General Counsel

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022**

**STATE COMPLIANCE REPORT**

**SUMMARY**

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

**ACCOUNTANT’S REPORT**

The Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF FINDINGS**

<b>Number of</b>	<b><u>Current Report</u></b>	<b><u>Prior Report</u></b>
Findings	2	0
Repeated Findings	0	0
Prior Recommendations Implemented or Not Repeated	0	0

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings</b>				
2022-001	7	New	Inadequate Controls over Personal Services	Significant Deficiency and Noncompliance
2022-002	10	New	Voucher Processing Weaknesses	Significant Deficiency and Noncompliance

**EXIT CONFERENCE**

The Board waived an exit conference in a correspondence from Bruce Bennett, Chief Fiscal Officer, on June 15, 2023. The responses to the recommendations were provided by Bruce Bennett, Chief Fiscal Officer, in a correspondence dated June 15, 2023.



**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Governing Board  
State of Illinois, Pollution Control Board

**Report on State Compliance**

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Pollution Control Board (Board) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2022. Management of the Board is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance based on our examination.

The specified requirements are:

- A. The Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Board complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Board's compliance with the specified requirements.

In our opinion, the Board complied with the specified requirements during two years ended June 30, 2022, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2022-001 and 2022-002.

The Board's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

### **Report on Internal Control Over Compliance**

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Board's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Board's compliance with the specified requirements and to test and report on the Board's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material



weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

There were no immaterial findings that have been excluded from this report.

The Board's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

Chicago, Illinois  
June 27, 2023



**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
SCHEDULE OF FINDINGS – STATE COMPLIANCE  
For the Two Years Ended June 30, 2022**

2022-001. **FINDING** (Inadequate Controls over Personal Services)

The Illinois Pollution Control Board (Board) failed to maintain adequate controls over personal services.

During testing, auditors noted the following:

- For two of three (67%) new employees tested, the Board did not ensure Employment Eligibility Verification (I-9) Forms were timely completed. The Forms I-9 were completed three and eight days late.

Federal Immigration Law (8 U.S.C. § 1324a) and the Code of Federal Regulations (8 CFR § 274a.2.(b)(1)) require an employer to complete and maintain a Form I-9 to document verification of an individual's identity and eligibility for employment in the United States. The employer is required to examine evidence of identity and employment authorization of each new employee no later than three business days after the employee's first day of employment. A new employee is required to sign the Form I-9 no later than the first day of employment or earlier than the date the employee accepted the job offer.

Board officials stated the delay was due to the employees being in different office locations and working remotely due to continuing COVID-19 protocols.

- For two of two (100%) terminated employees tested, the employees' earned vacation time balances in the employees' final pay were not correctly rounded up to the next ½ hour, resulting in an overpayment of \$232 and an underpayment of \$29.

The Administrative Code (Code) (80 Ill. Admin. Code 303.250) states "after an employee's earned vacation time has been completed, if there remains a fractional balance of ½ hour or less, the employee shall be deemed to have earned vacation time of ½ hour in lieu of the fractional balance. If there remains a fractional balance of more than ½ hour, the employee shall be deemed to have earned a full hour of vacation time in lieu of a fractional balance."

Board officials indicated the discrepancies were due to the manual calculation of unused leave payouts for employees' final pay.

- For two of six (33%) employees tested, three requests for 13 hours of equivalent earned time and 24.50 hours of overtime were not properly approved by the supervisors. These requests were approved from one to 11 days after the overtime was worked or the request was submitted. In addition, for three of six (50%) employees tested, seven requests for 20.50 hours of equivalent earned

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
SCHEDULE OF FINDINGS – STATE COMPLIANCE  
For the Two Years Ended June 30, 2022**

time (EET) and 36.50 hours of overtime were submitted from one to seven days after the overtime was worked.

The Board’s Personnel Manual states “Any use of overtime must be approved in advance in the timekeeping system by the employee’s supervisor and the Chief Fiscal Officer.” In addition, an employee must obtain approval from his or her immediate supervisor prior to accruing EET.

Board officials stated employees contact their supervisor verbally to outline the reasons and to request the approximate amount of needed overtime. Officials stated the Board’s timekeeping system’s request for overtime or EET is usually submitted and approved in the system after the actual time is worked for accuracy.

- The figures reported on the Agency Workforce Reports (Reports) filed during the examination period did not agree to the supporting documentation provided. Discrepancies were noted on the data and statistical percentages reported for one of 16 (6%) employee groups and one of 16 (6%) professionals in the 2020 Report.

The State Employment Records Act (Act) (5 ILCS 410 et seq.) requires State agencies to collect, classify, maintain, and report certain employment statistics for women, disabled, and minority groups.

Board officials stated the discrepancies were due to oversight.

