

**REPORT DIGEST**

**ENVIRONMENTAL PROTECTION AGENCY  
FINANCIAL AND COMPLIANCE AUDIT  
(In Accordance with the Single Audit Act of 1984  
and OMB Circular A-128)  
FOR THE TWO YEARS ENDED JUNE 30, 1994**

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

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATION**

### **ANNUAL TESTING OF PRIVATE WELL WATER NOT PROVIDED**

The Agency did not comply with the statutory requirement to perform annual testing of private well water at the request of the owner or user of a private well. Also, the Agency no longer monitors requests for testing. The Environmental Protection Act (415 ILCS 5/13.2) requires the Agency to provide, at the request of the owner or user of a private well, for annual testing of water from private wells located within 1/2 mile of any active or inactive sanitary landfill or hazardous waste disposal facility at no charge to the owner of the well. (Finding 1, page 8)

We recommended the Agency reallocate resources to provide for annual testing of private well water, or seek legislation to either delegate responsibility to another agency, or provide for a fee for the testing service so as to provide adequate financial resources to meet the objectives of the statutory provisions. The Agency accepted our recommendation and responded that it has limited resources to conduct the annual tests of wells covered by the statutory provision. However, the Agency does test private well water when there is an indication of possible risk to well users.

### **INADEQUATE CONTROL OVER VENDOR PAYMENTS**

The Agency has not established adequate controls to prevent duplicate payment of vendor invoices. For fiscal years 1993 and 1994, 41 duplicate payments totaling in excess of \$9,700 were made to vendors representing an increase of 17 over the number of known duplicate payments noted in the prior audit. CUSAS procedure 17.10.30 requires the Agency to conduct a pre-audit of vouchers. The purpose of a pre-audit is to determine the legality and propriety of a proposed transaction or a transaction in process. (Finding 4, page 12)

We recommended the Agency automate the disbursement system and establish and implement adequate controls to detect duplicate payments and ensure that CUSAS requirements are met. The Agency agreed with our recommendation and described its plans to automate its disbursement system using commercially available software.

### **SUBRECIPIENT AUDIT REPORTS**

The Agency did not obtain audit reports for subrecipients of \$25,000 or more of federal funds. Under the Water Capitalization Grant the Agency disbursed approximately \$157 million for the two years ended June 30, 1994 to over 100 subrecipients. It was not the Agency's practice to collect these reports as required by federal regulations (OMB Circular A-128). (Finding 19, page 163)

We recommended that the Agency comply with federal regulations and establish procedures to ensure that audit reports are collected for all subrecipients who receive federal financial assistance. The Agency responded that it will obtain future reports from subgrantees.

## WASTEWATER TREATMENT OPERATORS CERTIFICATION FEE

The Agency maintained a certification and licensing program for Wastewater Treatment Operators but did not charge a fee to recover administrative costs of the program. Regulations for the program were adopted by the Pollution Control Board, as authorized by statute. The Agency contracts with the Environmental Resource Training Institute to develop course materials. Students pay the Institute a fee for the course materials, which partially covers the costs for these items. However, tests are administered in four locations by the Agency each month and approximately 1,500 tests are given each year. The Agency itself does not charge a fee for the training, for testing, or for the license by the Agency since fees for the program are specifically prohibited by the Environmental Protection Act (Act) (415 ILCS 5/7(f)). Most other licensing acts administered by State agencies have included provision for fees to cover program costs. An example is the fee for Water Supply Operators established by the Act and administered by the Agency. **This finding has been repeated since 1986.** (Finding 2, page 9)

We recommended the Agency continue to seek legislative authorization to assess a user fee to cover administrative costs related to the training, certification and licensing program for Wastewater Treatment Operators. The Agency accepted our recommendation and agreed that it is inconsistent to collect certification fees for water supply facility operators and not for wastewater treatment facility operators. The Agency further responded that it will explore alternatives to resolve this situation including legislation to authorize a fee, and out-sourcing or privatizing the certification process. (For previous agency responses, see Digest Footnote 1.)

