

**State of Illinois
Department of
Innovation and
Technology**

**STATE COMPLIANCE
EXAMINATION**

**FOR THE TWO YEARS ENDED
JUNE 30, 2024**

**PERFORMED AS SPECIAL
ASSISTANT AUDITORS FOR THE
AUDITOR GENERAL,
STATE OF ILLINOIS**



**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

TABLE OF CONTENTS

<i>State Compliance Examination Report</i>	<u>Page</u>
Department Officials	1
Management Assertion Letter	2
State Compliance Report	
Summary	3
Independent Accountants' Report on State Compliance and on Internal Control over Compliance	8
Schedule of Findings	
Current Findings	11
Prior Findings Not Repeated	57

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

DEPARTMENT OFFICIALS

Secretary (Acting) (3/21/25 – Present)	Brandon Ragle
Secretary (5/24/24 – 3/20/25)	Sanjay Gupta
Secretary (Acting) (6/1/23 – 5/23/24)	Sanjay Gupta
Secretary (Acting) (1/9/23 – 5/31/23)	Brandon Ragle
Secretary (7/1/22 – 1/8/23)	Jennifer Ricker
Deputy Secretary (Acting) (6/16/25 – Present)	Patrick Nolan
Deputy Secretary (3/21/25 – 6/15/25)	Vacant
Deputy Secretary (5/24/24 – 3/20/25)	Brandon Ragle
Deputy Secretary (Acting) (6/7/23 – 5/23/24) (PA 103-0008)	Brandon Ragle
Assistant Secretary (Acting) (5/16/25 – Present)	Christopher Britten
Assistant Secretary (6/7/23 – 5/15/25)	Vacant
Assistant Secretary (Acting) (6/1/23 – 6/6/23)	Brandon Ragle
Assistant Secretary (1/9/23 – 5/31/23)	Vacant
Assistant Secretary (Acting) (7/8/22 – 1/8/23)	Brandon Ragle
Assistant Secretary (7/1/22 – 7/7/22)	Vacant
Chief Administrative Officer (1/1/23 – Present)	Albert Coll
Chief Administrative Officer (11/1/22 – 12/31/22)	Vacant
Chief Administrative Officer (7/1/22 – 10/31/22)	Nina Harris
Chief of Staff	Jenifer Johnson
Chief Fiscal Officer (9/15/22 – Present)	Mary Feagans
Chief Fiscal Officer (7/1/22 – 9/14/22)	Vacant
General Counsel (12/1/23 – Present)	Radhika Lakhani
General Counsel (1/1/23 – 11/30/23)	Margaret van Dijk
General Counsel (Acting) (12/29/22 – 12/31/22)	Jenifer Johnson
General Counsel (Acting) (11/1/22 – 12/28/22)	Kristen Sweat
General Counsel (7/1/22 – 10/31/22)	Matthew Runyen
Chief Internal Auditor	John Valtierra

The Department of Innovation and Technology's primary administrative office is located at:

120 West Jefferson Street
Springfield, Illinois 62702

MANAGEMENT ASSERTION LETTER

June 26, 2025

Roth & Company, LLP
540 W. Madison Street, Suite 2450
Chicago, Illinois 60661

Roth & Company, LLP:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Department of Innovation and Technology (Department). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Department's compliance with the following specified requirements during the two-year period ended June 30, 2024. Based on this evaluation, we assert that during the years ended June 30, 2023 and June 30, 2024, the Department has materially complied with the specified requirements listed below.

- A. The Department has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. Other than what has been previously disclosed and reported in the Schedule of Findings, the Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Yours truly,

State of Illinois, Department of Innovation and Technology

SIGNED ORIGINAL ON FILE

Brandon Ragle
Acting Secretary

SIGNED ORIGINAL ON FILE

Mary Feagans
Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Radhika Lakhani
General Counsel

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

STATE COMPLIANCE REPORT

SUMMARY

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	20	26
Repeated Findings	18	23
Prior Recommendations Implemented or Not Repeated	8	5

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-001	11	2022/2018	Inadequate Review of Telecommunication Billing Rates	Significant Deficiency and Noncompliance
2024-002	13	2022/2018	Failure to Maintain Controls over Property	Material Weakness and Material Noncompliance
2024-003	20	2022/2020	Weaknesses over System Access	Material Weakness and Material Noncompliance

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-004	22	2022/2018	Failure to Control and Monitor Software Licensing	Material Weakness and Material Noncompliance
2024-005	24	2022/2018	Weaknesses in the IT Internal Control Environment	Material Weakness and Material Noncompliance
2024-006	27	2022/2022	Failure to Conduct Risk Assessments for All State Agencies	Significant Deficiency and Noncompliance
2024-007	28	New	Failure to Adopt Rules Required by the Uniform Electronic Transactions Act	Significant Deficiency and Noncompliance
2024-008	30	New	Receipt Processing Weakness	Significant Deficiency and Noncompliance
2024-009	32	2022/2018	Inadequate Security and Control over Midrange Environment	Significant Deficiency and Noncompliance
2024-010	34	2022/2018	Voucher Processing Weakness	Significant Deficiency and Noncompliance
2024-011	37	2022/2018	Failure to Comply with the Fiscal Control and Internal Auditing Act	Significant Deficiency and Noncompliance
2024-012	38	2022/2018	Failure to Timely Approve or Submit Overtime Requests	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-013	40	2022/2020	Inadequate Controls over the Maintenance of I-9 Forms	Significant Deficiency and Noncompliance
2024-014	42	2022/2020	Weakness in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2024-015	44	2022/2018	Inadequate Controls over Monthly Reconciliations	Significant Deficiency and Noncompliance
2024-016	46	2022/2018	Inadequate Controls over State Vehicles	Significant Deficiency and Noncompliance
2024-017	50	2022/2018	Employee Performance Evaluations Not Conducted Timely	Significant Deficiency and Noncompliance
2024-018	52	2022/2018	Inadequate Controls over Contractual Agreements	Significant Deficiency and Noncompliance
2024-019	54	2022/2018	Employee Time Reports Not Timely Completed	Significant Deficiency and Noncompliance
2024-020	55	2022/2018	Inadequate Disaster Contingency Planning	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>
Prior Findings Not Repeated			
A	57	2022/2018	Failure to Comply with Executive Order 2016-001
B	57	2022/2022	Inadequate Controls over Remote Access
C	57	2022/2018	Failure to Adopt Formal Departmental Rules
D	57	2022/2022	Trainings not Completed within the Required Timeframe
E	58	2022/2018	Lack of Adequate Controls over the Review of Internal Controls over External Service Providers
F	58	2022/2018	Inadequate Control over Collection Efforts
G	58	2022/2018	Lack of Comprehensive and Accurate Description of IT Internal Controls
H	58	2022/2018	Lack of Agreements to Ensure Compliance with IT Security Requirements

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on June 23, 2025.

