



**STATE OF ILLINOIS
OFFICE OF THE ATTORNEY GENERAL**

STATE COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2024

**Performed as Special Assistant Auditors
for the Auditor General, State of Illinois**

An abstract background featuring a complex pattern of overlapping, semi-transparent geometric shapes, primarily triangles and polygons, in shades of gray and white, creating a sense of depth and architectural structure.

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STATE OF ILLINOIS
OFFICE OF THE ATTORNEY GENERAL
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024

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STATE OF ILLINOIS
OFFICE OF THE ATTORNEY GENERAL
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024

OFFICE OFFICIALS

Attorney General	The Honorable Kwame Raoul
Chief of Staff	Ms. Nathalina Hudson
Chief Deputy Attorney General/Chief Legal Counsel	Mr. Brent Stratton
Deputy Chief of Staff	Ms. Christina Huddleston
Executive Deputy Attorney General (02/03/24 – Present)	Vacant
Executive Deputy Attorney General (07/01/23 – 02/02/24)	Mr. Adam Braun
Chief Fiscal Officer	Mr. Tad Huskey
Deputy Chief Fiscal Officer	Ms. Lisa Kaigh
Chief Internal Auditor	Mr. H. Jay Wagner
Inspector General	Ms. Diane Saltoun

AGENCY OFFICES

The Office of the Attorney General's primary administrative offices are located at:

500 South Second Street
Springfield, Illinois 62701

115 South LaSalle Street
Chicago, Illinois 60603



OFFICE OF THE ATTORNEY GENERAL
STATE OF ILLINOIS

KWAME RAOUL
ATTORNEY GENERAL

MANAGEMENT ASSERTION LETTER

April 23, 2025

Sikich CPA LLC
3051 Hollis Drive, 3rd Floor
Springfield, IL 62704

Ladies and Gentlemen:

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, Office of the Attorney General (Office). 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 Office'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 Office has materially complied with the specified requirements listed below.

- A. The Office 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 Office 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 Office 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 Office 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.

500 South Second Street, Springfield, Illinois 62701 • (217) 782-1090 • Fax: (217) 782-7046
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1745 Innovation Drive, Suite C, Carbondale, Illinois 62903 • (618) 529-6400 • Fax: (618) 529-6416

Individuals with hearing or speech disabilities can reach us by using the 7-1-1 relay service.

- E. Money or negotiable securities or similar assets handled by the Office on behalf of the State or held in trust by the Office have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, Office of the Attorney General

SIGNED ORIGINAL ON FILE

Honorable Kwame Roaul, Attorney General

SIGNED ORIGINAL ON FILE

Tad Huskey, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Brent Stratton, Chief Deputy Attorney General/Chief Legal Counsel

STATE OF ILLINOIS
OFFICE OF THE ATTORNEY GENERAL
STATE COMPLIANCE EXAMINATION
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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*.

ACCOUNTANT'S REPORT

The Independent Accountant's 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	10	8
Repeated Findings	8	2
Prior Recommendations Implemented or Not Repeated	0	1

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	10	2022/2018	Inadequate Controls over Property and Equipment	Material Noncompliance and Material Weakness
2024-002	13	2022/2022	Weaknesses in Performing Accounting Record Reconciliations	Material Noncompliance and Material Weakness
2024-003	15	2022/2022	Voucher Processing Weaknesses	Noncompliance and Significant Deficiency
2024-004	18	2022/2022	Weaknesses in Maintenance of Records and Accounting Procedures	Material Noncompliance and Material Weakness
2024-005	21	2022/2020	Weakness in Cybersecurity Programs and Practices	Noncompliance and Significant Deficiency

STATE OF ILLINOIS
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<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-006	23	2022/2022	Lack of Adequate Controls over the Review of Internal Controls for Service Providers	Noncompliance and Significant Deficiency
2024-007	25	2022/2022	Inadequate Access Review Procedures	Noncompliance and Significant Deficiency
2024-008	27	NEW	Noncompliance with the Rights of Crime Victims and Witnesses Act	Noncompliance and Significant Deficiency
2024-009	29	2022/2022	Internal Control Weaknesses over Personal Services	Noncompliance and Significant Deficiency
2024-010	32	NEW	Receipt Processing Weaknesses	Noncompliance and Significant Deficiency

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Office personnel at an exit conference on April 1, 2025.

