



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, 2018

Release Date: January 22, 2020

| FINDINGS THIS AUDIT: 9 | AGING SCHEDULE OF REPEATED FINDINGS | | | | | | |
|------------------------|-------------------------------------|--------|-------|----------------|--------------|------------|------------|
| | New | Repeat | Total | Repeated Since | Category 1 | Category 2 | Category 3 |
| Category 1: | 2 | 5 | 7 | 2016 | 18-05 | 18-08 | |
| Category 2: | 1 | 1 | 2 | 2014 | 18-01, 18-04 | | |
| Category 3: | 0 | 0 | 0 | 2012 | 18-02 | | |
| TOTAL | 3 | 6 | 9 | 2008 | 18-03 | | |
| FINDINGS LAST AUDIT: 7 | | | | | | | |

SYNOPSIS

- (18-01) The Board did not maintain adequate controls over its receipts processing and related fiscal records.
- (18-02) The Board did not maintain sufficient controls over its equipment and related fiscal records.
- (18-04) The Board did not maintain adequate controls over 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, 2018

| EXPENDITURE STATISTICS | 2018 | 2017 | 2016 |
|---|----------------------|----------------------|----------------------|
| Total Expenditures..... | \$ 20,831,272 | \$ 16,950,311 | \$ 15,106,190 |
| OPERATIONS TOTAL..... | \$ 3,976,849 | \$ 3,626,345 | \$ 3,190,077 |
| % of Total Expenditures..... | 19.1% | 21.4% | 21.1% |
| Personal Services..... | 1,976,910 | 1,754,045 | 1,484,396 |
| Other Payroll Costs (FICA, Retirement)..... | 1,512,258 | 1,315,800 | 1,158,947 |
| All Other Operating Expenditures..... | 487,681 | 556,500 | 546,734 |
| AWARDS AND GRANTS..... | \$ 16,854,423 | \$ 13,323,966 | \$ 11,916,113 |
| % of Total Expenditures..... | 80.9% | 78.6% | 78.9% |
| Total Receipts..... | \$ 45,137 | \$ 278,846 | \$ 361,886 |
| Average Number of Employees..... | 23 | 23 | 19 |

| SELECTED ACTIVITY MEASURES | 2018 | 2017 | 2016 |
|---|-------------|-------------|-------------|
| Law Enforcement Officers completing mandated basic training..... | 1,584 | 1,420 | 1,322 |
| County Corrections Officers completing mandated basic training..... | 235 | 406 | 536 |
| Public Safety Personnel trained utilizing the in-service training delivery system..... | 147,609 | 64,090 | 44,899 |

| EXECUTIVE DIRECTOR |
|--|
| During Examination Period: Mr. Brent Fischer |
| Currently: Mr. Brent Fischer |

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

RECEIPT PROCESSING WEAKNESSES

The Illinois Law Enforcement Training and Standards Board (Board) did not maintain adequate controls over its receipts processing and related fiscal records.

During testing, we noted the following issues with the Board's receipts processing procedures and records:

Unable to describe receipts process

- The Board personnel responsible for the receipts process were unable to provide a detailed description of the process utilized for creating and filing *Receipt Deposit Transmittals* (Form C-64s) (RDTs).

Listing of receipts not provided

- The Board personnel responsible for the receipt processing were unaware of the process utilized for recording RDTs.
- The Board personnel responsible for the receipt processing were unable to provide a listing of receipts for either Fiscal Year 2017 or Fiscal Year 2018.
- The Board personnel responsible for the receipts process were unable to provide a detailed description of the process utilized for reconciling Board records to the *Monthly Revenue Status* (SB04) reports prepared by the Office of the State Comptroller (Comptroller).

Unable to conclude the Board's receipt records were complete and accurate

Due to these conditions, we were unable to conclude whether the Board's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Board's receipts.

Even given the population limitations noted above which hindered our ability to conclude whether selected samples were representative of the population as a whole, we performed the following tests:

During testing of six RDTs, totaling \$119,601, we noted the following:

Incorrect account codes

- Two (33%) RDTs, totaling \$8,250, were processed with incorrect account codes.
- For one (17%) RDT, totaling \$5,350, the Board did not provide supporting documentation. As a result, the timeliness of deposit and the accuracy of the related RDT could not be determined.

Unable to provide documentation

- Two (33%) RDTs, totaling \$8,250, were remitted to the Comptroller between 30 and 82 days late. (Finding 1, pages 11-13) **This finding has been repeated since 2014.**

Late remittance of receipts

We recommended the Board implement controls to ensure its receipts records are complete and accurate, that it maintains proper documentation of money received, and that it deposits receipts in a timely manner.

Board officials accepted the finding and stated the Board’s new CFO has already implemented improvements to ensure this findings is not repeated in the future. (For the previous Board response, see Digest Footnote #1.)

Board officials accepted the finding

INSUFFICIENT CONTROLS OVER EQUIPMENT

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

Some of the more significant deficiencies and weaknesses within the Board’s property control process are noted below:

Segregation of Duties

During testing, we identified that one employee had the authority to perform the following parts of the equipment transaction cycle:

- **Authorization** by reviewing and approving transactions, including having signature authority for all transactions;
- **Custody** by maintaining electronic and physical records, such as the Board’s property listing and physically applying property tags to the Board’s property items, and submitting expenditures for payment to the Office of the State Comptroller (Comptroller);
- **Recordkeeping** by preparing entries, including recording the movement and disposal of an asset after it is placed in service, and maintaining the Board’s internal accounting records; and,
- **Reconciliation** by preparing reconciliations to the Comptroller’s records to verify each transaction’s validity, proper authorization, and entry into the Board’s accounting records.