Attending were:

Department of Innovation and Technology

Patrick Nolan, Deputy Secretary

Jenifer Johnson, Chief of Staff

Albert Coll, Chief Administrative Officer

Radhika Lakhani, General Counsel

Mary Feagans, Chief Fiscal Officer

John Valtierra, Chief Internal Auditor

Lori Sorenson, Chief Technology Officer

Jason Bowen, Chief Information Security Officer

Dena Shelton, External Audit Coordinator

Office of the Auditor General

Quentin Kuntzman, Senior Audit Manager

Roth & Company, LLP

Elda Arriola, Partner

Lou Jonathan Cabrera, Manager

John Reazo, Supervisor

Derrick Separo, Senior

The responses to the recommendations were provided by John Valtierra, Chief Internal Auditor, in a correspondence dated June 23, 2025.



INDEPENDENT ACCOUNTANTS' REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Department of Innovation and Technology (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2024. Management of the Department is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Department's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Department has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the

Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Department's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Department during the two years ended June 30, 2024. As described in the accompanying Schedule of Findings as items 2024-002 through 2024-005, the Department had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Department complied with the specified requirements during the two years ended June 30, 2024, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2024-001 and 2024-006 through 2024-020.

The Department's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Department's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.



Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2024-002 through 2024-005 to be material weaknesses.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2024-001 and 2024-006 through 2024-020 to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Department's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Department's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
June 26, 2025



STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-001. **FINDING** (Inadequate Review of Telecommunication Billing Rates)

The Department of Innovation and Technology (Department) did not review the billing rates utilized to bill agencies for telecommunication services.

During testing, we noted the Department adds an administrative mark up to the telecommunication rate; however, we noted the Department had not developed a methodology to determine the administrative mark up.

During the prior audit period, there were unreconciled differences in the accounts receivable confirmations received from State agencies, and this finding was described as *Inadequate Review of Billing Rates and Accounts Receivable*. During the current audit period, we did not identify any unreconciled differences in the accounts receivable confirmations received from State agencies; therefore, the finding description was revised to pertain only to *Inadequate Review of Telecommunication Billing Rates*.

Concepts Statement No. 1 of the Governmental Accounting Standards Board (Concepts Statement No. 1) (paragraphs 45-46), *Objectives of Financial Reporting*, states that cost-of-services information, that is measuring the cost of services and resource outflows, is useful for public policy decisions. Additionally, Concepts Statement No. 1 (paragraph 32), states that complete and accurate financial statements are necessary to enable the Department to inform its economic, social, and political decision making and other users in assessing the financial condition and results of operations of Fund 304.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide that obligations and costs are in compliance with applicable law and revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Department management indicated the methodology had not been sufficiently documented due to lack of staff.

Failure to establish a methodology for determining administrative mark up to the telecommunication rates may cause the Department to under or over charge agencies for the usage of their services. (Finding Code No. 2024-001, 2022-005, 2020-005, 2018-005)

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-001. **FINDING** (Inadequate Review of Telecommunication Billing Rates) - Continued

RECOMMENDATION

We recommend the Department develop a methodology for determining the administrative markup.

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department will review its existing methodology to better document the administrative markup for telecommunications.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-002. **FINDING** (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 Statewide Accounting Management System (SAMS) (Procedure 29.10.10) requires the C-15 Report to be submitted to the agency official responsible for approving it for review and signature before it is submitted to the Office of Comptroller for processing.

- 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.

The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5010.220) requires the Department to report to the Department of Central Management Services (DCMS) all equipment with an acquisition value greater than the nominal value and equipment that is subject to theft with a value less than that nominal value.

- 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.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-002. **FINDING** (Failure to Maintain Controls over Property) - Continued

- 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.
- 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.
- 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.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-002. **FINDING** (Failure to Maintain Controls over Property) - Continued

- 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.

The SAMS Manual (Procedure 29.10.10) requires the Department's asset records to be reconciled to the results of inventory and updated accordingly. Additionally, the SAMS Manual (Procedure 29.20.10) requires property additions, deletions and net transfers to be reported separately depending on the transaction type.

Annual Certification of Inventory

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

- 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.

The SAMS Manual (Procedure 29.10.10) requires the Department to maintain a permanent record of all property. A listing of the permanent record is required to be submitted to DCMS annually. Additionally, it also requires the Department's asset records to be reconciled to the results of inventory and updated accordingly.

- 2,213 and 88 property items reported to DCMS during Fiscal Years 2023 and 2024, respectively, did not have costs.

The SAMS Manual (Procedure 03.30.20) requires capital assets be reported at actual or estimated cost or, if donated, at their estimated fair value at the time of acquisition.

- 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.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-002. **FINDING** (Failure to Maintain Controls over Property) - Continued

The SAMS Manual (Procedure 29.10.10) requires the Department to maintain a permanent record of all property. A listing of the permanent record is required to be submitted to DCMS annually. Additionally, it also requires the Department's asset records to be reconciled to the results of inventory and updated accordingly.

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

- Three of 60 (5%) property additions, totaling \$2,660,815, were recorded 26 to 920 days late.

The Code (44 Ill. Adm. Code 5010.400) requires the Department to adjust their property records within 90 days of acquisition, change, or deletion of equipment items.

- 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 State Property Control Act (30 ILCS 605/4) requires the Department to be accountable for the supervision, control, and inventory of all items under its jurisdiction and control.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-002. **FINDING** (Failure to Maintain Controls over Property) - Continued

- 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.

The Code (44 Ill. Admin. Code 5010.400) requires the Department to adjust its property records within 90 days of acquisition, change, or deletion of equipment items.

Property Deletions

- 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.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; and revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Physical observation of equipment

During testing, we noted:

List To Floor

- 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.

Floor to List

- Seven of 60 (12%) items examined were not recorded in the Department's property listing as of June 30, 2024.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-002. **FINDING** (Failure to Maintain Controls over Property) - Continued

- 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.
- Two of 60 (3%) items examined, totaling \$59,294, were not properly recorded as to the correct location within the Department.
- 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.

Surplus

- Seventeen of 60 (28%) surplus items tested had not been recycled, issued, or reported as transferable property to DCMS.
- Twenty-eight of 60 (47%) surplus items tested were not reported in the Department's C-15 Form.
- 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.

The Code (44 Ill. Admin. Code 5010.620) requires all agencies to regularly survey their inventories for transferable equipment and report any such equipment on proper forms to the Property Control Division of DCMS. The State Property Control Act (30 ILCS 605/6.02) requires the Department to maintain a permanent record of all items of property under his jurisdiction and control. The SAMS Manual (Procedure 29.10.10) requires the Department to maintain a permanent record of all property. A listing of the permanent record is required to be submitted to DCMS annually.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-002. **FINDING** (Failure to Maintain Controls over Property) - Continued

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; and revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

This finding was first reported in Fiscal Year 2018. In the subsequent years, the Department has been unsuccessful in implementing appropriate corrective action or procedures to remedy this deficiency.

Department management indicated the exceptions noted were due to employee turnover and lack of resources.

Failure to maintain controls over the property and related records has resulted in the Department's property records and subsequent reporting to DCMS and the Office of Comptroller being inaccurately reported. (Finding Code No. 2024-002, 2022-002, 2020-002, 2018-002)

RECOMMENDATION

We recommend 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, the Department should ensure the reporting to DCMS and the Office of Comptroller is accurate and reconciled to the Department's records.

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. 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.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-003. **FINDING** (Weaknesses over System Access)

The Department of Innovation and Technology (Department) had not established adequate controls over system access.