Attending were:

Office of the Attorney General
Christina Huddleston, Deputy Chief of Staff
Jay Wagner, Chief Internal Auditor
Tad Huskey, Chief Fiscal Officer
Lisa Kaigh, Deputy Chief Fiscal Officer
Peggy Hartson, Budget/Fiscal Director
Scott Jager, Chief Technology Officer
Ahmed Jir, Chief Information Security Officer
Matt Van Hise, Chief Privacy Officer
Pam Blackorby, Director of Human Resources
Carrie Richardson, Payroll/Timekeeping Supervisor
Taylor Gusich, Human Resources Manager

STATE OF ILLINOIS
OFFICE OF THE ATTORNEY GENERAL
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024

EXIT CONFERENCE – Continued

Eileen Pratt, Director of Operations
Alex Leija, Staff Assistant, Office Services
Holly Blastic, Bureau Chief, Statewide Victim Witness Assistance

Office of the Auditor General
Lisa Warden, Senior Audit Manager

Sikich CPA LLC
Danielle Caldwell, Senior Manager
Shannon Leach, Manager

The responses to the recommendations were provided for findings 2024-001, 2024-002, and 2024-004 through 2024-010 by Jay Wagner, Chief Internal Auditor, in a correspondence dated April 8, 2025. Additionally, Jay Wagner provided the response for finding 2024-003 in a correspondence dated April 23, 2025.

INDEPENDENT ACCOUNTANT'S 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, Office of the Attorney General (Office) 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 Office is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Office's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Office 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 Office 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 Office 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 Office 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.
- E. Money or negotiable securities or similar assets handled by the Office on behalf of the State or held in trust by the Office have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, 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 Office complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Office 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 Office's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Office during the two years ended June 30, 2024. As described in the accompanying Schedule of Findings as items 2024-001, 2024-002 and 2024-004, the Office 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 Office 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 2024-003, and 2024-005 through 2024-010.

The Office's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Office'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 Office 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 Office's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Office's compliance with the specified requirements and to test and report on the Office's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office'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 2024-001, 2024-002 and 2024-004 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 2024-003, and 2024-005 through 2024-010 to be significant deficiencies.

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

The Office's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Office'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

Springfield, Illinois
April 23, 2025

STATE OF ILLINOIS
OFFICE OF THE ATTORNEY GENERAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2024

2024-001. **FINDING** (Inadequate Controls over Property and Equipment)

The Office of the Attorney General (Office) did not exercise adequate controls over recording and reporting of its State property and equipment.

Recording and reporting weaknesses were identified during our testing of property and equipment items as follows:

- During testing of the 2024 Fiscal Year end Agency Report on State Property (C-15) form, we noted the equipment balance was overstated by \$46,358.

Office management indicated the overstatement was due to a data entry error.

The Statewide Accounting Management System (SAMS) (Procedure 29.10.30) states the C-15, when properly completed, presents the total cost of State property, by category, reflected on the agency's records as of the reporting date.

- During testing of the Fiscal Year 2023 and 2024 Certification of Inventory and Discrepancy Reports (Reports), we noted the following weaknesses:
 - When comparing the total amount of inventory reported for both fiscal years on the Reports to the total inventory, we noted the 2024 Report was overstated by \$997,585 and the 2023 Report was understated by \$1,302,390.
 - A difference of \$18,009 was noted between the amounts of unlocated items reported by the Office and recalculated based on support for the Fiscal Year 2023 Certification of Inventory and Discrepancy Report.
 - The Office did not perform an accurate and complete inventory count. Auditors noted 40 Information Technology (IT) equipment items, totaling \$266,951, across both Fiscal Years were deemed unlocated, but were still being utilized at the time of our testing.

Office management stated the issues noted above were due to understaffing within the property control division and the transition to a new inventory tracking software.

STATE OF ILLINOIS
OFFICE OF THE ATTORNEY GENERAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2024

2024-001. **FINDING** (Inadequate Controls over Property and Equipment) - Continued

The State Property Control Act (30 ILCS 605/6.02) requires each responsible officer to maintain a permanent record of all items of property under their jurisdiction and control. Statewide Accounting Management System (SAMS) (Procedure 29.10.10) requires an inventory of its assets being reported to the Department of Central Management Services (DCMS) annually to include all assets meeting the reporting requirements in SAMS Procedure 03.30.30 and in DCMS Property Control Regulations (Regulations) (44 Ill. Admin. Code 5010.460).

