



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**DEPARTMENT OF REVENUE**

Financial Audit  
For the Year Ended June 30, 2019

Release Date: February 19, 2020

| FINDINGS THIS AUDIT: 1 | AGING SCHEDULE OF REPEATED FINDINGS |          |          |                |            |            |            |
|------------------------|-------------------------------------|----------|----------|----------------|------------|------------|------------|
|                        | New                                 | Repeat   | Total    | Repeated Since | Category 1 | Category 2 | Category 3 |
| Category 1:            | 0                                   | 1        | 1        | 2018           | 19-1       |            |            |
| Category 2:            | 0                                   | 0        | 0        |                |            |            |            |
| Category 3:            | 0                                   | 0        | 0        |                |            |            |            |
| <b>TOTAL</b>           | <b>0</b>                            | <b>1</b> | <b>1</b> |                |            |            |            |
| FINDINGS LAST AUDIT: 3 |                                     |          |          |                |            |            |            |

**SYNOPSIS**

- (19-01) The Department did not have adequate internal controls over access to GenTax.

**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.

{Financial Information is summarized on next page.}

**ILLINOIS DEPARTMENT OF REVENUE**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2019**

| <b>FINANCIAL INFORMATION - Governmental funds (in thousands)</b>                 | <b>FY 2019</b>       | <b>FY 2018</b>       |
|--|----------------------|----------------------|
| <b>REVENUES</b>  |                      |                      |
| Program revenue: charges for service.....  | \$ 113,898           | \$ 57,175            |
| Program revenue: operating grants.....   | 28                   | 65                   |
| General revenue: taxes.....  | 40,418,781           | 37,415,906           |
| General revenue: interest and other.....   | 52,047               | 12,981               |
| Total revenues.....  | <u>40,584,754</u>    | <u>37,486,127</u>    |
| <b>EXPENDITURES</b>  |                      |                      |
| General government.....  | 407,634              | 356,568              |
| Health and social services.....  | 14,604               | 14,513               |
| Education.....   | 1,683                | 1,619                |
| Employment and economic development.....   | 5,000                | 5,000                |
| Environment and business regulation.....   | 5,538                | 6,142                |
| Public protection and justice.....   | 788                  | 736                  |
| Intergovernmental.....   | 5,697,022            | 5,247,014            |
| Capital outlays.....   | 10,586               | 5,743                |
| Total expenditures.....  | <u>6,142,855</u>     | <u>5,637,335</u>     |
| <b>OTHER SOURCES (USES)</b>  |                      |                      |
| Appropriations from State resources.....   | 207,196              | 185,661              |
| Transfers in.....  | 654                  | 219                  |
| Transfers out.....   | (112,352)            | (121,147)            |
| Receipts collected & transmitted to the State treasury.....                      | (31,784,041)         | (29,450,713)         |
| Lapsed appropriations.....   | (14,334)             | (21,832)             |
| Amount of SAMS transfer in/out.....  | (2,280,693)          | (1,536,414)          |
| Capital lease acquisition.....   | -                    | -                    |
| Total other sources (uses).....  | <u>(33,983,570)</u>  | <u>(30,944,226)</u>  |
| Net change in fund balance.....  | 458,329              | 904,566              |
| Fund balance (deficit) July 1.....   | <u>(900,832)</u>     | <u>(1,805,398)</u>   |
| Fund balance (deficit) June 30.....  | <u>\$ (442,503)</u>  | <u>\$ (900,832)</u>  |
| <b>SELECTED ACCOUNT BALANCES - Governmental funds (in thousands)</b>             |                      |                      |
|  | <b>June 30, 2019</b> | <b>June 30, 2018</b> |
| <b>ASSETS</b>  |                      |                      |
| Cash and cash equivalents & investments.....                                     | \$ 2,166,654         | \$ 1,882,044         |
| Taxes receivable, net.....   | 1,858,248            | 1,869,433            |
| Intergovernmental and other receivables, net.....                                | 24,922               | 20,802               |
| Due from other State funds.....  | 372,423              | 342,140              |
| Loans and notes receivables, long term.....                                      | 37,569               | 38,277               |
| Inventories.....   | 204                  | -                    |
| Unexpended appropriations.....   | 19,970               | 15,700               |
| Total assets.....  | <u>\$ 4,479,990</u>  | <u>\$ 4,168,396</u>  |
| <b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>                             |                      |                      |
| Accounts payable and other liabilities.....                                      | \$ 364,571           | \$ 451,024           |
| Income tax refunds payable.....  | 1,549,943            | 1,575,044            |
| Intergovernmental payables.....  | 1,017,166            | 964,145              |
| Unearned revenue.....  | 1,172,411            | 1,080,667            |
| Due to other funds - Department and State.....                                   | 587,999              | 681,166              |
| Unavailable revenue.....   | 230,403              | 317,182              |
| Total liabilities and deferred inflows of resources.....                         | <u>4,922,493</u>     | <u>5,069,228</u>     |
| <b>FUND BALANCE (DEFICIT)</b>  |                      |                      |
| Fund balance (deficit).....  | <u>(442,503)</u>     | <u>(900,832)</u>     |
| Total liabilities, deferred inflows of resources and fund balance (deficit)..... | <u>\$ 4,479,990</u>  | <u>\$ 4,168,396</u>  |
| <b>DEPARTMENT DIRECTOR</b>   |                      |                      |
| During Audit Period: Constance Beard   |                      |                      |
| Currently: David Harris, Acting Director (effective 1/22/19)                     |                      |                      |