During our testing of the system access controls over the domain, remote access, Central Timekeeping and Attendance System (CTAS), and eTime, we noted:

- One of 4 (25%) sampled CTAS users was terminated from the Department in November 2022, yet still was listed as a CTAS user as of June 2024.
- Twenty-two of 25 (88%) sampled eTime users were not employees of the Department;
- Two of 257 (1%) terminated individuals' access to the Department's domain were not timely revoked. The terminated individuals' access were revoked 6 and 21 days after separation; and
- Four of 257 (2%) terminated individuals' remote access to the Department's network were not timely revoked. The terminated individuals' access were revoked 6 to 10 days after separation. All four had accessed the network beyond their resignation date.

The Department's Access Control Policy requires the Department to revoke user access when a user is no longer authorized such as user termination, user transfer, or changes to user job responsibilities.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Personnel Security section, requires entities to timely disable access to system resources after an employee is terminated.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.

This finding was first reported in Fiscal Year 2020. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to improve its controls over system access.

Department management indicated the issues were due to oversight and error.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-003. **FINDING** (Weaknesses over System Access) - Continued

Failure to timely remove access of terminated individuals increases the risk of unauthorized access to Department resources and the risk that confidentiality, integrity, and availability of systems and data will be compromised. (Finding Code No. 2024-003, 2022-007, 2020-007)

RECOMMENDATION

We recommend the Department ensure timely deactivation of users no longer needing access.

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department will continue to remind supervisors about the criticality of timely offboarding and pursue submitted offboarding requests promptly. The Department will also correct the eTime agency designation of employees whose agencies are misidentified.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-004. **FINDING** (Failure to Control and Monitor Software Licensing)

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

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.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized used and misappropriation.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Configuration Management section, requires entities to maintain documentation the entity complies with the requirements of the contract and to maintain tracking of software and the quantity of licenses purchased and utilized.

This finding was first reported in Fiscal Year 2018. In subsequent years, the Department has failed to implement appropriate procedures to improve its controls over software licensing.

Department management indicated procedures for monitoring and tracking software licenses were not formalized in writing due to the lack of resources.

Failure to track, control, and monitor software license usage leaves the Department, and user agencies exposed to possibility of additional costs, including fees, penalties, litigation and possibility of the termination of software usage. (Finding Code No. 2024-004, 2022-011, 2020-012, 2018-014)

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-004. **FINDING** (Failure to Control and Monitor Software Licensing) - Continued

RECOMMENDATION

We recommend the Department develop and implement procedures and a tracking mechanism to control, monitor, and track software licenses and its utilization. Furthermore, the Department should 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 RESPONSE

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

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-005. **FINDING** (Weaknesses in the IT Internal Control Environment)

The Department of Innovation and Technology (Department) Information Technology (IT) had weaknesses in the implementation and documentation of IT internal controls.

During the review of the Department's IT internal controls during the examination period, we requested the Department to provide populations related to:

- Mainframe system errors and issues; and
- Backup failures.

However, the Department did not provide complete and accurate populations.

Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36). As such, we could not perform testing.

In addition, our testing of the Department's IT controls noted:

Change Management

- Release Administrators had write access to both development and production environments.

Logical Security

- Inactive mainframe account reviews were not completed.
- Separation reviews had no formal evidence that the separation report was inspected, and users were revoked.
- Separation reviews had no report data populated in the report for review due to a change in the Human Resource system.
- A terminated user did not have access revoked timely on the employee's last day of employment.
- Proxy agencies were not tracked within the Department's annual mainframe accounts review.
- The dormant domain account review was performed; however, the script that was used to generate the dormant account report was not accurate.

Physical Security

- Physical access reviews had instances of records either missing or showing inappropriate access across the Department's facilities.
- Server room access requests did not have formal evidence of approval.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-005. **FINDING** (Weaknesses in the IT Internal Control Environment) - Continued

Backup

- Documentation of backup failures could not be provided and independently validated.

Human Resources

- Background check prior to initial badge issuance was not always completed.
- New employees and non-State employees did not complete an agency required background check prior to being offered employment.
- A non-State employee did not complete an agency required background check.
- A vendor contractor did not have a formal contract signed to ensure compliance with Illinois procurement regulations.
- A newly hired employee did not complete the trainings required.

Risk

- Quarterly risk follow ups were not always completed.

Computer Operations

- Documentation of mainframe system errors and issues were not provided and independently validated.
- Hard drive disposals did not have complete documentation.
- Incomplete monitoring reports of mainframe system performance and capacity.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance the resources and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST) requires entities to establish internal control over their IT environment and processes.

This finding was first reported in the Fiscal Year 2018. The Department has failed to implement corrective actions to remedy the weaknesses.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-005. **FINDING** (Weaknesses in the IT Internal Control Environment) - Continued

Department management indicated the issues were due to system limitations, changing technology, and oversight.

Failure to provide internal controls that were suitably designed and operating effectively may result in security weaknesses and data integrity concerns. (Finding No. 2024-005, 2022-012, 2020-013, 2018-029)

RECOMMENDATION

We recommend the Department ensure controls are suitably designed and implemented to protect computer systems and data. In addition, we recommend the Department maintain complete and accurate populations and implement general IT controls.

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department has already remediated several of these internal control weaknesses that were outlined in the Department's Fiscal Year 2023 and Fiscal Year 2024 SOC reports and continues efforts on remediating the remainder.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-006. **FINDING** (Failure to Conduct Risk Assessments for All State Agencies)

The Department of Innovation and Technology (Department) failed to conduct risk assessments for all State agencies as required by the Illinois Information Security Improvement Act (Act).

Our testing of the Department's risk assessment documentation noted the Department did not conduct risk assessment for one State agency during the examination period.

The Act (20 ILCS 1375/5-15(b)(4)) requires the Department to identify information security risks to each State agency, including an assessment of the extent to which information resources or processes are vulnerable to unauthorized access or harm and recommend risk mitigation strategies, methods, and procedures to reduce to reduce the risks.

Department management indicated they were unable to meet with the referenced State agency to complete the risk assessment until July 1, 2024 as the State agency was unavailable until this date.

Failure to conduct risk assessments for all State agencies is a violation of the Act. (Finding Code No. 2024-006, 2022-003)

RECOMMENDATION

We recommend the Department work with the referenced agency to ensure risk assessments are conducted for all State agencies as required by the Act.

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department will work with the client agencies to complete risk assessments within the appropriate timeframes.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-007. **FINDING** (Failure to Adopt Rules Required by the Uniform Electronic Transactions Act)

The Department of Innovation and Technology (Department) failed to adopt rules required by the Uniform Electronic Transactions Act (Act).

During testing, we noted the Department has not adopted the rules required by the Act (815 ILCS 333/18(b)). The Act requires the Department to adopt rules on governmental agencies' use of electronic records and electronic signatures, no later than 6 months after the effective date of the Act's amendment or by January 28, 2024.

The rules shall specify:

- (1) the manner and format in which the electronic records must be created, generated, sent, communicated, received, and stored and the systems established for those purposes;
- (2) if electronic records must be signed by electronic means, the type of electronic signatures must be affixed to the electronic record, and the identity of, or criteria that must be met by, any third party used by a person filing a document to facilitate the process;
- (3) control processes and procedures as appropriate to ensure adequate preservation, disposition, integrity, security, confidentiality, and auditability of electronic records; and
- (4) any other required attributes for electronic records which are specified for corresponding nonelectronic records or reasonably necessary under the circumstances.