- The Office could not provide supporting evidence of the date the assets were removed from inventory records for 40 of 40 (100%) deleted assets totaling \$534,273. As a result, auditors were unable to determine if they were timely removed.

Office management indicated these assets were deleted prior to the transition to the new inventory tracking system and the prior spreadsheet records were not maintained.

The State Records Act (5 ILCS 160/8) requires the head of each agency to cause to be made and preserved records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

- One of 40 (3%) items tested, totaling \$8,865, had an incorrect location code assigned to it within the property records.

Office management indicated the exception was due to oversight in not updating inventory records timely after the relocation of the asset to a new location.

Regulations (44 Ill. Admin. Code 5010.460) require verification of the location code during annual physical inventory of State equipment.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001(4)) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, to 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
OFFICE OF THE ATTORNEY GENERAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2024

2024-001. **FINDING** (Inadequate Controls over Property and Equipment) - Continued

Finally, this finding was first noted during the Office's Fiscal Year 2017 - Fiscal Year 2018 State compliance examination, six years ago. As such, Office management has been unsuccessful in implementing a corrective action plan to fully remedy all equipment deficiencies.

Office management stated employee turnover also contributed to the exceptions noted.

Failure to prepare accurate C-15s and Reports results in inaccurate reporting and diminished accountability for State assets. Internal control weaknesses over property reporting and recordkeeping increase the potential for theft or misappropriation of assets. Finally, the Office's management team is responsible for implementing timely corrective action on all findings identified during a State compliance examination. (Finding Code No. 2024-001, 2022-002, 2020-001, 2018-001)

RECOMMENDATION

We recommend the Office strengthen controls related to the reporting, and inventory of equipment. Additionally, we recommend the Office implement controls to ensure proper record keeping for its State property.

OFFICE RESPONSE

Accepted. The Office will conduct a comprehensive review of all internal controls, practices, and procedures and will work to strengthen the internal controls and increase the accuracy of our property records and tracking of inventory.

STATE OF ILLINOIS
OFFICE OF THE ATTORNEY GENERAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2024

2024-002. **FINDING** (Weaknesses in Performing Accounting Record Reconciliations)

The Office of the Attorney General (Office) had weaknesses in performing required reconciliations of accounting records during the examination period.

During our testing of various reconciliations of Office and Office of Comptroller (Comptroller) records and performance of data analytics, we noted the following:

- Differences between the Office's official monthly cash records in the Enterprise Resource Planning System (ERP) and those of the Comptroller *Cash Report* (SB05) totaled \$3,111,392 and \$8,025,676 for Fiscal Year 2023 and Fiscal Year 2024, respectively. While the Office was able to determine what the differences were for, they did not correct the Office's official records in ERP for the noted differences.
- For the Office's reconciliation of their monthly expenditure records to the *Monthly Appropriation Status Report* (SB01), we noted:
 - For six of 88 (7%) monthly fund reconciliations tested, the Office balance reflected on the reconciliation did not tie to Office records.
 - For 20 of 88 (23%) samples tested that had reconciling items, we were unable to trace the amounts reported as vouchers in transit to subsequent support that vouchers had cleared.
 - Differences between the Office's records and those of the Comptroller totaling \$320,223 and \$1,227,471 for Fiscal Year 2023 and Fiscal Year 2024, respectively, were noted within the SB01 reconciliations. While the Office was able to determine what the differences were for, they did not correct the Office's records for the noted differences.
 - For Fiscal Year 2024, one of 22 (5%) appropriation lines was not included in the Office's June or September lapse period reconciliations.
- The reconciliation of the *Monthly Obligation Activity Report* (SC15 Report) for one of four (25%) months selected was not dated, therefore, we were unable to ensure the timeliness of the reconciliation.

The Statewide Accounting Management System (SAMS) (Procedure 07.30.20) states agency reconciliations are the primary control that ensure the accuracy and proper handling of financial information. SAMS (Procedures 09.40.30 and 11.40.20) state agencies must reconcile to the SAMS on a monthly basis and notify the Comptroller of any irreconcilable differences so that necessary corrective action can be taken to locate the differences and correct the accounting records. These reconciliations must be completed within 60 days of the month end.

STATE OF ILLINOIS
OFFICE OF THE ATTORNEY GENERAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2024

2024-002. **FINDING** (Weaknesses in Performing Accounting Record Reconciliations) - Continued

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001(4)) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance that revenues, expenditures and transfers of assets, resources, or fund 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.

