



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF INNOVATION AND TECHNOLOGY

State Compliance Examination
For the Two Years Ended June 30, 2024

Release Date: July 17, 2025

FINDINGS THIS AUDIT: 20				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	4	4	2022		24-06	
Category 2:	2	14	16	2020	24-03	24-13, 24-14	
Category 3:	0	0	0	2018	24-02, 24-04, 24-05	24-01, 24-09, 24-10, 24-11, 24-12, 24-15, 24-16, 24-17, 24-18, 24-19, 24-20	
TOTAL	2	18	20				
FINDINGS LAST AUDIT: 26							

INTRODUCTION

This digest covers the Department of Innovation and Technology's (Department) State Compliance Examination for the two years ended June 30, 2024. A digest covering the Department's Financial Audit as of and for the year ended June 30, 2024, was previously released on April 29, 2025. In total, this report contains 20 findings, 1 of which was reported in the Financial Audit.

SYNOPSIS

- (24-02) The Department failed to maintain adequate controls over its property and related records.
- (24-04) The Department failed to implement adequate controls in place to control, track, and monitor end-user software use.
- (24-09) The Department had not implemented adequate security and controls over the midrange environment.

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.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

FAILURE TO MAINTAIN CONTROLS OVER PROPERTY

The Department of Innovation and Technology (Department) failed to maintain adequate controls over its property and related records.

Agency Report of State Property

During our testing of the Agency Report of State Property (Form C-15) filed with the Office of Comptroller, we noted:

- The Department was not able to provide evidence of review for 16 of 16 (100%) quarterly C-15 Reports required to be filed during Fiscal Years 2023 and 2024. As such, we were not able to determine whether these reports were reviewed prior to submission.
- The Department did not consistently classify equipment subject to theft. Equipment totaling \$10,769,323 and \$5,015,478 were not classified as subject to theft and not reported in the C-15 Reports in Fiscal Years 2023 and 2024, respectively. These items were within the scope of the Department's high-theft property definition under Section 2.1b of the Department's Property Control Procedures.
- For the Fiscal Year 2023 C-15 Reports:
 - For the Technology Management Revolving Fund (Fund 0304) C-15 Reports, the following discrepancies were noted:
 - Equipment, totaling \$308,766,167 at June 30, 2023, did not agree with the Department's property listing. The discrepancy totaled \$2,636,655.
 - Construction in Progress (CIP), totaling \$18,377,327 at June 30, 2023, did not agree with the Department's property listing. The discrepancy totaled \$315,253.
 - Property additions did not agree with the detailed list of additions provided by the Department. The discrepancies totaled \$10,038,290.
 - Property deletions did not agree with the detailed list of deletions provided by the Department. The discrepancies totaled \$29,027,667.
 - Net transfers did not agree with the detailed list of net transfers provided by the Department. The discrepancies totaled \$6,130,938.

**Failure to substantiate review of
Agency Report of State Property**

**Inconsistent classification and
reporting of items subject to theft**

**Fiscal Year 2023 Agency Report of
State Property (Fund 304) did not
reconcile to Department's property
records.**

Fiscal Year 2023 Agency Report of State Property (Governmental Funds) did not reconcile to Department's property records

- For the Governmental Funds (Funds 0001, 0141, and 0544) C-15 Reports, the following discrepancies were noted:
 - CIP, totaling \$94,406,420 at June 30, 2023, did not agree with the Department's property listing. The discrepancy totaled \$828,378.
 - Property additions did not agree with the detailed list of additions provided by the Department. The discrepancies totaled \$46,949,205.
 - Property deletions did not agree with the detailed list of deletions provided by the Department. The discrepancies totaled \$11,539.
 - Net transfers did not agree with the detailed list of net transfers provided by the Department. The discrepancies totaled \$24,189,883.