Department management indicated they submitted the proposed rulemaking to the Joint Committee on Administrative Rules (JCAR) in accordance with the requirements of the Act. When JCAR objected to the proposed rulemaking, the Department withdrew the rulemaking and filed a legislative proposal to provide statutory clarification to the Act. The bill is currently pending as HB1632.

Formal administrative rules provide a basis for proper and standard implementation and enforcement of the law. Failure to adopt administrative rules required by the Act is noncompliance of the Act and does not achieve its legislative intent to provide security to electronic records and electronic signatures accepted and used by governmental agencies. (Finding Code 2024-007)

RECOMMENDATION

We recommend the Department adopt rules as required by the Act or seek appropriate legislative remedy regarding the requirements within the Act.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-007. **FINDING** (Failure to Adopt Rules Required by the Uniform Electronic Transactions Act) - Continued

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department pursued a legislative remedy to eliminate this rulemaking mandate in the Spring 2025 session, which passed both Houses.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-008. **FINDING** (Receipt Processing Weakness)

The Department of Innovation and Technology (Department) did not timely submit receipts for deposit into the State's treasury.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department, we were able to limit our receipt testing at the Department to determine whether certain key attributes were properly entered by the Department's staff into the ERP. In order to determine the operating effectiveness of the Department's internal controls related to receipt processing, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the ERP System based on supporting documentation. The attributes tested were (1) amount, (2) fund being deposited into, (3) date of receipt, (4) date deposited, and (5) SAMS Source Code.

We then conducted an analysis of the Department's receipts data for Fiscal Years 2023 and 2024 to determine compliance with the State Officers and Employees Money Disposition Act (Act), and we noted the Department did not deposit nine receipt items, exceeding \$500 but less than \$10,000, within 48 hours during Fiscal Year 2024.

The Act (30 ILCS 230/2(a)) requires the Department to pay into the State treasury any single item of receipt exceeding \$10,000 on the day received. Additionally, receipt items totaling \$10,000 or more are to be deposited within 24 hours. Further, receipt items, in total exceeding \$500 but less than \$10,000, are to be deposited within 48 hours. Lastly, receipt items totaling less than \$500 are to be deposited once the total exceeds \$500 or on the 1st or 15th of the month, whichever is earlier.

Department management indicated that the findings were due to staffing issues.

Failure to timely deposit receipts delays the recognition of available cash within the State Treasury and represents noncompliance with the Act. (Finding Code No. 2024-008)

RECOMMENDATION

We recommend the Department deposit receipts within the timelines set by the Act.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-008. **FINDING** (Receipt Processing Weakness) - Continued

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department will deposit receipts in a timely manner.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-009. **FINDING** (Inadequate Security and Control over Midrange Environment)

The Department of Innovation and Technology (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:

- 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.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), System and Services Acquisition section, requires a properly secured infrastructure.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.

This finding was first reported in Fiscal Year 2018. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to improve its controls over midrange security.

Department management indicated the issues were due to competing priorities.

Failure to implement adequate security and controls over the midrange environment increases the risk of unauthorized access and heightens the vulnerability to existing or emerging threats. (Finding Code No. 2024-009, 2022-006, 2020-006, 2018-016)

RECOMMENDATION

We recommend 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.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-009. **FINDING** (Inadequate Security and Control over Midrange Environment)

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. 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 will implement controls to monitor systems that require antivirus software.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-010. **FINDING** (Voucher Processing Weakness)

The Department of Innovation and Technology's (Department) had weaknesses over its voucher processing function during the examination period.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department, we were able to limit our voucher testing at the Department to determine whether certain key attributes were properly entered by the Department's staff into the ERP. In order to determine the operating effectiveness of the Department's internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the ERP System based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

We then conducted an analysis of the Department's expenditures data for Fiscal Years 2023 and 2024 and noted the following:

- The Department did not timely approve 3,585 of 30,649 (12%) vouchers processed during the examination period, totaling \$452,148,385. We noted these vouchers were approved between 31 and 413 days after receipt of a proper bill or other obligating document.

The Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.70) requires the Department to timely review each vendor's invoice and approve proper bills within 30 days after receipt. The Code (74 Ill. Admin. Code 1000.50) also requires the Department to process payments within 30 days after physical receipt of Internal Service Fund bills.

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-010. **FINDING** (Voucher Processing Weakness) - Continued

We also performed tests of details on a sample of the Department's travel vouchers and noted the following:

- The Department did not properly complete 6 of 40 (15%) travel vouchers tested, totaling \$2,385. The vouchers had missing or incorrect information such as voucher date and headquarters and residence. Additionally, 1 of 40 (3%) travel vouchers tested had expenditures charged to the incorrect fiscal year.

The Statewide Accounting Management System (SAMS) (Procedure 17.20.10) requires each State agency enter specific information and identify the proper fiscal year on the travel voucher.

- Travel request forms for 4 of 40 (10%) travel vouchers tested, totaling \$7,782, were not submitted 30 days in advance of departure date to the Governor's Office of Management and Budget (GOMB). The travel request forms were submitted 3 to 11 days late.

The Code (80 Ill. Adm. Code 2800.700) states travel outside of Illinois (including travel outside the contiguous United States) requires the approval of the GOMB prior to the travel. The Department is required to submit requests to the GOMB's on-line travel system (eTravel) at least 30 days in advance of the departure date.

- One of 40 (3%) travel vouchers tested, totaling \$621, was submitted by the traveler 134 days after the last date of travel.

The Internal Revenue Service (IRS) Publication 463, Travel, Gift and Car Expenses, notes employees receiving travel reimbursements must have paid or incurred deductible expenses while performing employment services, adequately accounted for the expenses within a reasonable period of time generally defined by Publication 463 as within 60 days after the expenses were paid or incurred and returned any excess reimbursements within a reasonable period of time.

This finding was first reported in Fiscal Year 2018. In the subsequent years, the Department has been working to create appropriate corrective action plans and procedures to remedy this deficiency.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-010. **FINDING** (Voucher Processing Weakness) - Continued

Department management indicated the delay in approving vouchers was due to the layered approval process prior to vouchering. The Department management also indicated the other issues were due to employee errors.

Failure to timely process bills and obligations due may result in noncompliance, unnecessary interest charges, and cash flow challenges for payees. In addition, failure to submit travel request forms and ensure vouchers are properly recorded represents noncompliance with the Code and State regulations. (Finding Code No. 2024-010, 2022-008, 2020-009, 2018-009)

RECOMMENDATION

We recommend the Department timely approve proper bills and obligations due, submit travel vouchers and related request forms in a timely manner, and ensure vouchers are properly completed and recorded.

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department will be more timely with processing vouchers.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-011. **FINDING** (Failure to Comply with the Fiscal Control and Internal Auditing Act)

The Department of Innovation and Technology (Department) failed to comply with the Fiscal Control and Internal Auditing Act (Act).

During our testing of the Department's internal auditing activities, we noted one of seven (14%) audits proposed to be performed in Fiscal Years 2023 and 2024 was not completed. Additionally, we noted there were no audits relating to grants received or made by the Department during the examination period.

