



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS BOARD OF ADMISSIONS TO THE BAR**

Compliance Examination  
 For the Two Years Ended September 30, 2019

Release Date: July 16, 2020

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	0	1	No Repeat Findings			
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 0							

**INTRODUCTION**

This digest covers the Illinois Board of Admission to the Bar’s (Board) Compliance Examination for the two years ended September 30, 2019. The Board’s Financial Audit covering the two years ended September 30, 2019 will be released under a separate cover.

**SYNOPSIS**

- (19-01) The Board did not consider new accounting standards in the preparation of its draft financial statements and did not maintain supporting documentation for the basis used in the allocation of functional expenses.

**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 have been excluded from this digest.}

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### FINANCIAL REPORTING

The Board did not consider new accounting standards in the preparation of its draft financial statements and did not maintain supporting documentation for the basis used in the allocation of functional expenses.

**New accounting standards were not considered in drafting financial statements**

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. The Board was required to apply this new standard for its Fiscal Year 2019 and 2018 financial statements. We noted management did not consider the effects of the new accounting standards in the draft financial statements initially provided to the auditors. The Board subsequently revised the financial statements to consider the requirements of ASU 2016-14 after this issue was brought to their attention by the auditors.

**Expense allocations totaling \$3,641,373 were unsupported**

We also noted the Board allocated certain expenses among program services and support services based on assigned or estimated percentages. The expenses allocated totaled \$1,875,258 for Fiscal Year 2019 and \$1,766,115 for Fiscal Year 2018. No supporting documentation was made available to support the percentages used for the allocations. (Finding 1, pages 8-9)

We recommended the Board annually review new accounting standards issued by the Financial Accounting Standards Board and assess the possible impact on its financial statement to ensure they are prepared in accordance with the standards. We also recommended the Board review its methodology for the basis used in the allocation of personnel-related and non-personnel related expenses and prepare and maintain supporting documentation for the allocation.

**The Board accepted the finding**

The Board accepted the audit finding and stated they understand the existence of certain auditing standards and going forward will take corrective measures.

### ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Board for the two years ended September 30, 2019, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2019-001. Except for the noncompliance described in this finding, the accountants stated the Agency complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by Adelfia LLC.

**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.

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FRANK J. MAUTINO  
Auditor General

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