



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF AGRICULTURE

Compliance Examination
 For the Two Years Ended June 30, 2019

Release Date: March 3, 2020

FINDINGS THIS AUDIT: 21	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	1	2	2017		4, 5, 7, 9, 10, 21	
Category 2:	7	12	19	2015	2	15	
Category 3:	0	0	0	2013		20	
TOTAL	8	13	21	2011		13, 14	
				2009		18	
FINDINGS LAST AUDIT: 22				2007		3	

SYNOPSIS

- (19-01) The Department failed to adhere to provisions in the Fiscal Control and Internal Auditing Act.
- (19-02) The Department was not able to provide the complete population of system changes or supporting documentation for changes.
- (19-04) The Department did not perform required reconciliations in a timely manner. Irreconcilable differences noted in multiple funds ranged from \$59 to \$4,698,260.

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.

**DEPARTMENT OF AGRICULTURE
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019**

EXPENDITURE STATISTICS	2019	2018	2017
Total Expenditures.....	\$ 94,268,330	\$ 130,596,007	\$ 78,459,074
OPERATIONS TOTAL.....	\$ 76,570,718	\$ 102,278,922	\$ 65,656,832
% of Total Expenditures.....	81.2%	78.3%	83.7%
Personal Services.....	26,949,110	24,344,141	25,730,144
Other Payroll Costs (FICA, Retirement).....	13,886,087	12,464,712	12,042,380
All Other Operating Expenditures.....	35,735,521	65,470,069	27,884,308
AWARDS AND GRANTS.....	\$ 17,228,356	\$ 23,231,253	\$ 11,908,124
% of Total Expenditures.....	18.3%	17.8%	15.2%
REFUNDS.....	\$ 465,193	\$ 82,153	\$ 52,176
% of Total Expenditures.....	0.5%	0.1%	0.1%
PERMANENT IMPROVEMENTS.....	\$ 4,063	\$ 5,003,679	\$ 841,942
% of Total Expenditures.....	0.0%	3.8%	1.0%
Total Receipts.....	\$ 54,153,285	\$ 51,326,261	\$ 41,604,691
Average Number of Employees (Not Examined).....	323	330	330

AGENCY DIRECTOR
During Examination Period: Raymond Poe (through 12/31/18); Warren Goetsch, Acting (1/1/19-1/20/19) John Sullivan, Acting (1/21/19-4/11/19); John Sullivan (4/12/19-1/12/20)
Currently: Jeremy Flynn, Acting (1/13/20-present)

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

INNADEQUATE INTERNAL AUDIT FUNCTION

The Department failed to adhere to provisions in the Fiscal Control and Internal Auditing Act.

During testing, we noted the following:

**Chief Internal Auditor position
vacant for more than 622 days**

- The Department's Director has not appointed an individual to fill the Department's chief internal auditor position. This position was vacated on October 17, 2017, 622 days prior to the end of the examination period on June 30, 2019.
- The Department and DCMS did not obtain the Governor's approval for DCMS to provide professional internal auditing services to the Department.
- The Department was unable to provide documentation for the costs of its internal audit function.
- The Department granted DCMS authorization to charge the Department's appropriations for payroll costs. (Finding 1, pages 12-15)

We recommended the following:

- The Department's Director appoint a chief internal auditor and ensure a full-time program of internal auditing is in place and functioning at the Department.
- If another agency is to be relied upon to supplement internal audit functions at the Department, the Department obtain written approval of the Governor for these services and ensure such services are provided in accordance with the Act's requirements.
- The Department implement policies and procedures to track internal audit costs, maintain documentation which adequately documents the costs of the Department's internal audit function, and ensure other agencies providing services to the Department are only reimbursed for allowable costs.
- Finally, the Department should not grant another agency the authority to process payroll against the Department's appropriations unnecessarily or without implementing and documenting proper controls.

Department agrees with auditors

Department officials accepts the recommendation and stated the Department intends to initiate the process of hiring a chief internal auditor and to come in full compliance with the Internal Auditing Act.

WEAKNESSES REGARDING SYSTEM DEVELOPMENT AND CHANGE CONTROL PROCEDURES

The Department was not able to provide the complete population of system changes or supporting documentation for changes.

