

**Review: 4385**  
**Statewide Single Audit**  
**Year Ended June 30, 2011**  
**Illinois Emergency Management Agency**

**FINDINGS/RECOMMENDATIONS – 5**  
**Repeated – 5**

**Accepted – 2**  
**Implemented – 3**

**11-89. The auditors recommend IEMA implement procedures to ensure supervisory reviews of inventory certification forms are performed and documented. (Repeated-2008)**

**Findings:** IEMA is not sufficiently documenting supervisory reviews of the certification form of subrecipients receiving federal awards under the Homeland Security Cluster program.

The Illinois Terrorism Task Force (ITTF) within IEMA passes through Homeland Security Cluster program funding to various local governments to develop, maintain, and improve the responsiveness of Illinois local governments to terrorist acts. A significant portion of the grants made to these subrecipients fund the purchase of special equipment to be used in the event of terrorist attacks. ITTF's policy statement requires staff to conduct site visits to ensure the accuracy of the inventory reports. IEMA developed an ITTF Inventory Certification Form to document the equipment observations.

During testwork over 40 subrecipients (expending \$33 million) who received site visits in fiscal year 2011, auditors noted the certification forms for 38 subrecipients (expending \$32 million) contained no evidence that a supervisory review had been performed by IEMA.

In discussing these conditions with IEMA personnel, they stated they appropriate ITTF policies and procedures had been established and followed during the audit period.

**Updated Response:** Implemented. Procedures are now in place to ensure proper supervisory review of on-site monitoring reports. Additionally, this vacant position is now filled.

**11-90. The auditors recommend IEMA establish procedures to ensure subrecipient OMB Circular A-133 audit reports are received within federally prescribed timeframes and to ensure appropriate follow up procedures are performed and documented for any late audit reports. (Repeated-2010)**

**Findings:** IEMA is not adequately performing the reviews of OMB Circular A-133 reports which are required to be received from subrecipients of the Homeland Security Cluster.

IEMA requires subrecipients expending more than \$500,000 in federal awards during their fiscal year to submit OMB Circular A-133 audit reports. IEMA staff is responsible for reviewing the reports and determining whether: (1) the audit reports meet the audit requirements of OMB Circular A-133; (2) federal funds reported in the schedule of expenditures of federal awards reconcile to IEMA records; and (3) type A programs are being audited at least every three years. Additionally, IEMA staff is responsible for evaluating the type of audit opinion issued (i.e. unqualified, qualified, and adverse) and issuing management decisions on reported findings within the prescribed timeframe.

During testwork of 40 subrecipients of the Homeland Security Cluster with total expenditures of \$55 million, auditors noted four subrecipient OMB Circular A-133 reports were received between 26 and 150 days late, and IEMA did not retain documentation of its attempts to collect the reports and to follow-up with the subrecipients.

**Updated Response:** Implemented. Procedures and a tracking system are in place to ensure deadlines are met. Additionally, this vacant position is now filled.

**11-91. The auditors recommend IEMA deposit all federal funds received in an interest-bearing account and calculate and remit interest owed to the U.S. Treasury. (Repeated-2008)**

**Findings:** IEMA did not deposit Homeland Security Cluster program funds received in advance of issuing warrants into an interest-bearing account.

During the year ended June 30, 2011, IEMA received \$79.6 million in draws under the Homeland Security Cluster program that were not deposited into an interest-bearing account. Additionally, IEMA did not calculate or remit any potential interest owed to the U.S. Treasury on funds received in advance of disbursement.

In discussing these conditions with State Police personnel, they stated an interest bearing account was created, but was not in effect until January 2012.

**Updated Response:** Implemented. The Agency has established an interest-bearing account.

**11-92. The auditors recommend IEMA follow their established internal control procedures to reconcile equipment expenditures to additions recorded in the property records. (Repeated-2009)**

**Findings:** IEMA did not follow their established internal control procedures to reconcile equipment expenditures to additions recorded in the property (equipment) records.

IEMA's internal control procedures to maintain accurate property records include a monthly reconciliation between expenditures for equipment recorded in their general ledger to equipment additions recorded in the property records. During the audit, auditors noted IEMA did not complete reconciliation for the month ending June 30, 2011.

In discussing these conditions with IEMA personnel, they stated the reconciliations were not completed by the Public Safety Shared Services Center (as required by Executive Order 6 (2006) and the established Interagency Agreement).

**Updated Response:** Accepted. IEMA continues to work with Shared Services to ensure the Agency's inventory reconciliations are completed in a timely manner.

**11-93. The auditors recommend IEMA implement procedures to ensure cash drawn in advance is disbursed in accordance with program regulations. (Repeated-2009)**

**Findings:** IEMA did not minimize the time elapsing between the drawdown of federal funds from the U.S. Treasury and their disbursement for program purposes.

During a review of 25 expenditures (totaling \$8.9 million) related to the Disaster Grants Public Assistance (Presidentially Declared Disasters) program, auditors noted warrants were not issued for 22 expenditure vouchers, totaling \$5 million within three business days. The number of days between the receipt of federal funds and the issuance of warrants ranged from four to nineteen business days.

In discussing these conditions with IEMA personnel, they stated the payment vouchers and federal fund draws have historically been processed simultaneously; however, processing a voucher and creating a warrant has taken more than three business days during FY11. This process was a shared responsibility between the Public Safety Shared Services Center and IEMA (as required by Executive Order 6 (2006) and the established Interagency Agreement).

**Updated Response:** Accepted. IEMA worked closely with Shared Services to minimize the time between the drawing of funds and payment of vouchers. The three day requirement is next to impossible to meet simply because of the multiple systems and agencies involved and as noted by the auditors, the time between drawing funds and payment was between four and nineteen days. Additionally, the Agency has created an interest-bearing account for the instances when we cannot meet the three days.