The Act (30 ILCS 10/2003) requires the internal auditing program to include audits of major systems of internal accounting and administrative controls be conducted on a periodic basis so that all major systems are reviewed at least once every two years. The audits must include testing of the grants received or made by the Department to determine that the grants are monitored, administered, and accounted for in accordance with applicable laws and regulations.

This finding was first reported In Fiscal Year 2018. In the subsequent years, the Department has been unsuccessful in implementing appropriate corrective action or procedures to fully remedy this deficiency.

Department management indicated the issue was due to lack of staffing.

Failure to ensure audits are conducted for all major systems of internal accounting and administrative controls at least once every two years is a violation of the Act. (Finding Code No. 2024-011, 2022-010, 2020-011, 2018-011)

RECOMMENDATION

We recommend the Department ensure planned audits are completed and review of all major systems of internal accounting and administrative controls at least once every two years are performed to comply with the Act.

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department is actively recruiting audit resources to ensure further audit plans are completed timely.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-012. **FINDING** (Failure to Timely Approve or Submit Overtime Requests)

The Department of Innovation and Technology (Department) failed to timely approve or submit overtime requests.

The Department paid \$12,231,891 for approximately 135,568 hours of overtime during Fiscal Years 2023 and 2024. Based on our testing of a sample of 60 employee overtime pre-approval requests and time report details, we noted:

- Sixteen (27%) employees did not submit overtime pre-approval requests in advance of the time to be worked. These requests were submitted one to seven days after the overtime was worked.
- For nine (15%) employees, the overtime pre-approval requests totaling 113 hours were not pre-approved by the supervisors. These requests were approved one to eleven days after the pre-approval requests had been submitted.
- For five (8%) employees, the actual overtime worked exceeded the approved overtime request by 0.50 to 4.25 hours.

According to the Department of Central Management Services' Policy Manual, Chapter 2, Section 6, employees must complete overtime request in advance and the employee's immediate supervisor must review and approve the employee's request in advance of the time to be worked. Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to ensure resources are utilized efficiently and effectively.

This finding was first reported in Fiscal Year 2018. In the subsequent years, the Department has been unsuccessful in implementing appropriate corrective action or procedures to remedy this deficiency.

Department management indicated the exceptions were due to employee oversight and error.

Failure to ensure pre-approval overtime requests are timely submitted and properly approved in advance undermines accountability controls and may result in unnecessary expenditures. (Finding Code No. 2024-012, 2022-014, 2020-018, 2018-013)

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-012. **FINDING** (Failure to Timely Approve or Submit Overtime Requests) -
Continued

RECOMMENDATION

We recommend the Department ensure overtime pre-approval requests are timely submitted, approved in advance, and properly completed.

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department will continue efforts to ensure that overtime pre-approval requests are timely submitted by employees and approved in advance, whenever possible, by supervisors, barring unforeseen urgent necessity for critical work to be performed without pre-approval.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-013. **FINDING** (Inadequate Controls over the Maintenance of I-9 Forms)

The Department of Innovation and Technology (Department) has not established adequate controls over the maintenance of Employment Eligibility Verification (I-9) forms for employees hired by the Department.

During our testing of 60 employees' personnel files, we noted 12 (20%) I-9 forms were not maintained in the employees' personnel files and one (2%) I-9 form was not signed by the Department authorized representative. After notification by the auditors of the exceptions, the Department subsequently corrected the issues by having the referenced employees complete and sign the I-9 forms.

The Code of Federal Regulations (Code) (8 U.S.C. § 1324a) requires an employer to complete and maintain an I-9 form to verify an individual's eligibility for employment in the United States. I-9 forms are required to be retained by the employer for three years after the date of hire or one year after the date of the employee's termination, whichever is later. The Code (8 CFR § 274a.2(b)(1)) also requires a hiring entity to attest it has verified an individual it employs is a citizen or otherwise authorized to work in the United States by (a) ensuring the individuals it hires properly complete Section 1 of Form I-9 at the time of hire, and (b) sign Section 2 of Form I-9 within three business days of hire.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should ensure I-9 forms are properly and timely completed and maintained.

Department management indicated the I-9 forms were not included in the employee personnel files forwarded to the Department by the transferring agencies and the one unsigned form was due to oversight.

Failure to maintain and properly complete I-9 forms within the required timeframe is a violation of federal laws and could expose the Department to penalties. (Finding Code 2024-013, 2022-015, 2020-014)

RECOMMENDATION

We recommend the Department ensure I-9 forms are maintained in the personnel records and properly completed to comply with federal laws.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-013. **FINDING** (Inadequate Controls over the Maintenance of I-9 Forms) - Continued

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. Personnel files of State employees transferring to the Department via legislative transfer may not have included the I-9 form. The Department's transformation checklist includes verification of the form to ensure the I-9 is accurately completed and personnel records are properly maintained in the event the forms have not been properly maintained by the transferring agency.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-014. **FINDING** (Weakness in Cybersecurity Programs and Practices)

The Department of Innovation and Technology (Department) had not implemented adequate internal controls related to cybersecurity programs and practices.

As a result of the Department's responsibility to provide State agencies with information technology, large volumes of confidential and personal information, such as names, addresses, Social Security numbers, health information, etc., reside at the Department.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During our examination of the Department's cybersecurity program, practices, and control of confidential information, we noted the Department:

- Had not adequately ensured formal risk assessments were performed to identify and ensure adequate protection of information (i.e., confidential or personal information) most susceptible to attack,
- Had not adequately prioritized, evaluated, and implemented appropriate risk-reducing controls for the environment,
- Had not adequately established a data classification methodology, and
- Had not ensured all types of data were identified and classified to ensure proper safeguards.

The *Framework for Improving Critical Infrastructure Cybersecurity* and the *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology require entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and to maintain accountability over the State's resources.

This finding was first reported in Fiscal Year 2020. In subsequent years, the Department has been unsuccessful in establishing adequate controls related to cybersecurity.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-014. **FINDING** (Weakness in Cybersecurity Programs and Practices) - Continued

Department management indicated the issues were due to system limitations, changing technology, and oversight.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the Department's volumes of confidential and personal information being susceptible to cyberattacks and unauthorized disclosure. (Finding Code No. 2024-014, 2022-016, 2020-015)

RECOMMENDATION

We recommend the Department:

- Ensure formal risk assessments are adequately performed to identify and ensure adequate protection of information (i.e., confidential, or personal information) most susceptible to attack,
- Prioritize, evaluate, and implement appropriate risk-reducing controls for the environment,
- Establish adequate data classification methodology, and
- Ensure all types of data are identified and classified to ensure proper safeguards.

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department will perform adequate risk assessments, validate risk-reducing controls are implemented, ensure data is classified, and implement a data classification methodology.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-015. **FINDING** (Inadequate Controls over Monthly Reconciliations)

The Department of Innovation and Technology (Department) did not maintain adequate controls over monthly obligations, expenditures, revenue status, and cash balance reconciliations.

During our testing of the monthly reconciliations between the Office of the Comptroller's (Comptroller) records and the Department records, we noted:

For the Agency Contract Reports (SC14):

- Two of 24 (8%) reconciliations of the Department's internal records to the Agency Contract Report (SC14) were not timely prepared and reviewed. The reconciliations were prepared 17 and 46 days late and reviewed 22 and 53 days late, respectively.

