

**STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION
TRUST FUND COMMISSION**

**COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

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STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

AGENCY OFFICIALS

John Kim (effective 01/21/19) Environmental Protection Agency

Alec Messina (through 01/20/19)

Designee: Courtney L. Bott (effective 10/16/17)

Pamela Smith (09/23/17- 10/15/17)

Carol Radwine (through 09/22/17)

Colleen Callahan (effective 03/04/19) Department of Natural Resources

Wayne Rosenthal (through 03/03/19)

Designee: Brad Colantino (effective 05/01/19)

Doug Florence (through 04/30/19)

Katie Papadimitriou (effective 05/27/17) Pollution Control Board

Gerald Keenan (through 05/26/17)

Designee: Kathryn Griffin

Honorable Kwame Raoul (effective 01/14/19) Attorney General

Honorable Lisa Madigan (through 01/13/19)

Designee: Thaddeus Huskey (effective 06/01/17)

Vacant (05/16/17 - 05/31/17)

Josiah Small (03/01/17 - 05/15/17)

David Boots (through 2/28/17)

The Commission's administrative functions are performed by the State of Illinois, Environmental Protection Agency. The Agency's 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 17, 2019

E.C. Ortiz & Co., LLP
333 South Des Plaines Street, Suite 2-N
Chicago, Illinois 60661

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 Environmental Protection Trust Fund 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 Environmental Protection Trust Fund Commission's compliance with the following assertions during the two-year period ended June 30, 2018. Based on this evaluation, we assert that during the years ended June 30, 2018 and June 30, 2017, the Environmental Protection Trust Fund Commission has materially complied with the assertions below.

- A. The Environmental Protection Trust Fund 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 Environmental Protection Trust Fund 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 Environmental Protection Trust Fund 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 Environmental Protection Trust Fund 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,

Environmental Protection Trust Fund Commission

SIGNED ORIGINAL ON FILE

John J. Kim
Director

SIGNED ORIGINAL ON FILE

Courtney L. Bott
Chief Financial Officer

SIGNED ORIGINAL ON FILE

Anwar (AJ) Johnson
Deputy Chief Legal Counsel

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STATE OF ILLINOIS
 ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2018

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and the Illinois State Auditing Act.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	2	2
Repeated findings	2	2
Prior recommendations implemented or not repeated	0	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2018-001	8	Inadequate Controls over Accounts Receivable	Noncompliance and Significant Deficiency
2018-002	11	Inadequate Controls over Receipts	Noncompliance and Significant Deficiency

EXIT CONFERENCE

The Environmental Trust Fund Commission waived an exit conference in a correspondence from James Froehner, Chief Internal Auditor, on May 30, 2019. The responses to the recommendations were provided by James Froehner, Chief Internal Auditor, in a correspondence dated June 13, 2019.



**INDEPENDENT ACCOUNTANT’S REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SUPPLEMENTARY
INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Environmental Protection Trust Fund Commission’s compliance with the 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, 2018. The management of the State of Illinois, Environmental Protection Trust Fund Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Environmental Protection Trust Fund Commission’s compliance based on our examination.

- A. The State of Illinois, Environmental Protection Trust Fund 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 State of Illinois, Environmental Protection Trust Fund 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 State of Illinois, Environmental Protection Trust Fund 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 State of Illinois, Environmental Protection Trust Fund 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 as adopted by the Auditor General pursuant to the Act (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 State of Illinois, Environmental Protection Trust Fund Commission complied, in all material

respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the State of Illinois, Environmental Protection Trust Fund Commission complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, 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. Our examination does not provide a legal determination on the State of Illinois, Environmental Protection Trust Fund Commission's compliance with specified requirements.

In our opinion, the State of Illinois, Environmental Protection Trust Fund Commission complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2018. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2018-001 and 2018-002.

The State of Illinois, Environmental Protection Trust Fund Commission's responses to the findings identified in our examination are described in the accompanying schedule of findings. The State of Illinois, Environmental Protection Trust Fund Commission's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Internal Control

Management of the State of Illinois, Environmental Protection Trust Fund Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Environmental Protection Trust Fund Commission's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Environmental Protection Trust Fund Commission's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Environmental Protection Trust Fund Commission's internal control over compliance.

A deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in*

internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2018-001 and 2018-002, that we consider to be significant deficiencies.

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

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2018 and June 30, 2017 in Schedules 1 through 4 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2018 and June 30, 2017 accompanying supplementary information in Schedules 1 through 4. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2016 accompanying supplementary information in Schedules 3 and 4 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
June 17, 2019

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018

2018-001. **FINDING** (Inadequate Controls over Accounts Receivables)

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. The Agency was responsible for 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, 2018, the Commission’s accounts receivable balance was approximately \$13.855 million, of which approximately \$13.074 million had been due over one year.