Fiscal Year 2024 Agency Report of State Property (Fund 304) did not reconcile to Department's property records

- For the Fiscal Year 2024 C-15 Reports:
 - For the Technology Management Revolving Fund (Fund 0304) C-15 Reports, the following discrepancies were noted:
 - Equipment, totaling \$319,259,213 at June 30, 2024, did not agree with the Department's property listing. The discrepancy totaled \$2,249,629.
 - Property additions did not agree with the detailed list of additions provided by the Department. The discrepancies totaled \$1,704,257.
 - Property deletions did not agree with the detailed list of deletions provided by the Department. The discrepancies totaled \$31,630.
 - Net transfers did not agree with the detailed list of net transfers provided by the Department. The discrepancies totaled \$1,433,597.

Fiscal Year 2024 Agency Report of State Property (Governmental Funds) did not reconcile to Department's property records

- For the Governmental Funds (Funds 0001, 0141, and 0544) C-15 Reports, the net transfers did not agree with the detailed list of net transfers provided by the Department. The discrepancies totaled \$828,804.

Annual Certification of Inventory

During our testing of the Annual Inventory Certification Reconciliation filed with DCMS, we noted:

Annual Certification of Inventory did not reconcile to Agency Report of State Property

- The Department's C-15 Report did not agree with the amounts reported in the Annual Inventory Certification. The discrepancies totaled \$201,067,803 and \$83,883,677 for Fiscal Years 2023 and 2024, respectively.

Cost not reported for all items on the Annual Certification of Inventory

Annual Certification of Inventory did not reconcile to Department's property records

- 2,213 and 88 property items reported to DCMS during Fiscal Years 2023 and 2024, respectively, did not have costs.
- The total value of inventory reported in the Annual Inventory Certificate did not agree with the supporting details of the inventory provided by the Department. The discrepancies totaled amounting to \$193,685,779 and \$1,332,976 during Fiscal Year 2023 and Fiscal Year 2024, respectively.

Accountants unable to conclude Department's property records are complete and accurate

Population Completeness

We requested the Department to provide the population of its property in order to determine if property had been properly recorded. In response to the request, the Department provided a population; however, given the noted exceptions above we were unable to conclude the Department's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36).

Even given the population limitations noted above, we performed testing on a sample of the property population.

Detailed Testing

Property Additions

Property additions recorded late

Unsupported property additions

Equipment additions not reported on Department's property listing or Annual Certification of Inventory

- Three of 60 (5%) property additions, totaling \$2,660,815, were recorded 26 to 920 days late.
- Two of 60 (3%) property additions, totaling \$223,677, were not properly supported. The items cannot be traced to the supporting invoices provided by the Department; therefore, we were unable to determine if the additions were recorded at their proper values in the Department's property control records.
- The Department did not record on its property listing and did not report on the Department's annual inventory report submitted to DCMS a voucher for the purchase of equipment totaling \$22,550.

Property Deletions

Items deleted from Department's property records prior to approval

- Twenty of 60 (33%) property deletions tested, totaling \$505,913, were deactivated and deleted from the property records 1 to 327 days prior to DCMS approval of asset deletion request.

Physical observation of equipment

During testing, we noted:

List To Floor

Inaccurate item location per property listing

Items not reported on Annual Certification of Inventory

- Thirteen of 60 (22%) items tested, totaling \$849,167, were not found at the location indicated on the Department's property listing.
- Five of 60 (8%) items tested, totaling \$57,116, were not reported in the Department's Annual Inventory Certification submitted to DCMS.

