



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE POLICE
Statewide 9-1-1 Fund and Wireless Carrier Reimbursement Fund

**Limited Scope Compliance Examination
 For the Two Years Ended June 30, 2020**

Release Date: May 4, 2021

| FINDINGS THIS AUDIT: 2 | AGING SCHEDULE OF REPEATED FINDINGS | | | | | | |
|-------------------------------|-------------------------------------|----------|----------|----------------|--------------|------------|------------|
| | New | Repeat | Total | Repeated Since | Category 1 | Category 2 | Category 3 |
| Category 1: | 1 | 1 | 2 | 2016 | 20-01 | | |
| Category 2: | 0 | 0 | 0 | | | | |
| Category 3: | 0 | 0 | 0 | | | | |
| TOTAL | 1 | 1 | 2 | | | | |
| FINDINGS LAST AUDIT: 1 | | | | | | | |

INTRODUCTION

The Illinois State Police (Department) solely maintains the Statewide 9-1-1 Fund and the Department and the Illinois Commerce Commission (Commission) each have distinct responsibilities over transactions recorded within the Wireless Carrier Reimbursement Fund (Fund). Both of these funds must have a fund-level audit by the Auditor General every two years under the Emergency Telephone System Act (Act) (50 ILCS 750/50). This digest is limited to the responsibilities of the Department pursuant to State law. A separate digest concerning the Commission's responsibilities was separately released.

SYNOPSIS

- **(20-01)** The Department did not maintain adequate internal controls over receipts and reconciliations.
- **(20-02)** The Department did not have adequate internal controls to demonstrate the schedules and components (report components) within the Department's *Compliance Examination Report* were complete and accurate.

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| 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. |

**ILLINOIS STATE POLICE
STATEWIDE 9-1-1 FUND AND WIRELESS CARRIER REIMBURSEMENT FUND
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2020**

| EXPENDITURE STATISTICS | 2020 | 2019 | 2018 |
|---|-----------------------|-----------------------|-----------------------|
| Total Expenditures..... | \$ 194,441,493 | \$ 205,344,501 | \$ 138,660,491 |
| OPERATIONS TOTAL..... | \$ 14,180,150 | \$ 13,558,107 | \$ 12,866,329 |
| % of Total Expenditures..... | 7.3% | 6.6% | 9.3% |
| Personal Services..... | 656,490 | 672,174 | 592,316 |
| Other Payroll Costs (FICA, Retirement)..... | 523,936 | 536,837 | 451,062 |
| All Other Operating Expenditures..... | 12,999,724 | 12,349,096 | 11,822,951 |
| AWARDS AND GRANTS..... | \$ 180,261,343 | \$ 191,689,779 | \$ 125,793,762 |
| % of Total Expenditures..... | 92.7% | 93.4% | 90.7% |
| REFUNDS..... | \$ - | \$ 96,615 | \$ 400 |
| % of Total Expenditures..... | 0.0% | 0.0% | 0.0% |

| DEPARTMENT DIRECTOR |
|---|
| During Examination Period: Mr. Leo Schmitz (07/01/18 - 01/20/19), Mr. Brendan F. Kelly (Acting) (01/21/19 - 10/29/19), and (Mr. Brendan F. Kelly (10/30/19 - Present) |
| Currently: Mr. Brendan F. Kelly |

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER RECEIPTS AND
RECONCILIATIONS**

The Illinois State Police (Department) did not maintain adequate internal controls over its receipts and reconciliations.

Controls over Cash Receipts

During testing, we requested the Department provide the population of cash receipts received by the Department during Fiscal Years 2019 and 2020 for the Statewide 9-1-1 Fund (Fund 612) and the Wireless Carrier Reimbursement Fund (Fund 613). In response to our request, the Department provided a listing of cash receipts. We noted the Department's population of cash receipts did not agree to the documentation in the Department's Revenue Status Report (SB04) reconciliations for Fiscal Year 2019 or Fiscal Year 2020.

Receipt records did not agree with its receipt reconciliations

Accountants unable to conclude the Department's receipt records were sufficiently precise and detailed

Due to these conditions, we were unable to conclude the Department'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 Department's compliance relative to cash receipts.

Inadequate segregation of duties

Additionally, the Department did not maintain proper segregation of custody and recordkeeping duties over receipt collection and processing. One employee was responsible for:

- Preparing a log of receipts received;
- Recording receipts in the receipts ledger; and,
- Depositing funds into the State Treasury.

Controls over Cash Reconciliations

During testing of Fiscal Year 2020 and 2019 reconciliations between the Office of the Comptroller's records and the Department's records for Fund 612 and Fund 613 we noted:

\$15,991,242 in unexplained discrepancies identified

- Monthly Revenue Status Report (SB04) reconciliations for one of 24 (4%) months were not performed within 60 days following the end of the month. The SB04 reconciliation was completed 25 days late. Additionally, year-to-date SB04 reconciliations for Fiscal Years ended June 30, 2020 and 2019 contained unexplained reconciliation discrepancies totaling a net amount of \$14,085,173 and \$1,799,874 for Fund 612, and \$17,224 and \$88,971 for Fund 613, respectively.

- SB04 reconciliations for Fiscal Year 2020 were not reconciled by receipt account; whereby each Fund was reconciled in total.

Independent person did not review the reconciliations

- SB04 reconciliations for Fiscal Years 2020 and 2019 were not reviewed by an independent person. (Finding 1, pages 12-14) **This finding was first reported in 2016.**

We recommended the Department establish proper segregation of duties over the receipts process, perform supervisory review over all reporting and transaction processing, strengthen procedures to properly reconcile receipts, and maintain accurate documentation to support receipt activities and related reviews performed.

Department concurred with accountants

Department management concurred with the finding and recommendation and stated procedures have been implemented for segregating the duties of opening checks, logging checks and making deposits and they are working to clean up the prior period reconciliation problems.

FAILURE TO DEMONSTRATE THE COMPLETENESS AND ACCURACY OF THE REPORT COMPONENTS

The Illinois State Police (Department) did not have adequate internal controls to demonstrate the schedules and report components within the Department's *Compliance Examination Report* were complete and accurate.

Internal controls inadequate

During the course of this examination, we noted the Department's internal controls were inadequate to both (1) prepare the report components and (2) demonstrate the report components Department management prepared were complete and accurate. Specifically, we noted the following:

- The *Comparative Schedule of Cash Receipts and Deposits into the State Treasury* was prepared by Department management from their own records. However, our review of the *Schedule* noted differences between the Department and the Office of the Comptroller's records. Consequently, the *Analysis of Significant Variations in Receipts* were also unable to be properly completed.

Differences between the Department's records and the Comptroller's records

Report components were excluded from the Department's report

As a result of these deficiencies, these report components were excluded from the Department's *Compliance Examination Report*.

We recommended the Department implement controls to ensure report components are accurately and completely prepared in future compliance examinations.

Department concurred with accountants

Department management concurred that report components should be accurately prepared for future compliance examinations.

ACCOUNTANT'S OPINION

The accountants conducted a limited scope compliance examination of the Department's transactions within the Statewide 9-1-1 Fund and Wireless Carrier Reimbursement Fund for the two years ended June 30, 2020, as required by the Emergency Telephone System Act and the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2020-001 and 2020-002. Except for the noncompliance described in these findings, the accountants stated the Department complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by West & Company, LLC.

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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