No population of system changes provided

During the review, we requested the Department to provide the population of changes made to computer systems in order to determine if the Department had complied with its change control procedures. In response to our request, the Department stated that change logs were still pending approval due to the time necessary for redaction. As a result, we were unable to determine whether the Department's procedures over system changes were being followed. (Finding 2, pages 16-17) **This finding has been repeated since 2015.**

We recommended the Department strengthen internal controls over system changes to ensure documentation is maintained and available to support changes made on the system and to provide support for the population of system changes.

Department agrees with auditors

Department officials accepted the recommendation and stated change controls were not properly in place in the past but have been updated and documented over the past two years and are currently in place. Department officials also stated the Department was unable to accommodate the request due to the high number of programs in use by the Department and the low number of Department of Innovation and Technology staff at the Department to access and provide those change logs.

INADEQUATE CONTROLS OVER RECONCILIATIONS

The Department did not perform required reconciliations in a timely manner. In addition, for the monthly reconciliations performed, the Department failed to notify the Office of the Comptroller and resolve the differences noted.

During our review of the Department's monthly reconciliations, we noted the following:

- The Department failed to perform Fiscal Year 2018 and 2019 monthly reconciliations with the Comptroller's Monthly Appropriation Transfer Report.
- The Department failed to perform Fiscal Year 2018

and 2019 monthly reconciliations with the Comptroller's Monthly Object Expense/Expenditures by Quarter Report.

Irreconcilable differences of \$950 to \$4,698,260

- The Department failed to complete monthly reconciliations with the Comptroller's Monthly Revenue Status Report during Fiscal Year 2018 from January 2018 through June 2018 for all 23 funds with revenue status. The reconciliations have not been reviewed and approved. The incomplete reconciliations for these funds contained irreconcilable differences ranging from \$950 to \$4,698,260. In addition, for Fiscal Year 2019, the Department failed to review and approve monthly reconciliations with the Comptroller's Monthly Revenue Status Report for all 23 funds with revenue status. The reconciliations for these funds contained irreconcilable difference of \$631.
- The Department failed to perform monthly contract and obligation reconciliations with the Comptroller's Agency Contract Report and the Comptroller's Obligations Activity Report for both Fiscal Years 2018 and 2019.
- The Department failed to perform monthly reconciliations with the Comptroller's Monthly Appropriation Status Report during Fiscal Year 2018 for July 2017 through December 2017. Furthermore, the Department failed to perform monthly reconciliations for 6 months, from January 2018 through June 2018. For Fiscal Year 2019, the Department performed a one-time reconciliation with the Comptroller's Monthly Appropriation Status Report after fiscal year end, instead of performing monthly reconciliations throughout the fiscal year.
- The Department failed to perform monthly reconciliations with the Comptroller's Cash Report during Fiscal Year 2018, from January 2018 through June 2018 for 5 of 26 (19%) funds with Cash Reports. In addition, the Department failed to perform monthly reconciliations from December 2017 through June 2018 for 21 of 26 (81%) funds with Cash Reports. The reconciliations performed have not been reviewed and approved. The incomplete reconciliations for these funds contained irreconcilable differences ranging from \$59 to \$1,735,915. In addition, for Fiscal Year 2019, the Department failed to perform any monthly reconciliations with the Comptroller's Cash Report of ending cash available balances for all funds under the Department.(Finding 4, pages 22-24)

Irreconcilable differences of \$59 to \$1,735,915

We recommended the Department perform, review, and approve monthly reconciliation with Comptroller's reports. We also recommend the Department notify the Comptroller and resolve all differences noted during the reconciliation process.

Department agrees with auditors

Department Officials accepted the recommendation and stated they have implemented revised processes for required reconciliations and is working to address staffing shortages to ensure reconciliations are completed properly, timely, and in a consistent manner.

OTHER FINDINGS

The remaining findings are reportedly being given attention by the Department. We will review the Department's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Department for the two years ended June 30, 2019, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2019-001 and 2019-002. Except for the noncompliance described in these findings, the accountants stated the Agency complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by Adelfia 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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