Additionally, the State Records Act (5 ILCS 160/8) requires the head of each agency to cause to be made and preserved records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

Management indicated the exceptions related to reconciliations were due to time constraints and competing priorities.

Failure to timely perform and document reconciliations and necessary corrections of the Office's accounting records increases the risk differences will not be timely detected and could result in incomplete or inaccurate financial information. (Finding Code No. 2024-002, 2022-003)

RECOMMENDATION

We recommend the Office ensure reconciliations are timely performed and dated by the preparer and reviewer. Additionally, we recommend the Office timely correct any reconciliation differences that are noted during the monthly reconciliations.

OFFICE RESPONSE

Accepted. As noted, the Office had already detected and documented the differences between the ERP records and the balances from the Comptroller's Cash Report (SB05) and the Monthly Appropriation Status Report (SB01) and ensured the figures reported by the Comptroller's Office were accurate. The other issues noted were clerical errors, and we will continue to work with staff to improve the accuracy of the underlying ERP records and reconciliations.

STATE OF ILLINOIS
OFFICE OF THE ATTORNEY GENERAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2024

2024-003. **FINDING** (Voucher Processing Weaknesses)

The Office of the Attorney General (Office) did not timely submit its vouchers for payment to the Office of Comptroller (Comptroller).

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), we were able to limit our voucher testing at the Office to determine whether certain key attributes were properly entered by the Office's staff into ERP. In order to determine the operating effectiveness of the Office'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 Office's expenditures data for Fiscal Years 2023 and 2024 and noted the following:

- The Office did not timely approve 4,576 of 10,434 (44%) vouchers processed during Fiscal Year 2023, totaling \$8,806,658. We noted these vouchers were approved between 31 and 395 days after receipt of a proper bill or other obligating document.
- The Office did not timely approve 2,436 of 10,659 (23%) vouchers processed during Fiscal Year 2024, totaling \$17,339,215. We noted these vouchers were approved between 31 and 361 days after receipt of a proper bill or other obligating document.

The Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.70) requires the Office 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 Office to process payments within 30 days after physical receipt of Internal Service Fund bills.

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, 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.

Management attributed these exceptions to a myriad of issues, including competing priorities during a time of Office growth, and staff continuing to learn a new voucher processing system.

STATE OF ILLINOIS
OFFICE OF THE ATTORNEY GENERAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2024

2024-003. **FINDING** (Voucher Processing Weaknesses) - Continued

Failure to timely process proper bills and obligations due may result in noncompliance, unnecessary interest charges, and cash flow challenges for payees. (Finding Code No. 2024-003, 2022-004)

RECOMMENDATION

We recommend the Office timely approve proper bills and obligations due.

OFFICE RESPONSE

The Office accepts the recommendation. The Office demonstrated progress improving the timeliness of voucher processing from Fiscal Years 2022 to 2024, despite the number of vouchers processed increasing by over 20% due to expanded duties and responsibilities of the Office. The Office would also like to highlight that the auditor's sample testing of key attributes did not identify any exceptions with the accuracy of the data entered into the ERP system.

In relation to the approval of proper bills within 30 days, it has been the longstanding interpretation of the Code's language that if payments are exempt from the State Prompt Payment Act (30 ILCS 540) (Act), they are exempt from all requirements of the Act, including the 30-day processing timeframe. This interpretation is based on language found in the Joint Administrative Rules of the Comptroller and the Department of Central Management Services: Prompt Payment (74 Ill. Admin. Code 900.120), which states, "The following non-exhaustive list represents the types of payments that are excluded from the Act and consequently do not qualify for interest penalties." Payments the Office believes were exempt from the Act represented 196 vouchers totaling \$1,573,393 in Fiscal Year 2023 and 155 vouchers totaling \$3,819,731 in Fiscal Year 2024 that were approved beyond 30 days. These payments were grant payments, inter-fund cash transfers, and prompt-pay interest penalties.

The Office will continue its efforts to improve its timeliness in processing vendor payments while also continuing to maintain the accuracy of the data input into the ERP system.

