



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS COURT OF CLAIMS

COMPLIANCE EXAMINATION
For the Two Years Ended: June 30, 2011

Release Date: May 9, 2012

Summary of Findings:

Total this audit:	5
Total last audit:	8
Repeated from last audit:	4

SYNOPSIS

- The Court of Claims did not properly reconcile the Court receipts and expenditure records with the Office of the Comptroller's monthly reports.
- The Court of Claims did not maintain sufficient controls over the recording and reporting of its State property.
- The Court of Claims did not maintain adequate segregation of duties in the areas of receipts processing and State property.

{Expenditures and Activity Measures are summarized on the reverse page.}

**COURT OF CLAIMS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2011**

EXPENDITURE STATISTICS	2011	2010	2009
Total Expenditures.....	\$ 44,430,486	\$ 65,228,351	\$ 68,076,529
OPERATIONS TOTAL.....	\$ 1,311,794	\$ 1,293,114	\$ 1,422,361
% of Total Expenditures.....	3.0%	2.0%	2.1%
Personal Services.....	-	951,836	945,726
Other Payroll Costs (FICA, Retirement).....	-	65,100	299,221
All Other Operating Expenditures.....	1,311,794	276,178	177,414
AWARDS AND GRANTS.....	\$ 43,118,692	\$ 63,935,237	\$ 66,654,168
% of Total Expenditures.....	97.0%	98.0%	97.9%
Total Receipts.....	\$ 6,544,251	\$ 9,024,702	\$ 655,368
Average Number of Employees.....	31	30	30

SELECTED ACTIVITY MEASURES (Not Examined)	2011	2010	2009
Total Claims Pending.....	9,635	9,810	9,691
Total Claims Awarded.....	5,113	5,726	5,825
Total Claims Denied.....	3,609	3,206	3,395
Total Claims Dismissed.....	1,417	698	1,118

AGENCY DIRECTOR
During Examination Period: Michael Mathis (through 10-31-09); Brad Bucher (effective 11-1-09) Currently: Brad Bucher

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

INADEQUATE CONTROLS OVER RECEIPT AND EXPENDITURE RECORDS

The Court did not properly reconcile their receipts and expenditures information

The Court of Claims (Court) did not properly reconcile the Court receipts and expenditures with the Office of the Comptroller's (IOC) monthly reports. We noted the following:

Differences of \$205,755 and \$163,398 were noted in the Court's receipts records

- The Court did not correctly perform monthly reconciliations of Court receipt records with Comptroller reports. The Court received \$9,045,669 and \$6,063,204 in FY10 and FY11, respectively. We noted differences between the Court and IOC records of \$205,755 and \$163,398 in FY10 and FY11 respectively. In addition, the Court did not make necessary corrections for errors in their agency records. The monthly reconciliation process should have brought these inaccuracies to the Court's attention.

Differences of \$26,288 and \$104,825 were noted in the Court's expenditure records

- The Court did not perform monthly reconciliations of Court expenditure records with Comptroller reports. The Court expended \$65,228,351 and \$44,430,486 in FY10 and FY11, respectively. We noted differences between the Court and IOC records of \$26,288 and \$104,825 in FY10 and FY11, respectively. In addition, the Court did not make necessary corrections for errors in their agency records. The monthly reconciliation process should have brought these inaccuracies to the Court's attention.

The Court was unable to reconcile two funds established during the examination period

- The Court was unable to reconcile or account for differences noted in two of their non-shared funds. One fund was established in FY10 and one fund was established in FY11. We noted differences between the Court and Comptroller records for the fund established in FY10 of \$9,061 and \$12,703 in FY10, and FY11, respectively. We noted differences in the fund established in FY11 between the Court and IOC records of \$6,748. (Finding 1, pages 10-11) **This finding has been repeated since 2005.**

We recommended the Court perform monthly reconciliations of their receipt and expenditure records to the records of the Office of the

Comptroller and correct errors in records to ensure reliable records are maintained.

Court agree with auditors

Court officials agreed with our recommendation and stated they will act accordingly. **(For previous Court response, see Digest footnote #1.)**

PROPERTY CONTROL WEAKNESSES

Insufficient control over State property

The Court did not maintain sufficient controls over the recording and reporting of its State property. We noted the following:

Additions not recorded

- The Court could not reconcile or explain a difference of \$547 between its property listing to the Agency Report of State Property (C-15) filed with the Illinois Office of the Comptroller.
- \$728 of additions were never recorded on the Court's property listing or C-15.
- Court records do not indicate the date purchased so we were unable to determine whether purchases were added timely.

