



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ENVIRONMENTAL PROTECTION AGENCY**

State Compliance Examination  
For the Two Years Ended June 30, 2024

Release Date: July 17, 2025

FINDINGS THIS AUDIT: 18				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	2	2	2022		22-9, 22-10	
Category 2:	5	11	16	2020	22-1	22-8, 22-11, 22-12, 22-13	
Category 3:	0	0	0	2018	22-2	22-6, 22-7	
TOTAL	5	13	18	2014		22-3, 22-4	
				1994		22-5	
FINDINGS LAST AUDIT: 18							

This digest covers the Environmental Protection Agency's (Agency) State Compliance Examination for the two years ended June 30, 2024. A separate digest covering the Agency's financial audit of the Water Revolving Fund as of and for the year ended June 30, 2024 was previously released on February 20, 2025. In total, this report contains 18 findings, 1 of which was reported in the Financial Audit.

**SYNOPSIS**

- (24-2) The Agency's internal controls over its voucher processing function were not operating effectively.
- (24-4) The Agency did not have adequate controls over the administration of its accounts receivable.
- (24-7) The Agency did not maintain adequate controls over its monthly obligations, expenditures, appropriations, and revenue 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.

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

### **VOUCHER PROCESSING INTERNAL CONTROLS NOT OPERATING EFFECTIVELY**

The Agency's internal controls over its voucher processing function were not operating effectively during the examination period.

**10% of key attributes were not properly entered into system**

In order to determine the operating effectiveness of the Agency's internal controls related to voucher processing and subsequent payment of interest, we tested a sample of key attributes for proper data entry. We noted 14 of 140 (10%) key attributes were not properly entered into the Enterprise Resource Planning System (ERP). Additionally, the Agency was unable to provide support for one voucher tested to determine whether the 4 (3%) key attributes were properly entered into ERP.

**4% of vouchers were untimely approved**

We also noted the Agency did not timely approve 1,005 of 23,175 (4%) vouchers processed totaling \$8,446,431. These vouchers were approved between 31 and 299 days after receipt of a proper bill or other obligating document. (Finding 2, pages 14-16.) **This finding has been reported since 2018.**

We recommended the Agency design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate. Further, we recommended the Agency timely approve proper bills and obligations due, approve vouchers for payment of interest due to vendors, submit travel vouchers, and properly record vouchers.

**Agency accepted the recommendation**

Agency officials stated they accepted the recommendation.

### **INADEQUATE CONTROLS OVER ACCOUNTS RECEIVABLE**

The Agency did not have adequate controls over the administration of its accounts receivable.

**\$13 million (27%) of receivables were over one year past due**

Excluding receivables from the Water Revolving Fund and the Environmental Protection Trust Fund, the Agency reported \$47.7 million in accounts receivable, of which \$13 million was over one year past due as of June 30, 2024.

During testing, the auditors noted the following:

- Two of 40 (5%) accounts receivable tested, amounting to \$222,951, were 13 and 14 years past due. The Agency had not made active collection efforts during the examination period or referred the accounts to the Comptroller's Offset System, Department of

**Active collection efforts not taken for \$222,951 in receivables tested**

Revenue's Debt Collection Bureau, or the Attorney General.

**Receivables referred for  
Comptroller's Offset 3 months to  
nearly 15 years after the due dates**

- Three of 40 (8%) accounts receivable tested, totaling \$13,869, were placed in the Comptroller's Offset System 106 to 5,453 days after the due dates.
- One (3%) receivable was overstated by \$79,646.
- For four of 40 (10%) accounts receivable totaling \$5,109,241, the Agency did not provide documentation to determine if the Agency pursued collection efforts. (Finding 2, pages 20-22) **This finding has been reported since 2014.**

**No documentation of collection  
efforts for over \$5 million in  
receivables tested**

We recommended the Agency pursue all reasonable and appropriate procedures to collect outstanding debts as required by Agency policies and State laws and regulations. We also recommended the Agency maintain records of accounts receivable and documentation of its collection efforts and ensure receivables are properly recorded.

**Agency accepted the  
recommendation**

Agency officials accepted the recommendation and stated the Agency has made great progress on removing old account receivable balances.

## **INADEQUATE CONTROLS OVER MONTHLY RECONCILIATIONS**

The Agency did not maintain adequate controls over its monthly obligations, expenditures, appropriations, and revenue reconciliations.

During testing of monthly reconciliations between the Office of Comptroller and Agency records, we noted:

**Reconciliations of Agency and  
Comptroller records were not  
completed, untimely prepared or  
reviewed, or lacked documentation**

- For the Monthly Appropriation Status Reports:
  - Thirteen of 32 (41%) reconciliations were reviewed 4 to 110 days late.
  - Eight of 10 fund reconciliations did not contain documentation of preparation date, the name of the preparer, or the name of the reviewer.
- For the Monthly Revenue Report:
  - The Agency did not perform reconciliations for two of 21 funds, while the remaining 19 funds were missing reconciliations for one to 18 months. Additionally, all funds had no documentation of supervisory review for one to 11 monthly reconciliations.
  - Seven of 24 (29%) monthly reconciliations were reviewed 13 to 89 days late.

- For the Monthly Cash Reports:
  - Twenty-one of 24 (88%) required monthly reconciliations did not contain documentation of preparation date, the name of the preparer, or the name of the reviewer.
  - Seven of 46 (15%) fund reconciliations were not performed for June of 2023 or 2024.
  - One of 24 (4%) reconciliations was reviewed 19 days late.
- For the Monthly Agency Contract Report or Monthly Obligation Activity Report:
  - Three of 24 (13%) reconciliations did not contain the date the reconciliations were completed, reviewed, or the reviewer. (Finding 7, pages 29-31) **This finding has been reported since 2018.**

We recommended the Agency ensure monthly reconciliations of obligations, expenditures, appropriations, and revenues are performed and documentation of the timely completion and supervisory review of its reconciliations are maintained.

**Agency accepted the recommendation**

Agency officials accepted the recommendation.

## **OTHER FINDINGS**

The remaining findings pertain to internal controls over vehicles, personal services, awards and grants, fees, property, statutory mandates, information technology, internal audits, and contractual services. We will review the Agency's progress towards the implementation of our recommendations in our State compliance examination.

## **AUDITOR'S OPINION**

The auditors stated the financial statements of the Agency's Water Revolving Fund as of and for the year ended June 30, 2024 are fairly stated in all material respects.

## **ACCOUNTANT'S OPINION**

The accountants conducted a State compliance examination of the Agency for the two years ended June 30, 2024, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2024-001 and 2024-002. Except for the noncompliance described in these findings, the accountants stated the Agency complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Roth & Company LLP.

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COURTNEY DZIERWA  
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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