For the Monthly Appropriation Status Reports (SB01):

- Fourteen of 28 (50%) reconciliations did not contain documentation of the preparation and independent review dates; therefore, the timeliness of preparation and review could not be determined.

For the Monthly Revenues Status Reports (SB04):

- Seventeen of 24 (71%) reconciliations were not prepared timely. The reconciliations were completed 3 to 116 days late.
- Twenty of 24 (83%) reconciliations were not reviewed timely. The reconciliations were reviewed 1 to 147 days late.

For the Monthly Cash Reports (SB05):

- Twelve of 24 (50%) reconciliations did not contain documentation of the preparation date and 22 of 24 (92%) reconciliations did not contain documentation of the review date; therefore, the timeliness of preparation and review could not be determined.
- Two of 24 (8%) reconciliations were not reviewed timely. The reconciliations were reviewed 24 and 96 days late. One (4%) of these reconciliations was prepared 69 days late.

The Statewide Accounting Management System (SAMS) Manual (Procedure 07.30.20) states "the effectiveness of any accounting and financial information system is very much dependent on the accuracy of data submitted and the confidence of its users that the system handled that data properly. Agency reconciliation is the primary control that ensures these requirements are being satisfied. Agencies must reconcile their records to the SAMS system on a monthly basis. This reconciliation must be

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-015. **FINDING** (Inadequate Controls over Monthly Reconciliations) - Continued

completed within 60 days of the month end.” Additionally, the SAMS Manual (Procedures 9.40.30, 11.40.20, and 25.40.20) requires the Department to perform a monthly reconciliation of appropriations, receipt account and cash balances within 60 days of the month end and notify the Comptroller of any unreconcilable differences so necessary corrective action can be taken to locate the differences and correct the accounting records. Furthermore, the SAMS Manual (Procedure 02.50.10) requires supervisors to review and approve the assigned work of their staff to minimize errors.

The finding was first reported in Fiscal Year 2018. In the subsequent years, the Department has been unsuccessful in implementing appropriate corrective action or procedures to remedy this deficiency.

Department management indicated the exceptions were due to lack of resources.

Failure to timely prepare and review reconciliations increases the risk of undetected loss or theft and could lead to unresolved differences between Department and Comptroller records and inaccurate financial reporting. (Finding Code No. 2024-015, 2022-018, 2020-017, 2018-018)

RECOMMENDATION

We recommend the Department implement adequate controls to ensure reconciliations are prepared and reviewed timely and contain documentation of preparation and review dates.

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department will be more timely with monthly reconciliations.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-016. **FINDING** (Inadequate Controls over State Vehicles)

The Department of Innovation and Technology (Department) did not exercise adequate controls over State vehicles.

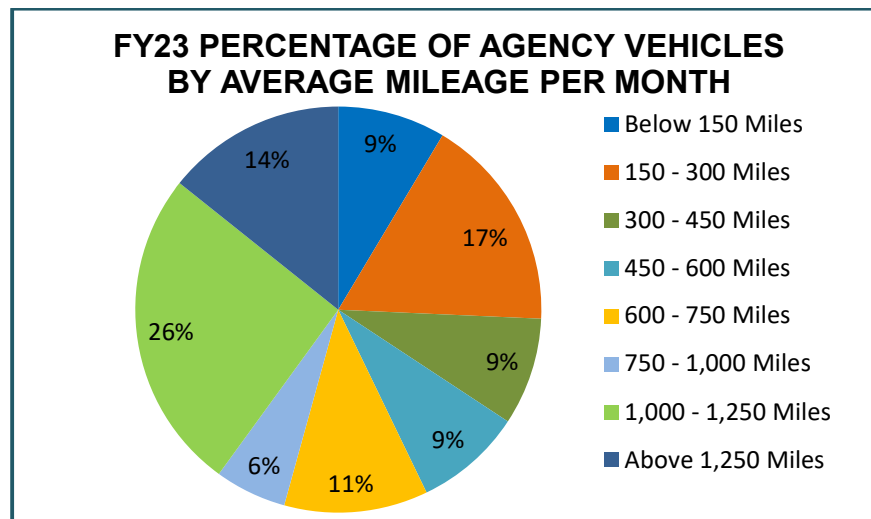
Maintenance

The Department's fleet consisted of 35 vehicles in Fiscal Year 2023 and 36 in Fiscal Year 2024. Based on our examination, the Department did not ensure its vehicles were properly maintained during the engagement period. During our testing of the maintenance records of nine vehicles, we noted the following:

- Four (44%) vehicles tested had oil changes performed between 412 and 2,896 miles beyond the allowed oil change intervals.
- One (11%) vehicle tested did not undergo a tire rotation during the required tire rotation interval.

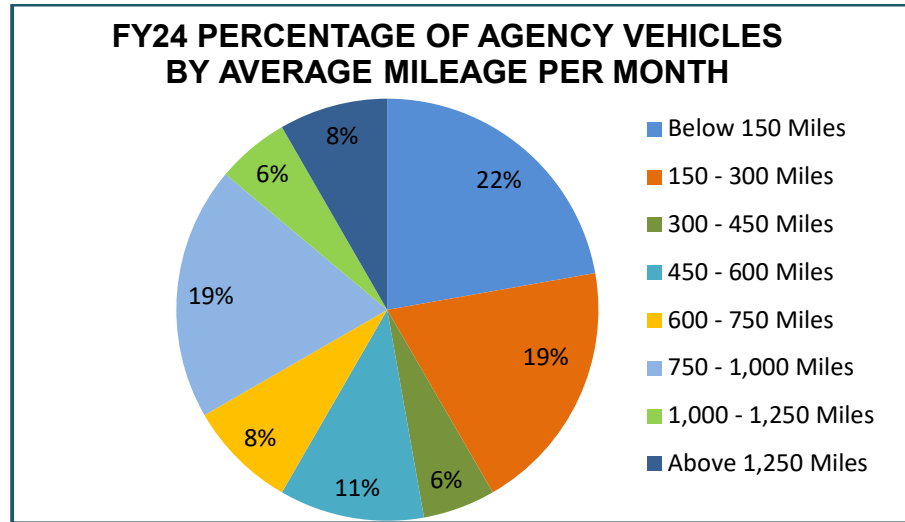
The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5040.410(a)) requires agencies to have vehicles inspected at least once per year and maintain vehicles in accordance with the Department Central Management Services (DCMS) schedules for proper care and maintenance of vehicles. In addition, the Code (Ill. Adm. Code 5040.400) requires all State-owned or leased vehicles to undergo regular service and/or repair in order to maintain the vehicles in road worthy, safe, operating condition and appropriate cosmetic condition.

