



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS JOINING FORCES FOUNDATION

Compliance Examination
 For the Year Ended June 30, 2019

Release Date: January 13, 2021

FINDINGS THIS AUDIT: 7				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	1	5	6	2018	19-2, 19-6	19-7	
Category 2:	0	1	1	2016	19-1, 19-3, 19-4		
Category 3:	0	0	0				
TOTAL	1	6	7				
FINDINGS LAST AUDIT: 6							

INTRODUCTION

Because of the significance and pervasiveness of the findings described within the report, the accountants expressed an **adverse opinion** on the Foundation’s compliance with the specified requirements 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 the misstatements individually or in the aggregate, are both material and pervasive to the subject matter.”

This digest covers the compliance examination of the Foundation for the year ended June 30, 2019. The Foundation’s financial audit covering the year ended June 30, 2019 will be released under separate cover. In total, this report includes seven findings, five of which are reported in the financial audit.

SYNOPSIS

- (19-6) The Foundation failed to comply with certain statutory requirements.

<p>Category 1: Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).</p> <p>Category 2: Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.</p> <p>Category 3: Findings that have no internal control issues but are in noncompliance with State laws and regulations.</p>

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**FAILURE TO COMPLY WITH STATUTORY
REQUIREMENTS**

The Illinois Joining Forces Foundation (Foundation) failed to comply with certain statutory requirements.

**Population limitations with donation
letters identified**

During testing, we requested the Foundation provide us with a listing of all donation letters sent during the examination period. In response, Foundation management identified 7 letters, but the Foundation's records show an additional 8 receipts, totaling \$401,039, for which letters should have been sent.

Due to these conditions, we were unable to conclude whether the Foundation'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 Foundation's donation letters.

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

Incomplete written notices

- 4 of 7 (57%) written notices tested, totaling \$82,000, did not include the date the contribution was received by the Foundation, nor did they include disclosure that either no goods or services were exchanged for the contribution or the goods or services exchanged with its fair value for the contribution, as required by Section VII of the Foundation's Financial Controls Policy.

**Amount in notice did not trace to
financial records**

- The dollar amount specified in 1 of 7 (14%) written notices tested, totaling \$2,000, was not recognized in the Foundation's financial records.

No fidelity or surety bond

We also noted the Foundation's Treasurer did not have a fidelity or surety bond during the examination period. (Finding 6, pages 34-35)

We recommended the Foundation implement controls to ensure all gifts, grants, donations, and bequests are tracked and a complete listing is maintained. We also recommended the Foundation perform periodic reconciliations between the listing and accounting records to ensure completeness. In addition, we recommended the Foundation develop a standard letter or template for sending to donors to ensure all required information is included. Finally, we recommended the

Foundation obtain a fidelity or surety bond for the Treasurer in accordance with the Act.

Foundation personnel agree

Foundation personnel generally agreed with the issues identified and indicated they have taken corrective action.

OTHER FINDINGS

The remaining findings pertained to inadequate financial reporting and controls, failure to present adequate financial statements and notes, an inadequate internal control structure, a lack of documentation to substantiate compliance with grant agreements, incomplete and inconsistent board membership information, and procedural deficiencies. We will review the Foundation's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Foundation for the year ended June 30, 2019, as required by the Illinois State Auditing Act. Because of the effect of the noncompliance described in Findings 2019-001 through 2019-007, the accountants stated the Foundation did not comply with the requirements described in the report.

This compliance examination was conducted by the Office of the Auditor General's staff.

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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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