

**State of Illinois
Environmental
Protection Trust Fund
Commission**

COMPLIANCE EXAMINATION

**FOR THE TWO YEARS ENDED
JUNE 30, 2024**

**PERFORMED AS SPECIAL
ASSISTANT AUDITORS FOR THE
AUDITOR GENERAL,
STATE OF ILLINOIS**



**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

TABLE OF CONTENTS

<i>State Compliance Examination Report</i>	<u>Page</u>
Commission Members	1
Management Assertion Letter	2
State Compliance Report	
Summary	3
Independent Accountants' Report on State Compliance and on Internal Control over Compliance	5
Schedule of Findings	
Current Finding	8
Prior Finding Not Repeated	10

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

COMMISSION MEMBERS

Environmental Protection Agency

Acting Director (09/13/24 - Present)	Mr. James Jennings
Interim Director (07/16/24 – 09/12/24)	Mr. James Jennings
Director (Through 07/15/24)	Mr. John J. Kim
Designee	Mr. Jacob Poeschel

Department of Natural Resources

Director (01/23/23 - Present)	Ms. Natalie Phelps Finnie
Director (01/17/23 - 01/22/23)	Vacant
Director (Through 01/16/23)	Ms. Colleen Callahan
Designee (01/01/24 – Present)	Ms. Ellen King
Designee (07/01/23 – 12/31/23)	Mr. Robert Todd Miller
Designee (Through 06/30/23)	Ms. Meta Darnell

Pollution Control Board

Chair of the Board	Ms. Barbara Flynn Currie
Designee	Mr. Bruce Bennett

Office of the Attorney General

Attorney General	Honorable Kwame Raoul
Designee	Mr. Thaddeus Huskey

The Commission's administrative functions are performed by the State of Illinois, Environmental Protection Agency (Agency). The Agency's primary administrative office is located at:

2520 West Iles Avenue
Springfield, Illinois 62704



ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

2520 WEST ILES AVENUE, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 • (217) 782-3397

JB PRITZKER, GOVERNOR

JAMES JENNINGS, ACTING DIRECTOR

MANAGEMENT ASSERTION LETTER

June 23, 2025

Roth & Company, LLP
540 West Madison Street, Suite 2450
Chicago, Illinois 60661

Roth & Company, LLP:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Environmental Protection Trust Fund Commission (Commission). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Commission's compliance with the following specified requirements during the two-year period ended June 30, 2024. Based on this evaluation, we assert that during the years ended June 30, 2023, and June 30, 2024, the Commission has materially complied with the specified requirements listed below.

- A. The Commission has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Commission has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Yours truly,

State of Illinois, Environmental Protection Trust Fund Commission

SIGNED ORIGINAL ON FILE

James M. Jennings
Acting Director

SIGNED ORIGINAL ON FILE

Jacob Poeschel
Chief Financial Officer

SIGNED ORIGINAL ON FILE

Andrew Armstrong
Chief Legal Counsel

2125 S. First Street, Champaign, IL 61820 (217) 278-5800
115 S. LaSalle Street, Suite 2203, Chicago, IL 60603
1101 Eastport Plaza Dr., Suite 100, Collinsville, IL 62234 (618) 346-5120
9511 Harrison Street, Des Plaines, IL 60016 (847) 294-4000

595 S. State Street, Elgin, IL 60123 (847) 608-3131
2309 W. Main Street, Suite 116, Marion, IL 62959 (618) 993-7200
412 SW Washington Street, Suite D, Peoria, IL 61602 (309) 671-3022
4302 N. Main Street, Rockford, IL 61103 (815) 987-7760

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

STATE COMPLIANCE REPORT

SUMMARY

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	1	2
Repeated Findings	1	1
Prior Recommendations Implemented or Not Repeated	1	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Finding				
2024-001	8	2022/2010	Inadequate Controls over Accounts Receivable	Significant Deficiency and Noncompliance
Prior Finding Not Repeated				
A	10	2022/2022	Cash Receipts Not Timely Deposited	

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

EXIT CONFERENCE

The finding and recommendation appearing in this report were discussed with Commission personnel at an exit conference on June 16, 2025.

Attending were:

Environmental Protection Trust Fund Commission

James Jennings, Acting Director, Environmental Protection Agency

Jacob Poeschel, Chief Financial Officer, Environmental Protection Agency

Sally Burton, Chief Internal Auditor, Environmental Protection Agency

Office of the Auditor General

Lisa Warden, Senior Audit Manager

Roth & Company, LLP

Elda Arriola, Partner

John Reazo, Supervisor

Derrick Separo, Senior

The response to the recommendation was provided by Sally Burton, Chief Internal Auditor, Environmental Protection Agency, in a correspondence dated June 16, 2025.