We analyzed the total activity of the Department's vehicles during Fiscal Years 2023 and 2024. The Department's vehicles traveled between 1,055 and 20,978 miles during Fiscal Year 2023 and 321 and 17,788 miles during Fiscal Year 2024, with the following charts showing the average monthly vehicle utilization:



**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-016. **FINDING** (Inadequate Controls over State Vehicles) - Continued



We noted the following underutilized vehicles during Fiscal Years 2023 and 2024:

Fiscal Year	Year	Make/Model	Odometer at Year-end	Total Usage	Average Monthly Usage
FY2023	2006	Ford E350 Cargo Van	79,857	1,734	145
FY2023	2006	Ford E350 Cargo Van	79,119	1,485	124
FY2023	2006	Ford E350 Cargo Van	81,475	1,055	88
FY2024	2006	Ford E350 Cargo Van	112,378	1,130	94
FY2024	2006	Ford E350 Cargo Van	80,694	837	70
FY2024	2006	Ford E350 Cargo Van	80,120	1,001	83
FY2024	2006	Ford E350 Cargo Van	82,480	1,005	84
FY2024	2008	Ford E250 Cargo Van	132,295	321	27
FY2024	2008	Ford E250 Cargo Van	31,165	1,663	139
FY2024	2012	Chevrolet Malibu	98,577	938	78
FY2024	2020	Chevrolet Malibu	17,701	1,630	136

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-016. **FINDING** (Inadequate Controls over State Vehicles) - Continued

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are utilized efficiently and effectively. Good internal control over vehicles includes performing an economic break-even analysis and keeping vehicles when the vehicle can be used at or beyond that level or when the Department can justify why a less than economic break-even is necessary because there is no other alternative available to carry out the Department's mission.

Accident Reports

During our testing of accidents involving State vehicles, we noted four of eight (50%) vehicle accident reports (Form SR-1) did not disclose the driver's insurance policy number.

The Code (44 Ill. Admin. Code 5040.520) requires vehicle accidents to be reported through a Form SR-1 and requires the disclosure of the driver's policy number and details of the insurance carrier (i.e., name, address and contract number) on the Form SR-1.

This finding was first reported in Fiscal Year 2018. In the subsequent years, the Department has been unsuccessful in implementing appropriate corrective action or procedures to remedy these deficiencies.

Department management indicated the findings were due to the need for additional personnel training and more centralized oversight.

Failure to properly maintain vehicles may result in low fuel economy and exposure to safety issues. In addition, failure to properly complete the Form SR-1 represents noncompliance with the Code. (Finding Code No. 2024-016, 2022-020, 2020-019, 2018-020)

RECOMMENDATION

We recommend the Department ensure vehicles receive timely maintenance and Form SR-1s are properly completed as required by the Code.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-016. **FINDING** (Inadequate Controls over State Vehicles) - Continued

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department will continue efforts to improve controls around vehicle use. The Department will be implementing Telematics, which will provide improved vehicle maintenance oversight.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-017. **FINDING** (Employee Performance Evaluations Not Conducted Timely)

The Department of Innovation and Technology (Department) did not conduct employee performance evaluations in a timely manner.

We sampled 60 employees to test the performance evaluations conducted during the examination period. A total of 60 evaluations should have been completed, including three-month new hire evaluations, four-month probationary evaluations, six-month probationary evaluations and annual evaluations. During our testing, we noted 8 (13%) employees' performance evaluations had not been timely completed, ranging from 35 to 305 days late.

The Illinois Administrative Code (80 Ill. Adm. Code 302.270) requires performance records include an evaluation of employee performance prepared by each agency on prescribed forms. Additionally, the performance evaluations are to be completed: at the end of the third month of the probationary period and 15 days before the conclusion of the probationary period for employees serving a six-month probationary period; three and half months of the probationary period for employees serving a four-month probationary period; and no less than annually for certified employees.

The finding was first reported in Fiscal Year 2018. In the subsequent years, the Department has been unsuccessful in implementing appropriate corrective action or procedures to remedy this deficiency.

Department management indicated the lack of workforce resources and enforcement deficiencies resulted in the exceptions.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Failure to conduct timely employee performance evaluations delays formal feedback on an employee's performance, delays communication of areas for improvement, and delays communication of the next year's performance goals and objectives. In addition, employee performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharge, layoff, recall, or reinstatement decisions. (Finding Code No. 2024-017, 2022-021, 2020-020, 2018-021)

RECOMMENDATION

We recommend the Department complete employee performance evaluations in a timely manner as required by the Code.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-017. **FINDING** (Employee Performance Evaluations Not Conducted Timely) -
Continued

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department continues efforts to ensure managers conduct timely submission of performance evaluations.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-018. **FINDING** (Inadequate Controls over Contractual Agreements)

The Department of Innovation and Technology (Department) did not have adequate controls over contractual agreements to ensure they were timely filed, properly completed, and accurately reported.

During our testing of 60 contractual agreements, we noted:

- Five (8%) contractual agreements tested, totaling \$289,536, were not timely filed with the Office of the Comptroller (Comptroller). The contractual agreements were filed 11 to 13 days late. Additionally, the Department did not file Late Filing Affidavits.

The Illinois Procurement Code (Code) (30 ILCS 500/20-80) requires the Department to file with the Comptroller a copy of a contract, purchase order, grant, lease, cancellation or modification within 30 days of execution. When a contract, purchase order, grant, or lease obligation has not been filed within 30 days of execution, the Department must file an affidavit with the Comptroller. The affidavit must be signed by the chief executive officer of the agency or his or her designee, setting forth an explanation of why the contract liability was not filed within 30 days of execution.

- For 18 (30%) contracts tested, the Contract Obligation Documents (CODs) were not properly completed. Specifically:
 - Eleven CODs did not state the correct maximum amount. The total maximum amount in the CODs was \$220,000, however, the total maximum amount in the contracts was \$26,642,699.
 - Six CODs totaling \$2,810,796, included incorrect Illinois Procurement Bulletin/Bidbuy publication dates.
 - One COD totaling \$72,600, included incorrect Illinois Procurement Bulletin/Bidbuy reference.
 - One COD totaling \$20,000, had a vendor address different from the address stated in the contract.

The Statewide Accounting Management System (SAMS) (Procedure 15.20.10) requires the contract obligation document to contain the maximum contract amount, publication date, reference number, vendor's name and address, and other procurement information required by the SAMS Manual.

- Two (3%) contractual agreements, totaling \$104,475, did not contain the required standard vendor certification or taxpayer identification number certification.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-018. **FINDING** (Inadequate Controls over Contractual Agreements) - Continued

The Code (30 ILCS 500/50-90) requires all contracts with an annual value that exceeds \$50,000 to be accompanied by Standard Illinois Certifications in a form prescribed by the chief procurement officer. In addition, SAMS (Procedure 15.20.60) requires the inclusion of a taxpayer identification number certification for all contracts.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

The finding was first reported in Fiscal Year 2018. In the subsequent years, the Department has been unsuccessful in implementing appropriate corrective action or procedures to remedy this deficiency.

Department management indicated the issues noted were due to oversight and error.

Failure to file contractual agreements in a timely manner and submit late filing affidavits as required is noncompliance with the Code. The lack of proper controls over contract obligation documents may result in inaccurate recording and a lack of accountability by the Department. Failure to contain material terms of the contract leaves the Department exposed to liabilities and potential legal issues. (Finding Code No. 2024-018, 2022-022, 2020-022, 2018-026)

RECOMMENDATION

We recommend the Department strengthen its controls to ensure the proper completion, and accurate and timely filing of contracts and related documents, including ensuring submission of Late Filing Affidavits when necessary.