During testing, the auditors noted the following:

- Twenty-four of 40 (60%) accounts receivable tested, totaling \$2.009 million, were over 90 days past due and had not been referred to the Comptroller’s Offset System or the Department of Revenue’s Debt Collection Bureau. In addition, 15 of 40 (38%) accounts tested totaling \$1.923 million were over one year old and were not referred to the Attorney General for write off.

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. Further, the Uncollected State Claims Act (30 ILCS 205/2(a)) requires, when the Commission is unable to collect any claim or account receivable of \$1,000 or more due, the Commission to request the Attorney General to certify the claim or account receivable to be uncollectible.

- Two of 40 (5%) accounts receivable tested, totaling \$16,750, were not established timely. The time elapsed from the due date to the set-up of the receivables ranged from 97 to 215 days.

The Act (30 ILCS 210/3) states it is the “public policy of this State to aggressively pursue the collection of accounts or claims due and payable to the State of Illinois through all reasonable means.” Good internal controls over accounts receivable includes promptly recording the amount due and

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
SCHEDULE OF FINDINGS

For the Two Years Ended June 30, 2018

beginning to pursue collection, as the likelihood of collection declines over time.

- The Accounts Receivable Management Policy and Guidance (Policy) document was not updated to reflect current operations and practices. The Policy required all delinquent debt that is at least 90 days past due and in the amount of \$10 or more to be referred to a private collection firm. The auditors noted that the Commission does not use a private collection firm for collecting delinquent accounts receivable.

Good internal controls require the establishment and continuous updating of written policies to serve as a guide for Agency operations. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable laws.

During the prior engagement period, Commission officials stated the issues noted with accounts receivable were due to staffing shortages and system errors. During the current engagement, Commission officials stated they do not have federal identification numbers and other information required to pursue collection or write-off action. In addition, they considered updating the policy a lower priority due to competing management priorities which included implementation of the Enterprise Resource Planning (ERP) System.

Failure to timely refer receivables to the Department of Revenue's Debt Collection Bureau and to the Comptroller's Offset System increases the likelihood that past due amounts owed to the Commission will not be collected or the collection will be further delayed. The failure to report uncollectible accounts to the Attorney General results in inaccurate accounts receivable reporting. Failure to timely establish accounts receivable and begin to collect accounts receivable could result in lost revenues to the State. In addition, the failure to review and update policies resulted in inconsistencies with the Commission's policies and actual operations. Finally, the failure to establish and maintain adequate internal controls over accounts receivable represents noncompliance with State laws and regulations. (Finding Code No. 2018-001, 2016-001, 2014-001, 12-1, 10-1)

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018

RECOMMENDATION

We recommend the Commission pursue all reasonable and appropriate procedures to collect on outstanding debts as required by State laws and regulations. We also recommend the Commission ensure its accounts receivable balances are promptly reported. We further recommend the Commission periodically review and update its written policies to reflect current operations.

COMMISSION RESPONSE

Agree. The Agency staff continues to improve collections with the focus on current billings. The Agency will work with Department of Revenue on referring qualifying debt to the Bureau of Debt Collection. In addition, the Fiscal Division is working with the Legal Department on obtaining necessary information to place old debt in the Comptroller's Offset System or process write-offs with the Attorney General's Office. The Fiscal Division will work with the Legal Department to update the Accounts Receivable Management Policy and Guidance to reflect current practices.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2018

2018-002. **FINDING** (Inadequate Controls over Receipts)

The Environmental Protection Trust Fund Commission (Commission) did not have adequate controls over its receipts.

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

While the auditors noted some improvements from the Commission's last examination, as the auditors' testing indicated the Commission maintained adequate supporting documentation detailing the date the receipts were received by the Commission, the auditors noted five of 40 (13%) receipts tested, totaling \$409,000, were deposited from one to six 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 number of business days, depending on the value of the receipts on hand.

Commission officials stated the delay in deposits was due to the time taken to ensure receipts were valid before depositing the checks and the Enterprise Resource Planning (ERP) configuration issues which would not allow the receipts to be posted. The receipts were not deposited until the issues were resolved.

Failure to timely deposit the receipts represents noncompliance with the Act and could result in a loss of interest revenue. (Finding Code No. 2018-002, 2016-002, 2014-002)

RECOMMENDATION

We recommend the Commission to strengthen its receipt processing controls to ensure receipts are timely deposited as required by the Act.