- The Board did not ensure employee’s deductions for federal income taxes were accurately calculated. For four of eight (50%) employees tested, federal income taxes for three pay periods were inaccurately withheld by \$23. For payroll processing, the Board uses the Central Payroll System (System), which did not use the proper federal tax deduction rates effective for those pay periods, and the Board did not identify the withholding errors in its review and approval of its payroll vouchers.

The Internal Revenue Service Publication 15-T, Employer's Tax Guide, requires employers to withhold federal income tax from each wage payment or supplemental unemployment compensation plan benefit payment according to the employee's Form W-4 and the correct withholding table. Further, the Office of Comptroller’s Office Payroll Bulletins stipulated the applicable withholding rates for the amounts to be withheld.

The Independent Service Auditor’s Report on DoIT’s Shared Services dated August 4, 2021 reported inaccuracies in tax rates in the System and stated “agencies are responsible for reviewing the payroll voucher to ensure the

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
SCHEDULE OF FINDINGS – STATE COMPLIANCE  
For the Two Years Ended June 30, 2022**

accurate calculation of deductions”. State agencies are ultimately responsible for the accuracy of payroll deductions and withholdings and any discrepancies should be reported for correction.

Board officials agreed the taxes withheld were incorrectly calculated, but they did not realize the Board’s responsibility for ensuring accurate calculation of withholding amounts on the payroll voucher.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance obligations and costs are in compliance with applicable law and expenditures are properly recorded and accounted for to maintain accountability over the State’s resources.

Failure to complete the Forms I-9 within the required timeframe increases the risk ineligible individuals will be allowed to work in violation of federal regulations. Failure to correctly calculate final termination pay in accordance with the Code may result in overpayments from State resources. Failure to ensure documented pre-approval of overtime requests consistent with Board policy may affect the Board’s ability to limit unnecessary overtime and to ensure overtime does not exceed federally mandated maximums. Failure to file accurate information on the Report may prevent the appropriate oversight authorities from receiving correct data for monitoring of programs and can decrease effectiveness of future decisions when accurate information is not available. Failure to ensure the accuracy of payroll deductions prior to approving payroll vouchers can result in inaccurate taxes withheld from employees and remitted to the federal government. (Finding Code No. 2022-001)

**RECOMMENDATION**

We recommend the Board:

- Ensure Forms I-9 are timely completed.
- Ensure unused vacation balances included in the computation of employees’ final pay is calculated in accordance with the Code.
- Ensure documentation is maintained to support overtime requests are timely submitted and properly approved in advance.
- Strengthen its controls over the completion and review of the Agency Workforce Reports to ensure the report is accurate.
- Independently review its payroll vouchers generated to ensure payroll and related withholding taxes are accurate.

**BOARD RESPONSE**

The Board agrees and has made changes to ensure the recommendations are implemented.

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
SCHEDULE OF FINDINGS – STATE COMPLIANCE  
For the Two Years Ended June 30, 2022**

2022-002. **FINDING** (Voucher Processing Weaknesses)

The Illinois Pollution Control Board (Board) had weaknesses over its voucher processing function during the examination period.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), we were able to limit our voucher testing at the Board to determine whether certain key attributes were properly entered by the Board's staff into the ERP. In order to determine the operating effectiveness of the Board's internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's Enterprise Resource Planning (ERP) System based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

Our testing noted two of 173 (1%) attributes were not properly entered into the ERP System.

The Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.30) requires the Board maintain records which reflect the date goods were received and accepted, the date services were rendered, and the proper bill date. Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance expenditures are properly recorded and accounted for to maintain accountability over the State's resources.

We also tested an appropriate sample of the Board's travel vouchers for fiscal years 2021 and 2022 to determine compliance with the governing travel regulations. We noted for one of 8 (13%) travel vouchers tested, the Board reimbursed an employee with an auto mileage rate higher than the rate set forth by the Governor's Travel Control Board, resulting in a \$5.20 overpayment.

The Code (80 Ill. Admin. Code 2800.Appendix A) specifies the maximum travel reimbursement rates allowed. Travel Update 21-04 sets the State of Illinois' mileage reimbursement rate for the use of personal vehicles effective January 1, 2021.

Board officials stated the incorrect travel reimbursement was due to oversight.

Failure to properly enter the key attributes into the State's ERP when processing a voucher for payment hinders the reliability and usefulness of data extracted from the ERP, which can result in improper interest calculations and expenditures. Further, failure to exercise adequate controls over processing of travel vouchers increases the

**STATE OF ILLINOIS  
POLLUTION CONTROL BOARD  
SCHEDULE OF FINDINGS – STATE COMPLIANCE  
For the Two Years Ended June 30, 2022**

risk of improper expenses being reimbursed and reduces fiscal accountability. (Finding Code No. 2022-002)

**RECOMMENDATION**

We recommend the Board design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate. Further, we recommend the Board ensure travel vouchers comply with governing travel regulations.

**BOARD RESPONSE**

The Board agrees and has implemented processes to ensure the recommendations are implemented.