Department property found missing from Department's property listing	<ul style="list-style-type: none"> Seven of 60 (12%) items examined were not recorded in the Department's property listing as of June 30, 2024.
Items not reported on Annual Certification of Inventory	<ul style="list-style-type: none"> Ten of 60 (17%) items examined, totaling \$49,858, were not reported in the Annual Inventory Certification submitted to DCMS during Fiscal Year 2024. We were unable to determine the associated cost/value for three of these items due to lack of supporting records.
Inaccurate item location per property listing	<ul style="list-style-type: none"> Two of 60 (3%) items examined, totaling \$59,294, were not properly recorded as to the correct location within the Department.
Items reported as being transferred out located at the Department	<ul style="list-style-type: none"> Two of 60 (3%) items examined, totaling \$3,979, were reported as being transferred to surplus, yet the items were still located at the Department.
<i>Surplus</i>	
Surplus items not reported to DCMS	<ul style="list-style-type: none"> Seventeen of 60 (28%) surplus items tested had not been recycled, issued, or reported as transferable property to DCMS.
Surplus items not reported on C-15	<ul style="list-style-type: none"> Twenty-eight of 60 (47%) surplus items tested were not reported in the Department's C-15 Form.
Insufficient supporting records for surplus item in the Department's possession	<ul style="list-style-type: none"> For one of 60 (2%) surplus items tested, the Department was unable to provide supporting documents pertaining to the asset, therefore, we were not able to test whether the surplus item was properly recorded. (Finding 2, pages 13-19). This finding has been reported since 2018.

We recommended the Department implement controls to ensure all property is accounted for in accordance with the Illinois Administrative Code and the Statewide Accounting Management System Manual. In addition, we recommended the Department ensure the reporting to DCMS and the Office of Comptroller is accurate and reconciled to the Department's records.

Department management agreed	The Department accepted the finding and recommendation and stated the Department is continuing efforts to correct this finding by introducing new tools to advance the physical inventory process, improving the data quality, creating new policies and procedures to strengthen the controls around asset management, training staff, and automating manual processes.
-------------------------------------	--

FAILURE TO CONTROL AND MONITOR SOFTWARE LICENSING

The Department failed to implement adequate controls in place to control, track, and monitor end-user software use.

Lack of formal procedures and adequate tracking of the Department's use of software licenses

The Department had not developed procedures for controlling, monitoring, and tracking the use of software licenses. In addition, the Department could not provide an inventory of software licenses purchased and the number of software licenses that were actually deployed. As a result, we were unable to determine if the Department was in compliance with contractual licensing agreements. (Finding 4, pages 22-23). **This finding has been reported since 2018.**

We recommended the Department develop and implement procedures and a tracking mechanism to control, monitor, and track software licenses and its utilization. Furthermore, we recommended the Department, at least annually, reconcile their software license inventory to vendor software inventory to ensure software is deployed in accordance with the terms of procurement.

Department management agreed

The Department accepted the finding and recommendation and stated the Department is actively working to develop and implement formal procedures and create positions to manage this activity.

INADEQUATE SECURITY AND CONTROL OVER MIDRANGE ENVIRONMENT

The Department had not implemented adequate security and controls over the midrange environment.

During our testing of a sample of 40 of the Department's midrange servers, we noted the following:

Unsupported operating systems

Outdated operating systems

Lack of anti-virus software

- Five (13%) servers were running unsupported operating systems,
- Three (8%) servers were running outdated operating systems, and
- Four (10%) servers were operating without anti-virus software. (Finding 9, pages 32-33). **This finding has been reported since 2018.**

We recommended the Department upgrade or update servers to current vendor recommended patch or service pack levels and ensure all servers are running antivirus software with current definition files.

Department management agreed

The Department accepted the finding and recommendation and stated the Department has addressed the finding to the extent possible without disrupting the business functions of legacy applications that are unable to operate on a supported operating system. The Department also noted they will implement controls to monitor systems that require antivirus software.

OTHER FINDINGS

The remaining findings pertain to telecommunication billing rates, system access, Information Technology internal control environment, risk assessments, adoption of formal rules, receipt processing, voucher processing, internal audit, overtime, I-9 forms, cybersecurity, monthly reconciliations, vehicles, performance evaluations, contractual agreements, employee time reports, and disaster contingency planning. We will review the Department's progress towards the implementation of our recommendations in our next State compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the Department for the two years ended June 30, 2024, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2024-002 through 2024-005. Except for the noncompliance described in these findings, the accountants stated the Department complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Roth & Company LLP.

SIGNED ORIGINAL ON FILE

COURTNEY DZIERWA
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

FJM:QK