COMMISSION RESPONSE

Agree. The Agency has addressed the issues related to customer accounts receivable establishment and set-up to allow receipts to be deposited timely. The Fiscal Division is working with the Legal Department on communicating timely the court ordered related judgements.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures, and Lapsed Balances - Fiscal Year 2018
 - Schedule of Appropriations, Expenditures, and Lapsed Balances - Fiscal Year 2017
 - Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances
 - Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller

- Analysis of Operations (Not Examined):

- Agency Functions and Planning Program (Not Examined)
 - Analysis of Significant Variations in Expenditures (Not Examined)
 - Analysis of Significant Variations in Receipts (Not Examined)
 - Analysis of Significant Lapse Period Spending (Not Examined)
 - Analysis of Accounts Receivable (Not Examined)
 - Budget Impasse Disclosures (Not Examined)
 - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined)
 - Interest Costs on Fiscal Year 2018 Invoices (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2018, and June 30, 2017, accompanying supplementary information in Schedules 1 through 4. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
 ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Appropriations for Fiscal Year 2018
 For the Sixteen Months Ended October 31, 2018

Public Act 100-0021	Appropriations	Expenditures Through 06/30/18	Lapse Period Expenditures 07/01-10/31/18	Total Expenditures	Balances Lapsed
<u>APPROPRIATED FUNDS</u>					
<u>ENVIRONMENTAL PROTECTION TRUST FUND - 845</u>					
Grant to Environmental Protection Agency to support enhanced environmental protection and enforcement activities	\$ 1,000,000	\$ -	\$ 750,000	\$ 750,000	\$ 250,000
Grant to Department of Natural Resources for projects relating to natural resources research, protection and educational activities	1,000,000	750,000	-	750,000	250,000
Grant to Pollution Control Board for funding expenses of case processing and other activities	1,000,000	750,000	-	750,000	250,000
Grant to the Attorney General for enhanced environmental enforcement activities	1,000,000	750,000	-	750,000	250,000
GRAND TOTAL	\$ 4,000,000	\$ 2,250,000	\$ 750,000	\$ 3,000,000	\$ 1,000,000

Note 1: Appropriations, expenditures and lapsed balances were obtained from the State Comptroller's records as of October 31, 2018, and have been reconciled to Commission records. The Environmental Protection Trust Fund Commission (Fund 845) was appropriated to the State of Illinois, Environmental Protection Agency (Agency), and therefore, the appropriations and expenditures related to Fund 845 have also been reported in the Agency's appropriation schedules.

Note 2: Expenditures amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
 ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Appropriations for Fiscal Year 2017
 For the Fifteen Months Ended September 30, 2017

Public Act 99-0524	Appropriations	Expenditures Through 06/30/17	Lapse Period Expenditures 07/01-09/30/17	Total Expenditures	Balances Lapsed
<u>APPROPRIATED FUNDS</u>					
<u>ENVIRONMENTAL PROTECTION TRUST FUND - 845</u>					
Grant to Environmental Protection Agency to support enhanced environmental protection and enforcement activities	\$ 1,000,000	\$ 700,000	\$ -	\$ 700,000	\$ 300,000
Grant to Department of Natural Resources for projects relating to natural resources research, protection and educational activities	1,000,000	500,000	-	500,000	500,000
Grant to Pollution Control Board for funding expenses of case processing and other activities	1,000,000	500,000	-	500,000	500,000
Grant to the Attorney General for enhanced environmental enforcement activities	1,000,000	500,000	-	500,000	500,000
GRAND TOTAL	\$ 4,000,000	\$ 2,200,000	\$ -	\$ 2,200,000	\$ 1,800,000

Note 1: Appropriations, expenditures and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and have been reconciled to Commission records. The Environmental Protection Trust Fund Commission (Fund 845) was appropriated to the State of Illinois, Environmental Protection Agency (Agency), and therefore, the appropriations and expenditures related to Fund 845 have also been reported in the Agency's appropriation schedules.