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department is coordinating efforts between internal teams to streamline the process for completing required documents, as well as implementing and providing training to supervisors to assist in proper and timely completion of forms.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-019. **FINDING** (Employee Time Reports Not Timely Completed)

The Department of Innovation and Technology (Department) did not implement adequate controls over employee time reporting.

We tested a sample of 170 employee Daily Time Reports, noting 30 (18%) were not completed timely. The Daily Time Reports were completed 3 to 39 days late. The Department expended \$177,019,917 and \$236,777,071 for payroll during Fiscal Years 2023 and 2024, respectively.

The State Officials and Employees Ethics Act (5 ILCS 430/5-5(c)) requires State employees to periodically submit time sheets documenting the time spent for each day on official State business to the nearest quarter hour. Additionally, the Department of Central Management Services' Policy Manual (Chapter 2, Section 2) states all employees are required to complete an accurate, daily timesheet documenting the time spent on official state business to the nearest quarter hour. The daily timesheets are to be submitted to the employee's supervisor for approval on a weekly basis. The Department would consider the daily timesheet to be past due the second week after reporting period.

This finding was first reported in Fiscal Year 2018. In the subsequent years, the Department has been unsuccessful in implementing appropriate corrective action or procedures to remedy this deficiency.

Department management indicated the lack of workforce resources resulted in the exceptions.

Failure to maintain adequate controls over employee time reporting increases the risk of the Department paying for services not rendered by the employees. (Finding Code No. 2024-019, 2022-023, 2020-024, 2018-025)

RECOMMENDATION

We recommend the Department strengthen controls to ensure employees' time reports are completed and submitted in a timely manner.

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department continues efforts to ensure managers enforce timely submission of weekly time reports.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-020. **FINDING** (Inadequate Disaster Contingency Planning)

The Department of Innovation and Technology (Department) did not maintain adequate controls over disaster recovery planning during the examination period.

The Department provides Information Technology services to its transferring agencies. As a result, the Department, along with the transferring agencies, have a responsibility for the recovery of the environment and applications.

During the examination period, we noted four of 35 (11%) transferring agencies did not have all Department Business Impact Analysis (BIA) documents completed.

The *Contingency Planning Guide for Information Technology Systems* published by the National Institute of Standards and Technology requires entities to conduct BIAs to identify information system's requirements, functions, and interdependencies used to characterize system contingency requirements and priorities in the event of a significant disruption.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

During the prior examination, we noted the Department had not developed disaster recovery plans, business continuity plans, and infrastructure plans (Plans). In addition, the Department was unable to provide its Test, Training & Exercise plans (TT&Es) conducted and had reported deficiencies in its midrange and mainframe recovery tests. During the current examination, our testing disclosed the Department formally developed its Plans, provided its TT&Es conducted, and successfully tested its midrange and mainframe environments.

Department management indicated the lack of resources resulted in the noted weaknesses.

Failure to complete BIAs increases risks of extended downtime, critical data losses, and harm to reputation due to unpreparedness for critical disruptions. (Finding No. 2024-020, 2022-025, 2020-027, 2018-023)

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-020. **FINDING** (Inadequate Disaster Contingency Planning) - Continued

RECOMMENDATION

We recommend the Department complete BIAs for all transferring agencies.

DEPARTMENT RESPONSE

The Department accepts the finding and recommendation. The Department will ensure procedures are aligned with the NIST Contingency Planning Guide for Information Technology Systems and work with the client agencies to ensure Business Impact Analysis documents are completed in accordance to policies, standards, and procedures.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS – NOT REPEATED FINDINGS
For the Two Years Ended June 30, 2024

A. **FINDING** (Failure to Comply with Executive Order 2016-01)

During the prior engagement period, the Department of Innovation and Technology (Department) failed to comply with the provisions of Executive Order 2016-01: Executive Order Consolidating Multiple Information Technology Functions Into A Single Department of Innovation and Technology. Specifically, we noted the Department had not entered into Intergovernmental Agreements (IGA) with all transferring agencies and the IGAs were not executed in a timely manner.

During the current engagement period, our testing disclosed the Department had entered into IGAs with all transferring agencies, and the IGAs were timely executed. (Finding Code No. 2022-001, 2020-001, 2018-001)

B. **FINDING** (Inadequate Controls over Remote Access)

During the prior engagement period, the Department had not documented and implemented adequate procedures governing remote access to the Department's information systems.

During the current engagement period, our testing disclosed the Department updated its remote access policy and procedures. Additionally, our sample testing disclosed the Department properly documented and authorized remote access requests, performed periodic reviews of remote access users, and timely deactivated access of users' no longer needing access. (Finding Code 2022-004)

C. **FINDING** (Failure to Adopt Formal Departmental Rules)

During the prior engagement period, the Department had not adopted formal Departmental rules for the operation and administration of the Department.

During the current engagement period, our testing disclosed the Department adopted formal Departmental rules required by the Administrative Procedure Act (5 ILCS 100/5 et seq.). (Finding Code 2022-009, 2020-010, 2018-010)

D. **FINDING** (Trainings Not Completed within the Required Timeframe)

During the prior engagement period, the Department employees did not complete all mandatory trainings within the required timeframe.

During the current engagement period, our testing disclosed the employees completed the ethics, sexual harassment, cybersecurity, and safeguard of confidential information trainings within the required timeframe. (Finding Code 2022-013)

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS – NOT REPEATED FINDINGS
For the Two Years Ended June 30, 2024

- E. **FINDING** (Lack of Adequate Controls over the Review of Internal Controls over External Service Providers)

During the prior engagement period, the Department lacked adequate controls over the review of internal controls over service providers.

During the current engagement period, our sample testing disclosed the Department obtained SOC reports and necessary bridge letters and conducted an independent reviews of the service providers' System and Organization Control (SOC) reports in a timely manner. Additionally, the contracts with service providers were not expired and contained requirements for the service provider to notify the Department in the event of a security incident or information breach. (Finding No. 2022-017, 2020-016, 2018-017)

- F. **FINDING** (Inadequate Control over Collection Efforts)

During the prior engagement period, the Department did not maintain adequate controls over collection efforts of delinquent accounts.

During the current engagement period, our sample testing disclosed the Department sent collection letters to State agencies for delinquent accounts in a timely manner. (Finding Code No. 2022-019, 2020-008, 2018-008)

- G. **FINDING** (Lack of Comprehensive and Accurate Description of IT Internal Controls)

During the prior engagement period, the Department's Description of the IT General Controls and Application Controls (Description) was not comprehensive or accurate.

During the current engagement period, our testing disclosed the Department developed a comprehensive and accurate Description, which outlines its internal controls for its IT environment. (Finding No. 2022-024, 2020-025, 2018-028)

- H. **FINDING** (Lack of Agreements to Ensure Compliance with IT Security Requirements)

During the prior engagement period, the Department had not entered into detailed agreements with user agencies to ensure prescribed requirements and available security mechanisms were in place in order to protect the security, processing integrity, availability, and confidentiality of user agencies systems and data.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS – NOT REPEATED FINDINGS
For the Two Years Ended June 30, 2024

During the current engagement period, our testing disclosed the Department entered into detailed agreements covering the examination period with all transferring client agencies documenting each parties' roles and responsibilities. Additionally, the agreements were timely executed. (Finding No. 2022-026, 2020-028, 2018-030)