Duties were not segregated within the equipment transaction cycle

Property Reporting

During testing, we noted the Board did not maintain detailed supporting documentation for its quarterly *Agency Report of State Property* reports (Form C-15s) filed with the Comptroller. As of June 30, 2017, and June 30, 2018, the Board reported total property of \$304,876 and \$258,653, respectively. Due to the lack of detailed documentation, the following compliance examination procedures could not be performed:

Detailed supporting documentation for Form C-15s was not maintained

- The property additions, deletions, and net transfers on the Board’s quarterly Form C-15s submitted to the Comptroller could not be agreed to supporting documentation.
- Property additions during the examination period could not be reconciled to the Comptroller’s records reflected on the *Object Expense/Expenditures by Quarter* report (SA02).

Property Records

Unable to reconcile additions to the Comptroller's expenditure records

During testing, we noted the Board maintained two separate property listings during the examination period. One listing was maintained for the purpose of tracking items internally at the Board. The second listing was maintained for the purpose of compiling the quarterly Form C-15 reports submitted to the Comptroller. The listings were unable to be reconciled.

Maintained two property listings that did not reconcile

Due to these conditions, we were unable to conclude whether the Board's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Board's equipment. In addition, due to these limitations, we were unable to conclude whether the Board's *Schedule of Changes in State Property* on page 44 was complete and appropriately reported.

Even given the population limitations noted above which hindered our ability to conclude whether selected samples were representative of the population as a whole, we performed testing on the Board's annual inventory certifications, its quarterly Form C-15 reports, and a sample of equipment items.

Equipment Items

During testing of 120 equipment items, split between a sample of 60 items traced from the Board's property listing and 60 items in service at the Board, we noted the following issues:

- Three of 60 (5%) equipment items selected from the Board's property listing, totaling \$4,427, were unable to be located at the Board.
- Three of 60 (5%) equipment items selected at the Board were unable to be located on the Board's property listing.
- Two of 60 (3%) equipment items selected at the Board had duplicate entries on the Board's property listing.
- Five of 120 (4%) equipment items, totaling \$4,471, did not have a location listed on the Board's property listing.
- Twenty-three of 120 (19%) equipment items, totaling \$22,670, were found in a different location than indicated on the Board's property listing.
- Nineteen of 120 (16%) equipment items tested did not have a price listed on the Board's property listing. (Finding 2, pages 14-17)
This finding has been repeated since 2012.

Missing equipment items

Items identified not on the listing

Duplicate entries

We recommended the Board take action to strengthen its internal controls over recording and reporting its State property and equipment transactions. We also recommended the Board implement a corrective action plan to complete a full inventory to identify and correct its accumulated property and equipment errors.

Missing historical cost information

Board officials accepted the finding and the Board’s new CFO has already implemented improvements to ensure this finding is not repeated in the future. *(For the previous Board response, see Digest Footnote #2.)*

INADEQUATE CONTROLS OVER RECONCILIATIONS

The Board did not maintain adequate controls over reconciliations.

During testing, we noted the following:

Board officials accepted the finding

- The Board was unable to provide documentation of its monthly expenditure reconciliations to the *Monthly Appropriations Status* (SB01) report prepared by the Office of the State Comptroller (Comptroller). As a result, we were unable to determine whether the Board completed these reconciliations properly and timely.

- The Board’s expenditure records did not reconcile to the Comptroller’s SB01 reports, resulting in a net difference of \$2,241,549 and \$3,742,572 in Fiscal Year 2017 and Fiscal Year 2018, respectively.

- The Board was unable to provide documentation of its monthly cash receipts reconciliations to the *Monthly Revenue Status* (SB04) report and the monthly *Cash Report* (SB05) prepared by the Comptroller.

Documentation of expenditure reconciliations not maintained

- The Board was unable to provide a listing of its cash receipts. As a result, we were unable to reconcile the Board’s listing of cash receipts to the Comptroller’s SB04 reports. (Finding 4, pages 22-24) **This finding has been repeated since 2014.**

Expenditure records did not reconcile to Comptroller reports

We recommended the Board ensure required reconciliations to the Comptroller’s records are performed, reviewed, and any differences are appropriately handled timely. In addition, we recommended the Board maintain documentation to support the proper completion of these reconciliations.

Documentation of receipts reconciliations not maintained

Board officials accepted the finding and stated the Board’s new CFO has already implemented improvements to ensure this finding is not repeated in the future. *(For the previous Board response, see Digest Footnote #3.)*

Cash receipts listing not provided

OTHER FINDINGS

The remaining findings pertain to voucher processing weaknesses, inadequate controls over petty cash, contracts, telecommunications devices, and vehicles and driver certifications, and unsecured confidential information that was transmitted over the internet. We will review the Board’s progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

Board accepted the finding

The accountants conducted a compliance examination of the Board for the two years ended June 30, 2018, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2018-001 through 2018-007. 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

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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DIGEST FOOTNOTES

#1 – RECEIPT PROCESSING WEAKNESSES – Previous Board Response

2016: The Board accepts the recommendation. The Board will: (1) coordinate with the external party supplying nearly all such receipts to ensure advance notice of receipt submissions; (2) coordinate with the State Treasurer's Office to develop procedures properly documenting date received; and (3) take necessary steps to ensure adequate segregation of functions. Steps 2 and 3 above had already been taken prior to the end of the audit period.

#2 – INSUFFICIENT CONTROLS OVER EQUIPMENT – Previous Board Response

2016: The Board accepts the recommendation. The Board will continue with procedures established prior to the end of the audit period to address this matter. Their effectiveness will be assessed during the next annual inventory. Segregation of functions introduced toward the end of the audit period will be continued.

**#3 – INADEQUATE CONTROLS OVER RECONCILIATIONS –
Previous Board Response**

2016: The Board accepts the recommendation. Reconciliation documentation practices have already been implemented.