



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, 2018

Release Date: September 11, 2019

| FINDINGS THIS AUDIT: 4 | AGING SCHEDULE OF REPEATED FINDINGS | | | | | | |
|------------------------|-------------------------------------|----------|----------|----------------|------------|------------|------------|
| | New | Repeat | Total | Repeated Since | Category 1 | Category 2 | Category 3 |
| Category 1: | 0 | 4 | 4 | 2016 | 18-3, 18-4 | | |
| Category 2: | 0 | 0 | 0 | 2014 | 18-1, 18-2 | | |
| Category 3: | 0 | 0 | 0 | | | | |
| TOTAL | 0 | 4 | 4 | | | | |
| FINDINGS LAST AUDIT: 4 | | | | | | | |

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

- **(18-01)** The Commission did not assume administrative functions for external law enforcement grants and assistance within the District.
- **(18-02)** The Commission lacked adequate control over its finances.

OTHER MATTERS

As noted on page 25 of the report, since Calendar Year 2013, the Commission has disbursed \$69,603 to support its operations, but has only collected receipts of \$19,271 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.

Additionally, without legislative action, the Commission’s enabling legislation is scheduled to be repealed on December 31, 2019, in accordance with the Metro East Police District Act (70 ILCS 1750/20).

- 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). The District is composed of the City of East Saint Louis, the Village of Washington Park, the Village of Alorton, and the Village of Brooklyn.

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, page 11). **This finding has been repeated since 2014.**

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 Metro East Police District Commission (Commission) lacked adequate control over its finances. During testing, we noted 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 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 2017 or Calendar Year 2018.

Invoice receipt date not documented

- The Commission did not exercise adequate internal control over processing its disbursements to vendors. We tested six disbursements during the examination period, totaling \$13,492, and noted the following:
 - Five of six (83%) disbursements tested, totaling \$13,204, did not document the date the invoice was received by the Commission.

Approval date not documented

- Two of six (33%) disbursements tested, totaling \$3,888, did not have a completed Certificate of the Metro East Police District Commission, which documented the Commission's approval date.

Allowance for doubtful accounts not developed

- The Commission has not developed an allowance for doubtful accounts for reporting its net outstanding accounts receivable. (Finding 2, pages 12-13) **This finding has been repeated since 2014.**

We recommended the Commission establish and maintain books and records for its financial activity. Additionally, the Commission should maintain copies of bank statements and perform bank reconciliations. Further the Commission should improve its internal controls over disbursements by documenting dates of receipt and approval. Finally, the Commission should develop a fair and reasonable allowance for doubtful accounts.

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, 2018, 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 2018-001 through Finding 2018-004, 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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