

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

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**COMPLIANCE EXAMINATION**

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**FOR THE TWO YEARS ENDED  
JUNE 30, 2022**

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**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, 2022**

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**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022**

**COMMISSION MEMBERS**

**Environmental Protection Agency**

Director	Mr. John J. Kim
Designee (11/20/20 – Present)	Mr. Jacob Poeschel
Designee (07/01/20 – 11/19/20)	Ms. Courtney L. Bott

**Department of Natural Resources**

Director	Ms. Colleen Callahan
Designee (11/01/21 – Present)	Ms. Kristina Shelton
Designee (09/01/21 – 10/31/21)	Ms. Meta Darnell
Designee (07/01/20 – 08/31/21)	Mr. Brad Colantino

**Pollution Control Board**

Chair of the Board	Ms. Barbara Flynn Currie
Designee (11/16/20 – Present)	Mr. Bruce Bennett
Designee (10/31/20 – 11/15/20)	Vacant
Designee (07/01/20 – 10/30/20)	Ms. Kathryn Griffin

**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:

1021 North Grand Avenue East  
Springfield, Illinois 62794



# ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 • (217) 782-3397

JB PRITZKER, GOVERNOR

JOHN J. KIM, DIRECTOR

## MANAGEMENT ASSERTION LETTER

June 27, 2023

Roth & Company, LLP  
815 West Van Buren Street, Suite 500  
Chicago, Illinois 60607

Ladies and Gentlemen:

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, 2022. Based on this evaluation, we assert that during the years ended June 30, 2021, and June 30, 2022, 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**

John J. Kim  
Director

**SIGNED ORIGINAL ON FILE**

Jacob Poeschel  
Chief Financial Officer

**SIGNED ORIGINAL ON FILE**

Charles W. Gunnarson  
Chief Legal Counsel

**STATE OF ILLINOIS  
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022**

**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*.

**ACCOUNTANT’S REPORT**

The Independent Accountant’s 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**

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

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings</b>				
2022-001	7	2020/2010	Inadequate Controls over Accounts Receivable	Significant Deficiency and Noncompliance
2022-002	10	New	Cash Receipts Not Timely Deposited	Significant Deficiency and Noncompliance

**EXIT CONFERENCE**

The Commission waived an exit conference in a correspondence from Ellen Jennings Fairfield, Chief Internal Auditor, on June 15, 2023. The responses to the recommendations were provided by Jacob Poeschel, Chief Financial Officer, in a correspondence dated June 23, 2023.



**INDEPENDENT ACCOUNTANT'S 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, 2022. 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.

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, 2022, 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 items 2022-001 and 2022-002.

The Commission's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Commission's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

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 items 2022-001 and 2022-002 that we consider to be significant deficiencies.

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

The Commission's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Commission's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

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 27, 2023





**STATE OF ILLINOIS**  
**ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE**  
**For the Two Years Ended June 30, 2022**

2022-001. **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, including 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, 2022, the Commission's accounts receivable balance was approximately \$21.4 million, of which approximately \$20.8 million had been due over one year.

During testing, the auditors noted the following:

- Thirty-five of 40 (88%) accounts receivable tested, totaling \$6,548,004, 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, 2022.

The Illinois State Collection Act of 1986 (Act) (30 ILCS 210/5(c-1)) and the Statewide Accounting Management System (SAMS) (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 SAMS (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.

- One of 40 (3%) accounts receivable tested, totaling \$278,268, was not properly aged.

SAMS (Procedure 26.20.20) requires each outstanding receivable due the State be "aged" relative to its formal due date for the Commission to effectively estimate the collectability of its receivables and properly focus collection efforts.

- For two of 40 (5%) accounts receivable tested, totaling \$279,155, the balances recorded in the accounts receivable aging report were incorrect.

**STATE OF ILLINOIS**  
**ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE**  
**For the Two Years Ended June 30, 2022**

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

- For two of 40 (5%) accounts receivable tested, totaling \$40,120, the Commission did not provide documentation to determine if the Commission pursued collection efforts in accordance with the Commission's collection procedures and State rules and regulations.

The State Records Act (5 ILCS 160/8) requires the Commission make and preserve adequate and proper documentation of the essential transactions of the Commission designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Commission's activities. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are utilized efficiently and effectively. Good internal control over accounts receivable includes maintaining documents which evidence debtor's debt and keeping track of collection efforts taken.

This finding was first reported during the period ended June 30, 2010. As of the end of Fiscal Year 2022, the Commission had 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 the other issues were due to oversight.

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 properly keep records of accounts receivable and to make collection efforts increases the risks of loss of revenues. Failure to maintain adequate internal controls over accounts receivable represents noncompliance with State laws and regulations. (Finding Code No. 2022-001, 2020-001, 2018-001, 2016-001, 2014-001, 12-1, 10-1)

**STATE OF ILLINOIS**  
**ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE**  
**For the Two Years Ended June 30, 2022**

**RECOMMENDATION**

We recommend the Commission pursue all reasonable and appropriate procedures to collect outstanding debts as required by State laws and regulations. We also recommend the Commission maintain records of accounts receivable and documentation of its collection efforts.

**COMMISSION RESPONSE**

Agree. The Agency has procedure in place to capture all necessary information for collecting Accounts Receivable. The Agency revised the accounts receivable processing plan to include a subscription to acquire necessary information and to utilize a debt collection agency to better move old accounts towards resolution and write-off. The Agency is actively working with the Attorney General's Office to complete write-off packets for the uncollectible debt.

**STATE OF ILLINOIS**  
**ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE**  
**For the Two Years Ended June 30, 2022**

2022-002.     **FINDING** (Cash Receipts Not Timely Deposited)

The Environmental Protection Trust Fund Commission (Commission) did not deposit cash receipts in a timely manner.

The Illinois Environmental Protection Agency (Agency) handles all financial activities for the Commission, including tracking, documenting, and collecting receipts.

During testing, the auditors noted four of 30 (13%) receipts, totaling \$36,717, were deposited two to seven days late.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires the Commission to deposit receipts collected into the State Treasury within a specific period of time, depending on the dollar amount of cash receipts on hand.

Commission officials stated the delay in deposits was due to the time taken to verify and establish the accounts receivable and determine proper payment before processing.

Failure to timely deposit the receipts increases the risk of loss or theft and could result in a loss of interest revenue. (Finding Code No. 2022-002)

**RECOMMENDATION**

We recommend the Commission ensure receipts are timely deposited as required by the Act or seek a deposit extension from the Office of Comptroller.

**COMMISSION RESPONSE**

Agree. The Agency is requesting through the Illinois Office of Comptroller a deposit extension for all revenue types that require internal review prior to deposit of funds.