INDEPENDENT ACCOUNTANTS' REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Environmental Protection Trust Fund Commission (Commission) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2024. Management of the Commission is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Commission's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Commission has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Commission has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Illinois
540 W. Madison Street
Suite 2450
Chicago, IL 60661
P (312) 876-1900
F (312) 876-1191

info@rothcocpa.com
www.rothcocpa.com

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Commission complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Commission complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Commission's compliance with the specified requirements.

In our opinion, the Commission complied with the specified requirements during the two years ended June 30, 2024, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as item 2024-001.

The Commission's response to the compliance finding identified in our examination is described in the accompanying Schedule of Findings. The Commission's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Commission's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Commission's compliance with the specified requirements and to test and report on the Commission's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.



A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2024-001 that we consider to be a significant deficiency.

There were no immaterial findings that have been excluded from this report.

The Commission's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The Commission's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
June 23, 2025



STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDING
For the Two Years Ended June 30, 2024

2024-001. **FINDING** (Inadequate Controls over Accounts Receivable)

The Environmental Protection Trust Fund Commission (Commission) did not have adequate controls over the administration of its accounts receivable.

The Illinois Environmental Protection Agency (Agency) handles all financial activities for the Commission. The Agency was responsible for tracking, documenting, and following up on accounts receivable pertaining to penalties, court orders, and administrative citations for violating environmental laws and regulations. As of June 30, 2024, the Commission's accounts receivable balance was approximately \$23.4 million, of which approximately \$22.2 million had been due over one year.

During testing, the auditors noted 40 of 40 (100%) accounts receivable tested, totaling \$3,272,322, were over one year past due and had not been referred to the Comptroller's Offset System, the Department of Revenue's Debt Collection Bureau, or the Attorney General as of June 30, 2024.

The Illinois State Collection Act of 1986 (Act) (30 ILCS 210/5(c-1)) and the Statewide Accounting Management System (SAMS) Manual (Procedure 26.40.20) requires the Commission to place all debts over \$250 and more than 90 days past due in the Comptroller's Offset System. In addition, the Act (30 ILCS 210/5(g)) requires the Commission to refer qualifying delinquent debt to the Department of Revenue's Debt Collection Bureau. The Uncollected State Claims Act (30 ILCS 205/2(a)) requires the Commission, when it is unable to collect any claim or account receivable of \$1,000 or more due, to request the Attorney General to certify the claim or account receivable to be uncollectible. The Act (30 ILCS 210/3) and the SAMS Manual (Procedure 26.40.10) require the Commission to pursue the collection of accounts or claims due and payable to the Commission through all reasonable and appropriate procedures.

This finding was first reported during the period ended June 30, 2010. In the subsequent years, the Commission has been unsuccessful in fully implementing appropriate corrective action or procedures.

Commission officials stated the delay in referring the accounts for collection was due to the difficulty in obtaining the necessary information such as federal identification numbers to pursue collection or write off. Commission officials also stated working through the legal backlog is a long-term project.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDING
For the Two Years Ended June 30, 2024

2024-001. **FINDING** (Inadequate Controls over Accounts Receivable) - Continued

Failure to timely refer receivables to the Comptroller's Offset System and to the Department of Revenue's Debt Collection Bureau increases the likelihood that past due amounts owed to the Commission will not be collected or the collection will be further delayed. Failure to report uncollectible accounts to the Attorney General results in inaccurate accounts receivable reporting. Failure to maintain adequate internal controls over accounts receivable represents noncompliance with State laws and regulations. (Finding Code No. 2024-001, 2022-001, 2020-001, 2018-001, 2016-001, 2014-001, 12-1, 10-1)

RECOMMENDATION

We recommend the Commission pursue all reasonable and appropriate procedures to collect outstanding debts as required by State laws and regulations.

COMMISSION RESPONSE

The Commission accepts the recommendation.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
SCHEDULE OF FINDINGS – PRIOR FINDING NOT REPEATED
For the Two Years Ended June 30, 2024

A. FINDING (Cash Receipts Not Timely Deposited)

During prior engagement period, the Environmental Protection Trust Fund Commission (Commission) did not deposit cash receipts in a timely manner.

During the current engagement period, our sample testing disclosed the Commission deposited its receipts timely. (Finding Code No. 2022-002)