



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF THE SECRETARY OF STATE

Compliance Examination
 For the Two Years Ended June 30, 2019

Release Date: June 11, 2020

FINDINGS THIS AUDIT: 10	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2016	19-1		
Category 2:	8	1	9	2013		19-9	
Category 3:	0	0	0				
TOTAL	8	2	10				
FINDINGS LAST AUDIT: 4							

INTRODUCTION

This digest covers the Secretary of State’s compliance examination for the two years ended June 30, 2019. A separate audit of the Agency’s financial statements was previously released on February 25, 2020. In total, this report contains 10 findings, one of which was reported within the Secretary of State’s financial audit report.

SYNOPSIS

- (19-2) The Office failed to fully comply with applicable sections of the Election Code.
- (19-3) The Office failed to fully comply with applicable sections of the Illinois Identification Card Act.

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.

**OFFICE OF THE SECRETARY OF STATE
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019**

EXPENDITURE STATISTICS	2019	2018	2017
Total Expenditures (All Funds).....	\$ 487,296,584	\$ 467,627,692	\$ 448,948,741
OPERATIONS TOTAL.....	\$ 317,256,108	\$ 313,336,172	\$ 316,920,422
% of Total Expenditures.....	65.1%	67.0%	70.6%
Personal Services.....	195,865,933	193,442,023	175,087,167
Other Payroll Costs (FICA, Retirement).....	31,667,776	28,642,793	21,194,232
All Other Operating Expenditures.....	89,722,399	91,251,356	120,639,023
AWARDS AND GRANTS.....	\$ 164,583,322	\$ 146,794,524	\$ 125,451,902
% of Total Expenditures.....	33.8%	31.4%	27.9%
PERMANENT IMPROVEMENTS.....	\$ 919,185	\$ 2,146,359	\$ 4,380,298
% of Total Expenditures.....	0.2%	0.5%	1.0%
REFUNDS.....	\$ 4,537,969	\$ 5,350,637	\$ 2,196,119
% of Total Expenditures.....	0.9%	1.1%	0.5%
Total Receipts.....	\$ 2,472,508,627	\$ 2,478,622,289	\$ 2,480,831,886
Average Number of Employees.....	3,430	3,300	3,289

AGENCY DIRECTOR
During Examination Period and Currently: Honorable Jesse White

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

NONCOMPLIANCE WITH THE ELECTION CODE

The Office failed to fully comply with applicable sections of the Election Code (10 ILCS 5) (Code).

During the engagement period, the Office was noncompliant with two sections of the Code as follows:

Downloadable, printable version of voter registration form not available

- During fieldwork, we noted a downloadable, printable voter registration form was not made available on the Office’s website.

No specific policies and procedures established

- While the Office does require employees to adhere to certain procedural standards, including the Driver’s Privacy Protection Act, 18 USC 2721, and within its policy manual, the Office has not established specific policies and procedures to protect the privacy and security of voter information as required by the Code. (Finding 2, pages 16-17)

We recommended the Office make available on its website a downloadable, printable voter registration form, or seek legislative remedy from this requirement. We also recommended the Office formally implement policies and procedures to protect the privacy and security of voter information as it is required, stored, and transmitted among agencies, including the retention and preservation of voter information.

Office accepted recommendation

Office officials accepted the recommendation.

**NONCOMPLIANCE WITH THE ILLINOIS
IDENTIFICATION CARD ACT**

The Office failed to fully comply with applicable sections of the Illinois Identification Card Act (Act).

During the engagement period, the Office issued nearly 35,000 identification cards. During our testing of the Office’s issuance of identification cards, we note the following exceptions:

No administrative rules drafted

- The Office has not drafted administrative rules to administer the Wallet Card Program as required by the Act.

Housing status not verified for four of 60 (7%) individuals

- The housing status of four of 60 (7%) individuals tested who were provided homeless identification cards during fiscal years 2018 and 2019 were not

verified by a human services, legal services, or other worker that had knowledge of the individual's housing status during fiscal years 2018 and 2019.

Veteran status not verified for two of 60 (3%) individuals

- The veteran status of two of 60 (3%) individuals who were provided veteran identification cards during fiscal years 2018 and 2019 were not verified by the Illinois Department of Veterans Affairs or using the Form 214 from the U.S. Department of Defense.

Two individuals issued four identification cards in 2018

- During our testing, we noted the Office issued two individuals more than three identification cards in one year. These individuals were issued four identification cards in 2018.

Individual was given one day notice of cancellation of identification card

- One of sixteen (6%) individuals tested who were sent a letter notifying them that the identification card associated with their name would be cancelled was not allowed at least five days to appear at a Drivers Services Facility before cancellation as permitted by the Act. The individual tested was allowed one day. (Finding 3, pages 18-19)

We recommended the Office ensure compliance with all elements of the Act, or seek legislative remedy for the requirements for which it believes changes are necessary.

Office accepted recommendation

Office officials accepted the recommendation.

OTHER FINDINGS

The remaining compliance findings pertain to noncompliance with various statutory mandates, weaknesses related to property and equipment, reconciliations, locally held funds, and Payment Card Industry Data Security Standards, inaccurate Agency Fee Imposition Reports, and inadequate controls over service providers. We will review the Office's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Office 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 Finding 2019-001. Except for the noncompliance described in this finding, the accountants stated the Office complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by Sikich, LLP.

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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