Note 2: Expenditures amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
 ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
 EXPENDITURES, AND LAPSED BALANCES**
 For the Fiscal Years Ended June 30, 2018, 2017, and 2016

	2018	Fiscal Year 2017	2016
	P.A. 100-0021	P.A. 99-0524	P.A. 99-0524
Environmental Protection Trust Fund - 845			
Appropriations	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
Expenditures			
Grant to Environmental Protection Agency to support enhanced environmental protection and enforcement activities	\$ 750,000	\$ 700,000	\$ 600,000
Grant to Department of Natural Resources for projects relating to natural resources research, protection and educational activities	750,000	500,000	500,000
Grant to Pollution Control Board for funding expenses of case processing and other activities	750,000	500,000	500,000
Grant to the Attorney General for enhanced environmental enforcement activities	<u>750,000</u>	<u>500,000</u>	<u>500,000</u>
Total Expenditures	<u>\$ 3,000,000</u>	<u>\$ 2,200,000</u>	<u>\$ 2,100,000</u>
Lapse Balances	<u>\$ 1,000,000</u>	<u>\$ 1,800,000</u>	<u>\$ 1,900,000</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and October 31, 2018, and have been reconciled to Commission records. The Environmental Protection Trust Fund Commission (Fund 845) was appropriated to the State of Illinois, Environmental Protection Agency (Agency), and therefore, the appropriations and expenditures related to Fund 845 have also been reported in the Agency's appropriation schedules.

Note 2: Expenditures amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
 ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
 RECONCILIATION OF CASH RECEIPTS TO
 DEPOSITS REMITTED TO THE COMPTROLLER**
 For the Years Ended June 30, 2018, 2017, and 2016

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Environmental Protection Trust Fund - 845			
Penalty Payments	\$ 1,590,682	\$ 2,340,787	\$ 3,347,346
Interest on Past Due Penalties	202	2,796	-
Governor's Environmental Corps	139,823	-	-
Prior Year Fee Transfer	-	(162)	-
Total cash receipts per Commission	<u>1,730,707</u>	<u>2,343,421</u>	<u>3,347,346</u>
Corrections of a Prior Year Error	-	-	800
Less - In transit at End of Year	128,050	28,258	80,025
Plus - In transit at Beginning of Year	28,258	80,025	6,525
Deposits per State Comptroller's Records	<u><u>\$ 1,630,915</u></u>	<u><u>\$ 2,395,188</u></u>	<u><u>\$ 3,274,646</u></u>

Note: The Environmental Protection Trust Fund (Fund 845) was appropriated to the State of Illinois, Environmental Protection Agency (Agency), and therefore, the receipts for Fund 845 have also been reported in the Agency's receipts schedules.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

The State of Illinois, Environmental Protection Trust Fund Commission (Commission) was created by Public Act 81-951 on September 22, 1979 (effective January 1, 1980).

The Commission is statutorily authorized to accept, receive and administer on behalf of the State any grants, gifts, loans, or other funds made available to the Commission from any source for the purposes of environmental protection and related enforcement programs. The Commission's members compose of the Director of the Environmental Protection Agency (Agency), the Director of the Department of Natural Resources (DNR), the Chairman of the Pollution Control Board (PCB), and the Attorney General. Each member has appointed a designee to serve on the Commission.

The Commission has the authority to approve grants from the Environmental Protection Trust Fund to the Agency, DNR, PCB, and the Office of the Attorney General (AG) in order to carry out its environmental protection and related enforcement program purposes.

The following are types of grants approved by the Commission:

1. Grants to the Agency for the enhancement of environmental protection and enforcement activities;
2. Grants to the DNR for projects relating to natural resources, research, protection, and education activities;
3. Grants to the PCB for the purpose of case processing and other activities; and
4. Grants to the AG for enhancement of environmental enforcement activities.

The Commission has no employees and owns no property. Its members serve without compensation. The financial activities of the Commission are handled by the Agency. The Agency absorbs all administrative costs of the Commission.

The Commission has developed a formal, written Program Plan, which defines and discusses the Commission's powers, membership, chair, goals, and planning process. Additionally, the Program Plan includes the process for receipts.

The Commission's planning process is closely tied to the budget process. Each fall, the Commission members are notified by the Chair/Designee of the projected monies available. The member agencies provide project proposals which describe the project and the requested funding. The Commission uses these documents as the program plan for the fiscal year. A meeting is held in December to discuss and vote on the proposed projects and budget. Another meeting is held in June to pass the formal resolutions releasing the money for approved projects. The meeting agenda prepared for each meeting provides annual planning information, such as revenues and project information.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

The proposed project descriptions include deadlines for completion of the projects with an informal agreement among Commission members that no project should exceed five years. The Commission requires annual project status reports to ensure grant monies are spent in accordance with awards.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

The Illinois Environmental Protection Trust Fund Commission (Commission) explanations for significant fluctuations in expenditures as presented in the Comparative Schedule of Net Appropriations, Expenditures and Lapsed balances (Schedule 3) are detailed below. For the purpose of this analysis, fluctuations equal to or in excess of \$250,000 and 20% in expenditures were considered to be significant.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2017 AND 2018

Disbursements to agencies are based on funds available and grant amounts approved by the Commission. The increase in disbursements to agencies was due to higher grant amounts approved for Fiscal Year 2018.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2016 AND 2017