ACCOUNTANT'S COMMENT

As reported in the finding, the Fiscal Control and Internal Auditing Act ("the FCIAA") requires agencies to establish and maintain internal fiscal and administrative controls to ensure expenditures and transfers of assets, resources, or funds 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
OFFICE OF THE ATTORNEY GENERAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2024

2024-003. **FINDING** (Voucher Processing Weaknesses) - Continued

The Office has been unable to demonstrate that the fiscal and administrative controls in place, which resulted in the approval of payments 31 to 395 days after the date those amounts were due and payable, were sufficient to meet the requirements of the FCIAA. The Attorney General's position that these vouchers are excluded from the Prompt Payment Act does not mean these payments are excluded from requirements for any system or systems of internal control to maintain accountability over the State's resources.

In addition, the Office has not explained why they consider the lengthy period between receipt and approval of the 351 grant payments, inter-fund cash transfers, and prompt-pay interest penalties to be appropriate. These 351 payments represented 5% of the 7,012 untimely voucher approvals reported.

Untimely voucher approval is neither a good internal control, nor a good governmental business practice. Untimely approval of amounts due and payable to grantees and for interest penalties due to the Office's previous late payment of bills may further exacerbate cash flow challenges for payees. Untimely processing of vouchers may affect the completeness of the Office's accounts payable and expenditure records used for monitoring and accountability for State resources.

Lengthy delays in processing or approving bills and obligations indicate weaknesses in internal controls and fail to serve the public interest.

STATE OF ILLINOIS
OFFICE OF THE ATTORNEY GENERAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2024

2024-004. **FINDING** (Weaknesses in Maintenance of Records and Accounting Procedures)

The Office of the Attorney General (Office) did not adequately maintain records and follow accounting procedures.

- For our testing of portable communication devices, the Office provided a population of cell phone cancellations and issuances. However, we were unable to determine the completeness and accuracy of the listings provided in order to obtain reasonable assurance on the number of cell phones issued and cancelled in order to properly test compliance.

Statements on Standards for Attestation Engagements (AT-C §205.36) require, when using information produced by the entity, the practitioner to evaluate whether the information is sufficiently reliable for the practitioner's purposes, including obtaining evidence about the accuracy and completeness of the information; and to evaluate whether the information is sufficiently precise and detailed for the practitioner's purposes.

Nevertheless, we tested a sample of cancelled phones from the population provided, and also obtained a population of terminated employees to test whether phones were returned and cancelled upon separation from the Office. During this testing, the Office was unable to provide support of the return date for 10 of 40 (25%) cancelled phones.

- During our testing of the Office's accounts receivable procedures, we noted the Office did not have an explicit policy dictating collection procedures. The Office's Policy and Procedures Manual 6.1.2 requires each Bureau to have their own Accounts Receivable Manager who is responsible for reporting the receivables amount to the Deputy Chief Fiscal Officer and for following up with debtors via demand letters. There were no procedures in place, however, to ensure the Bureau Accounts Receivable Managers were doing so.

In addition, we noted the following exceptions when testing a sample of accounts receivable:

- Three of thirteen (23%) accounts receivable sampled, collectively totaling \$4,152,560, were paid in full and should no longer be considered outstanding receivables.
- One of thirteen (8%) accounts receivable sampled, totaling \$1,074,621 had no collection activity documented. We noted the receivable balance dated back to Fiscal Year 2012.

STATE OF ILLINOIS
OFFICE OF THE ATTORNEY GENERAL
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2024

2024-004. **FINDING** (Weaknesses in Maintenance of Records and Accounting Procedures) -
Continued

The Uncollected State Claims Act (30 ILCS 205/2(a)) and the Statewide Accounting Management System (SAMS) (Procedure 26.40.40) require, when an agency has exhausted all reasonable and appropriate collection efforts and has been unable to collect a past due account of \$1,000 or more, the agency may certify that account as uncollectible.

The Illinois State Collection Act of 1986 (Act) (30 ILCS 210/5(c-1) and SAMS (Procedure 26.40.20) require State agencies to place all debts over \$250 and more than 90 days past due in the Comptroller's Offset System. The Act allows exceptions when the agency enters into a deferred payment plan or demonstrates to the Office of Comptroller's satisfaction that offset referral is not cost effective.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, or internal fiscal and administrative controls to 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. Good internal controls would dictate the adoption of procedures regarding collection attempts.