**FINDINGS, CONCLUSIONS, AND**  
**RECOMMENDATIONS**

**INADEQUATE INTERNAL CONTROLS OVER  
ACCESS TO GENTAX**

The Department of Revenue (Department) did not have adequate internal controls over access to the enterprise tax system (GenTax). During fiscal year 2019, GenTax processed over 13.4 million tax transactions and \$48.0 billion in payments from taxpayers for the Department.

**Department unable to provide sufficient information regarding individuals hired and terminated**

As part of our audit process, we requested the Department provide the populations of individuals hired and terminated from employment during the audit period. In response to our request, the Department provided the populations; however, they did not provide documentation demonstrating the populations were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530).

Even given the population limitations noted above, we performed testing and noted:

During the audit period, in order to obtain access to GenTax, the Department's Access Control Procedure stated approvals had to be obtained from Internal Affairs stating a background check was cleared, a "Request for Access to Illinois Department of Revenue Systems" form was to be completed and approved, and an email had to be received from the business process owner documenting and approving the applicable access right to GenTax.

During our testing of a sample of GenTax security controls, we noted the following:

- 3 of 3 (100%) new users tested did not have a completed "Request for Access to the Illinois Department of Revenue Systems" form.
- 6 of 25 (24%) new users tested did not have an email from the business process owner documenting and approving the user access rights to GenTax.

**24% of new users did not have approval documentation**

**16% of users departing from employment had access terminated 2 to 125 days after departure**

Further, during our testing of the 31 users who departed during the fiscal year, we noted that 5 of 31 (16%) user's access were disabled from 2 to 125 days after departure. The Department's Access Control Procedure states access to GenTax is to be disabled upon a user's departure. (Finding 1, pages 70-71)

We recommended the Department obtain the required documentation approving each user's access in accordance with the Access Control Procedure and ensure all Department user's access is timely disabled upon termination.

**Department accepted the auditor's recommendation.**

The Department accepted the recommendation and stated it will take the necessary corrective actions to implement the recommendations in the finding.

We will review the Department's progress towards the implementation of our recommendation in our next financial audit.

**AUDITOR'S OPINION(S)**

The auditors stated the financial statements of the Illinois Department of Revenue as of and for the year ended June 30, 2019 are fairly stated in all material respects.

This financial audit was conducted by RSM US LLP.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

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FRANK J. MAUTINO  
Auditor General

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