Items not removed from property records timely

- Two items did not include freight charges and one item was not recorded net of a discount.
- Items were deleted between 173 and 1,005 days after items were removed from the Court. In addition, one item remained on the Court's records although it was sent to surplus in 2006.
- Obsolete items, totaling \$11,409, were kept in storage and are still on the Court's inventory. (Finding 2, pages 12-14)

Obsolete items retained on records

We recommended the Court strengthen internal controls over equipment and ensure all equipment is accurately and timely recorded on the Court's property records. We also recommended the Court reconcile its property reports to the C-15's and IOC expenditure reports for property on a quarterly basis to ensure completeness and accuracy of its property records. We further recommended the Court correctly document identification numbers for equipment, add freight charges to assets, records assets net of discounts, and report underutilized, unneeded, and unusable property to the Department of Central Management Services.

Court agrees with auditors

Court officials agreed with our recommendation and stated they will act accordingly.

INADEQUATE SEGREGATION OF DUTIES

Inadequate segregation of duties over receipts and State property

The Court did not maintain adequate segregation of duties in the areas of receipts processing and State

property. We noted one person was responsible for both the recordkeeping and custody of receipts and one person had authority to tag inventory, maintain the property records, perform the annual physical inventory and complete the quarterly reports of State property. (Finding 3, page 15-16)

We recommended the Court allocate sufficient personnel in order to maintain effective internal control over the authorization, custody and recordkeeping duties regarding receipts processing and State property.

Court agree with auditors

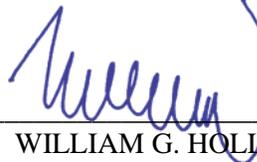
Court officials agreed with our recommendation and stated some staff shortages have been addressed and duties have since been segregated in the areas identified.

OTHER FINDINGS

The remaining findings pertain to inadequate controls over refunds and receipts and personal services. We will follow up on these findings during our next examination of the Court of Claims.

AUDITOR'S OPINION

We conducted a compliance examination of the Court of Claims as required by the Illinois State Auditing Act. The auditors qualified their report on State Compliance for finding 11-1. Except for the noncompliance described in this finding, the auditors state the Court complied, in all material respects, with the requirements described in the report. The Court of Claims has no funds that require an audit leading to an opinion of financial statements.



WILLIAM G. HOLLAND
Auditor General

WGH:JSC:rt

AUDITORS ASSIGNED

The compliance examination was performed by staff of the Office of the Auditor General.

DIGEST FOOTNOTE

#1 INADEQUATE CONTROLS OVER RECEIPT AND EXPENDITURE RECORDS - Previous Court Response

2009: The Court agrees with the recommendation. The Court will follow the SAMS manual in performing the recommended procedures.

With regard to the specific inaccuracies noted in FY08 and FY09, the Court has investigated the finding and has found the following:

Finding 09-1 references a \$31,679 difference between 2008 Court receipt records and the Illinois Office of the Comptroller's (IOC) records of deposits. The finding also noted the Court's failure to reconcile receipts with the IOC's Monthly Revenue Status Report. The failure to reconcile has caused deposits properly made to not be reflected in the report.

The primary reason for the difference between receipts and deposits is that the Court did not deposit all of its FY08 receipts from reimbursements and refunds before June 30, 2008. Deposits made thereafter are not reflected in the audit findings, again an apparent reflection of the Court's failure to reconcile.

The Court is in possession of reports indicating that it deposited \$40,486.72 in FY08 refunds after June 30, 2008. Thus, increasing the Courts deposits to account for the late activity creates a "difference" in the amount deposited of \$8,807.72 rather than the \$31,679 as referenced in the finding. The court continues to reconcile the remaining difference.

Finding 09-1 references a \$318,754 difference between 2009 Court receipt records and the IOC's records of deposit. The finding also notes the Court's failure to reconcile receipts with the IOC's Monthly Revenue Status Report. This failure to reconcile has caused deposits properly made to not be reflected in the report.

The primary reason for the difference between receipts and deposits is that the Court did not deposit all of its FY09 receipts from reimbursements and refunds before June 30, 2009. Deposits made thereafter are not reflected in the audit findings, again an apparent reflection of the Court's failure to reconcile.

The Court is in possession of reports indicating that it deposited \$269,909.70 in the FY09 reimbursements after June 30, 2009. Additionally, the Court has documents reflecting \$31,282.51 in deposits were not accounted for in the audit because of the Court's failure to make the deposits before June 30, 2009.

Additionally, the Court's general revenue receipts for FY09 were overstated in the audit report by \$20,064.94. This

overstatement occurred because four individual funds provided in the Court's special awards bill were not given the money referenced in the bill. \$7,136.03 in fund number 052; \$3,307.50 in fund number 315; \$4,621.41 in fund 416; and \$5,000 in fund number 262 were not received by the Court as these amounts were not available, even though they were included in special award bills.

Thus adjusting the FY09 general revenue fund receipts downward by \$20,064.94 and increasing the Court's deposits to account for the late activity creates a "difference" in the amount deposited of \$2,503.15 rather than the \$318,754 as referenced in the finding. The Court continues to reconcile the remaining difference.