Lastly, the State Records Act (5 ILCS 160/8) requires the head of each agency to cause to be made and preserved records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

Office management indicated the Office moved one of the primary administrative offices to a new building during the engagement period, which, coupled with a switch to a new cellular phone tracking system resulted in inconsistencies in data input. Management also indicated exceptions noted were due to human error, competing priorities, and inadequate processes for maintaining records for separated employee cell phones. Additionally, Office management indicated the exceptions noted related to accounts receivable were due to a combination of human error and an outdated accounts receivable system.

Failure to properly maintain records of the issuances and cancellations of telecommunication devices can result in unauthorized use of assets. Additionally, failure to properly track accounting records of accounts receivable to ensure accounts receivable collection attempts are being made and to adopt sufficient policies for receivable collections can result in incorrect financial reporting. (Finding Code No. 2024-004, 2022-005)

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2024-004. **FINDING** (Weaknesses in Maintenance of Records and Accounting Procedures) -
Continued

RECOMMENDATION

We recommend the Office maintain complete and accurate records of portable communications device issuances, returns, and deactivations as well as accurate records of accounts receivable. Additionally, we recommend the Office ensure all Bureaus appropriately follow up on outstanding debt and implement an explicit policy regarding accounts receivable collection.

OFFICE RESPONSE

Accepted. The recommendations are partially implemented, and we will continue to enhance controls regarding the proper issuance and termination of employee cell phone devices.

The Office is also reviewing our internal collection policies and will make updates as needed to ensure our procedures are adequate and appropriately delineate responsibilities. While the Office is working to replace our outdated accounts receivable system, we have included additional internal controls to overcome any deficiencies in our reporting.

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2024-005. **FINDING** (Weakness in Cybersecurity Programs and Practices)

The Office of the Attorney General (Office) had not implemented adequate internal controls related to cybersecurity programs and practices.

As a result of the Office's mission to provide legal representation to other State elected officials, the departments and agencies of State government, and the people of the State of Illinois, the Office maintains computer systems that contain large volumes of confidential or personal information such as names, addresses, and Social Security numbers of citizens of the State.

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 Office's cybersecurity program, practices, and control of confidential information, we noted:

- Although the Office required acknowledgment of policies from employees and contractors, the Office did not have a record of acknowledgment of Office policies for three of 40 (8%) employees and contractors tested.
- The Office was unable to provide a population of vulnerability scans representative of the entire examination period. As a result, we were unable to determine whether scans were timely performed and necessary corrective actions were taken prior to October 2023.

Statements on Standards for Attestation Engagements (AT-C §205.36) require, when using information produced by the entity, the practitioner should evaluate whether the information is sufficiently reliable for the practitioner's purposes, including obtaining evidence about the accuracy and completeness of the information; and to evaluate whether the information is sufficiently precise and detailed for the practitioner's purposes.

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.

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2024-005. **FINDING** (Weakness in Cybersecurity Programs and Practices) - Continued

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 requires 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 State Records Act (5 ILCS 160/8) requires the head of each agency to cause to be made and preserved records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

Office management indicated one policy acknowledgment form was boxed up during an Office move and subsequently could not be located. Officials indicated the other two acknowledgments were not obtained and/or maintained, but could not explain the reasons therefor. Office management stated that the Office switched platforms for performing vulnerability scans during the examination period, and only retained 12 months of scans from the decommissioned platform.

A lack of documentation increases the risk that internal control and compliance measures may not have been consistently performed and monitored. Weaknesses in cybersecurity practices could result in unidentified risk and vulnerabilities which increase susceptibility of the Office's volumes of personal information to cyber-attacks and unauthorized disclosure. (Finding Code No. 2024-005, 2022-006, 2020-003)

RECOMMENDATION

We recommend the Office obtain and maintain documentation which ensures all employees and contractors acknowledge receipt of Office policies. Additionally, we recommend the Office ensure it retains documentation of vulnerability scans performed and corrective actions taken to provide assurance that cybersecurity internal controls are in place and properly functioning.

OFFICE RESPONSE

Accepted. The Office will continue to improve its cybersecurity through upgrades, increased cybersecurity staffing, and deploying robust security tools. We will further require all employees and contractors to acknowledge receipt of policies and ensure proper retention of records.

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2024-006. **FINDING** (Lack of Adequate Controls over the Review of Internal Controls for Service Providers)

The Office of the Attorney General (Office) failed to implement adequate internal controls over its service providers.

We requested the Office provide the population of service providers utilized to determine if they had reviewed the internal controls over their service providers. In response to our request, the Office provided a population; however, during our fieldwork, we identified an additional service provider.

