



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

METRO EAST POLICE DISTRICT COMMISSION

Compliance Examination
 For the Two Years Ended December 31, 2016

Release Date: December 19, 2018

FINDINGS THIS AUDIT: 4	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	2	2	4	2014	14-01, 14-02		
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	2	2	4				
FINDINGS LAST AUDIT: 2							

INTRODUCTION

Because of the significance and pervasiveness of the matters described within the findings included within the report, we expressed an **adverse opinion** on the Commission's compliance with the assertions which comprise a State compliance examination. The Codification of Statements on Standards for Attestation Engagements (AT-C § 205.72) states a practitioner "should express an adverse opinion when the practitioner, having obtained sufficient appropriate evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the subject matter."

SYNOPSIS

- **(16-01)** The Commission did not assume administrative functions for external law enforcement grants and assistance within the District.
- **(16-02)** The Commission lacked adequate control over its finances.

OTHER MATTER

As noted on page 27 of the report, since Calendar Year 2013, the Commission has disbursed \$56,112 to support its operations, but has only collected receipts of \$7,303 from the \$100 fine for committing a felony or driving under the influence within the District. Commission officials do not have any plans to address this negative trend, which will eventually consume the Commission's fund balance. Without operational changes and/or a legislative remedy, the continuing negative trend will hinder the Commission's ability to meet its statutory obligations.

- 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 due to the adverse opinion.}

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**FAILURE TO ASSUME GRANT ADMINISTRATION
FUNCTIONS**

The Metro East Police District Commission (Commission) did not assume administrative functions for external law enforcement grants and assistance within the Metro East Police District (District).

Commission did not assume grant authority from the local police departments

During testing, we noted the Commission did not assume the authority to apply for and accept financial grants or contributions of services from the four police departments located within the District. Further, the Commission has not designed or developed the processes and procedures necessary for receiving and administering grants, such as grant writing and implementing budgetary and accounting systems. (Finding 1, pages 11-12)

Grant processes and procedures not developed

We recommended the Commission seek sufficient resources to assume the authority to apply for and accept financial grants or contributions of services on behalf of the four police departments located within the District, or seek a legislative remedy.

Commission officials declined to provide a response

The Commission declined to provide a response to the finding.

INADEQUATE CONTROL OVER FINANCES

The Commission lacked adequate control over its finances.

During testing, some of the more significant deficiencies we noted included the following:

Commission lacked financial books and records

- The Commission does not maintain books and records of its financial activity. For example, the Commission does not have a cash disbursement journal, cash receipts journal, or a complete check register for its account held at a bank.

Bank reconciliations not performed

- The Commission did not maintain bank statements or perform bank reconciliations of its distribution account during Calendar Year 2015 and Calendar Year 2016.

Invoice receipt date not documented

- Four of six (67%) disbursements tested, totaling \$13,340, did not document the date the invoice was received by the Commission.

Disbursement approved 403 days late

- One of six (17%) disbursements tested, totaling \$8,000, was not approved in a timely manner. The disbursement was approved 403 days after the related

Unpaid interest of approximately \$1,000

invoice was received by the Commission. This late approval resulted in approximately \$1,000 of unpaid interest due to the vendor.

Allowance for doubtful accounts not developed

- The Commission has not developed an allowance for doubtful accounts for reporting its net outstanding accounts receivable.

Contract did not include the amount to pay, the signature of the vendor, or the contract's execution date

- The Commission did not exercise adequate internal control over its contractual agreement with a vendor for an online subscription to policies and procedures. We noted the agreement did not include the amount to be paid, the signature of the contractor, or the execution date of the contract. (Finding 2, pages 13-15)

We recommended the Commission establish and maintain books and records for its financial activity, maintain copies of bank statements and perform bank reconciliations. We also recommended the Commission improve its internal controls over disbursements by documenting dates of receipt and approval, timely paying invoices, and ensuring the disbursement amounts paid are accurate. Finally, we recommended the Commission develop a fair and reasonable allowance for doubtful accounts and ensure contracts include all cost information, the signatures of authorized parties, and the date of execution.

Commission officials declined to provide a response

The Commission declined to provide a response to the finding.

OTHER FINDINGS

The remaining findings pertain to inadequate monitoring of the Illinois Finance Authority and procedural deficiencies. We will review the Commission's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Commission for the two years ended December 31, 2016, as required by the Illinois State Auditing Act and the Metro East Police District Act. Because of the effect of the noncompliance described in Finding 2016-001 through Finding 2016-004, the accountants stated the Commission did not comply 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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