There were no significant variations in expenditures between Fiscal Years 2017 and 2016.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

The Illinois Environmental Protection Trust Fund Commission (Commission) explanations for significant fluctuations in receipts as presented in the Comparative Schedule of Cash Receipts and Reconciliation to Cash Receipts to Deposits Remitted to the Comptroller (Schedule 4) are detailed below. For the purpose of this analysis, fluctuations equal to or in excess of \$250,000 and 20% in receipts were considered to be significant.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2017 AND 2018

Fund 845 - Environmental Protection Trust Fund

Penalty Payments

The receipts are based on the number of penalties assessed by the Attorney General's Office. These receipts are expected to fluctuate, based upon the types of cases processed by the Attorney General.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2016 AND 2017

Fund 845 - Environmental Protection Trust Fund

Penalty Payments

The receipts are based on the number of penalties assessed by the Attorney General's Office. These receipts are expected to fluctuate, based upon the types of cases processed by the Attorney General.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

The Illinois Environmental Protection Trust Fund Commission (Commission) explanations for significant lapse period spending as presented in the Schedule of Appropriations, Expenditures, and Lapsed Balances for Fiscal Years 2018 and 2017 (Schedules 1 and 2) are detailed below. For the purpose of this analysis, lapse period spending of \$250,000 and 20% or more of total expenditures was considered to be significant.

FISCAL YEAR 2018

The Lapse Period spending was due to the grant payment request from the Environmental Protection Agency not being received until late in the fiscal year, so it was not processed until the lapse period.

FISCAL YEAR 2017

There was no lapse period spending for Fiscal Year 2017.

STATE OF ILLINOIS
 ENVIRONMENTAL TRUST FUND COMMISSION
ANALYSIS OF ACCOUNTS RECEIVABLE
 For the Two Years Ended June 30, 2018
 (NOT EXAMINED)

The Commission's accounts receivable balance was approximately \$572 thousand and \$564 thousand at June 30, 2018, and June 30, 2017 respectively.

An aging schedule of the Commission's accounts receivable are presented below (in thousands):

	<u>Current</u>	<u>Less than 30 Days</u>	<u>31 to 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
June 30, 2018	\$ 424	\$ 30	\$ 30	\$ 88	\$ 209	\$ 13,074	\$ 13,855
Allowance for uncollectible accounts							<u>(13,283)</u>
Net Accounts Receivable							<u>\$ 572</u>
June 30, 2017	\$ 346	\$ 31	\$ 151	\$ 36	\$ 117	\$ 13,010	\$ 13,691
Allowance for uncollectible accounts							<u>(13,127)</u>
Net Accounts Receivable							<u>\$ 564</u>

Note: The Commission utilizes the Attorney General, the Department of Revenue's Debt Collection Bureau, and the State Comptroller's Offset System to collect unpaid receivables; however, see Finding 2018-001 regarding the administration of the Commission's accounts receivable.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
BUDGET IMPASSE DISCLOSURES
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Payment of Fiscal Year Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the Environmental Protection Trust Fund Commission (Commission) to pay Fiscal Year 2016 costs using the Commission's Fiscal Year 2017 appropriations for non-payroll expenditures. The Commission did not have any outstanding invoices from Fiscal Year 2016 unpaid after the closure of the Fiscal Year 2016 Lapse Period on August 31, 2016. Therefore, the Commission did not use its Fiscal Year 2017 appropriations to pay its Fiscal Year 2016 costs.

In addition, Article 998 of Public Act 100-0021 authorized the Commission to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Commission's Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Commission did not have any outstanding invoices from Fiscal Year 2017 unpaid after the closure of the Fiscal Year 2017 Lapse Period on September 30, 2017. Therefore, the Commission did not use its Fiscal Year 2017 appropriations to pay its Fiscal Year 2016 costs and did not use either its Fiscal Year 2017 or Fiscal Year 2018 appropriations to pay its Fiscal Year 2016 or Fiscal Year 2017 costs.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
**ALTERNATE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Transactions Involving the Illinois Finance Authority

The Environmental Protection Trust Fund Commission (Commission) and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2017.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

None of the Commission's vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI) during Fiscal Year 2017.

STATE OF ILLINOIS
ENVIRONMENTAL PROTECTION TRUST FUND COMMISSION
INTEREST COST ON FISCAL YEAR 2018 INVOICES
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Prompt Payment Interest Costs

The Environmental Protection Trust Fund Commission (Commission) did not incur any prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540). The Commission's vendors were paid from funds and accounts that are ineligible for prompt payment interest due to vendors under the Act.