## OTHER FINDINGS

The remaining findings and recommendations are less significant and have been given appropriate attention by the Agency. We will review progress towards the implementation of our recommendations during the Agency's next audit.

The Agency declined our invitation to hold an exit conference. The responses to our findings and recommendations were provided by Mary Gade, Director, in a letter dated January 4, 1995.

## AUDITORS' OPINION

Our auditors state that the June 30, 1994 combined financial statements of the Agency are fairly presented.

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WILLIAM G. HOLLAND, Auditor General

WGH:JTD:jr

## **SUMMARY OF AUDIT FINDINGS**

<u>Number of This Audit</u>	<u>Prior Audit</u>
Findings 15	22
Repeated Findings 12	14
Prior Findings Implemented or Not Repeated 10	34

## **SPECIAL ASSISTANT AUDITORS**

Our special assistant auditors were Sikich, Gardner & Co., LLP.

### **DIGEST FOOTNOTES**

#### **#1: WASTEWATER TREATMENT OPERATORS CERTIFICATION FEE - Previous Agency Responses.**

1992:"Accepted. The Agency will continue to support legislation authorizing a fee to cover costs of administering the public water supply operator certification program."

1990:"Agree. The Agency will again propose legislation for fees for Wastewater Treatment Operator Certifications."

1988:"The Agency unsuccessfully introduced legislative proposals for this fee in the FY '87 and FY '88 sessions. We will continue to try to get this, and other fees, enacted."

1986:"The Agency concurs with the recommendation."

**ENVIRONMENTAL PROTECTION AGENCY**  
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**and OMB Circular A-128)**

**For The Two Years Ended June 30, 1994**

<b>EXPENDITURE STATISTICS</b>	<b>FY 1994</b>	<b>FY 1993</b>	<b>FY 1992</b>
<b>●Total Expenditures (All Funds)</b>	<b>\$299,701,683</b>	<b>\$317,620,564</b>	<b>\$287,596,565</b>
<u>OPERATIONS TOTAL</u>	\$162,388,089	\$157,057,317	\$125,009,154
% of <b>Total</b> Expenditures	54.2%	49.5%	43.5%
Personal Services	\$33,735,489	\$33,107,619	\$29,296,809
% of Operations Expenditures	20.7%	21.1%	23.4%
Average No. of Employees	1,175	1,131	997
Other Payroll Costs (FICA, Retirement)			
% of Operations Expenditures	\$5,823,056 3.6%	\$5,786,959 3.4%	\$4,420,917 3.5%
Contractual Services	\$15,764,647	\$24,976,507	\$25,126,615
% of Operations Expenditures	9.7%	15.9%	20.0%
All Other Operations Items	\$107,064,897	\$93,186,232	\$66,164,813
% of Operations Expenditures	65.8%	59.3%	52.9%
<u>GRANTS TOTAL</u>	\$137,313,594	\$160,563,247	\$162,587,411
% of <b>Total</b> Expenditures	45.8%	50.5%	56.5%
<b>●Cost of Property and Equipment</b>	<b>\$24,653,791</b>	<b>\$22,001,443</b>	<b>\$19,613,607</b>
<b>SELECTED ACTIVITY MEASURES</b>	<b>FY 1994</b>	<b>FY 1993</b>	<b>FY 1992</b>
<b>●Environmental Emergencies Resolved</b>	3,500	3,702	3,700
<b>●Public Water Analyses Performed</b>	435,708	335,037	139,558
<b>●Leaking Underground Storage Tanks</b>			
Emergencies Resolved	100	81	81
Incidents Reported	3,007	1,792	2,485
Cleanups Initiated	1,965	1,276	1,624
Cleanups Completed	623	878	516
<b>●Water Pollution Control Permits Issued</b>	4,000	3,576	2,731
<b>●Federal Superfund Projects Undertaken</b>	6	4	5
<b>●State Cleanup Projects Completed</b>	10	5	1
<b>●Household hazardous waste collection events held</b>	30	30	15
<b>AGENCY DIRECTOR(S)</b>			
During Audit Period: Mary Gade			
Currently: Mary Gade			