Due to these conditions, we were unable to conclude the Office's population was sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36).

Even given the limitations noted above, we tested a sample of seven service providers. The Office utilized service providers for hosting services and software as a service. Our testing noted the Office did not:

- Ensure contracts for six of seven (86%) service providers documented the roles and responsibilities of the service provider and the Office, as well as ensuring written agreements addressed the security, integrity, availability, confidentiality, and privacy controls over the Office's applications and data.
- Perform a full review of the subservice organizations utilized by seven of seven (100%) service providers.
- Adequately review the deviations noted within the System and Organization Controls (SOC) reports for three of seven (43%) service providers.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Provision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, requires entities outsourcing their information technology environment or operations to obtain assurance over the entities' internal controls related to the services provided. Such assurance may be obtained through SOC reports or independent reviews.

Additionally, 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 administrative controls, to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and appropriation.

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2024-006. **FINDING** (Lack of Adequate Controls over the Review of Internal Controls for Service Providers) – Continued

Office management stated the exceptions were due to oversight when compiling the population and performing the reviews, as well as lack of attention to detail when reviewing contracts to ensure all application language was included.

Without adequately identifying and monitoring controls of service providers, the Office does not have assurance the service providers' internal controls are adequate and operating effectively. Additionally, without documented roles, responsibilities and control, the Office may not have recourse in the event of a security event. (Finding Code No. 2024-006, 2022-007)

RECOMMENDATION

We recommend the Office strengthen its controls in identifying all service providers. Additionally, we recommend the Office:

- Ensure service provider contracts document roles and responsibilities of the service provider and the Office, as well as the security, integrity, availability, confidentiality, and privacy controls over the Office's applications and data;
- Perform reviews of subservice organizations utilized by the service providers; and
- Review and evaluate the impact of deviations noted within SOC reports.

OFFICE RESPONSE

Accepted. The Office has substantially expanded its use of service providers, and we will implement the recommendations to increase control and monitoring over our service providers, address deviations, properly document roles and responsibilities, and ensure reviews of subservice organizations.

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2024-007. **FINDING** (Inadequate Access Review Procedures)

The Office of the Attorney General (Office) failed to implement adequate control over user access to their applications and data.

As a result of the Office's mission to provide legal representation to other State elected officials, the departments and agencies of State government, and the people of the State of Illinois, the Office maintains a myriad of applications and data.

We tested information technology general controls (ITGCs) for nine Office applications assessed to have a material impact to the Office's financial information and/or operations. ITGCs help prevent unauthorized access, data breaches, and operational disruptions and include software implementation, user account creation, and data management. Strong ITGCs increase the integrity and reliability of information.

We tested the Office's access provisioning procedures for a sample of 192 users across seven applications. Our sample of 192 users was comprised of 102 existing users, 59 new-hired users, 18 terminated users, and 13 users with administrative rights. During our testing, we noted the following exceptions:

- Seven of nine (78%) applications tested did not have a full user access review performed.
- Access to the application was not needed to perform the job responsibilities for three of 102 (3%) existing users.
- Terminated employee access could not be explained for two of 18 (11%) terminated employees tested.
- One of 13 (8%) users with administrative rights did not need such access to perform their job responsibilities.

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.

The National Institute of Standards and Technology, Special Publication 800-53, *Security and Privacy Controls for Federal Information Systems and Organizations*, Access Control section, states an entity is to define within policies and procedures personal security transactions, establishment, and termination of access, based on assessed risk of the entity's environment.

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2024-007. **FINDING** (Inadequate Access Review Procedures) - Continued

Office management indicated the above noted weaknesses were due to human error and competing priorities.

The Office's failure to maintain adequate internal control over users' access to the applications and data may result in unauthorized access to the Office's information. (Finding Code No. 2024-007, 2022-008)

RECOMMENDATION

We recommend the Office ensure that annual reviews of access rights are fully conducted for all applications. Additionally, we recommend the Office implement controls to ensure access to and administrator rights for applications are necessary based on the user's job duties. Lastly, we recommend the Office implement controls to revoke separated employees' access rights in a timely manner.

OFFICE RESPONSE

Accepted. The Office has implemented and will further enhance controls, procedures and reviews regarding application access rights based on job duty including the revocation of access rights in a timely manner.

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2024-008. **FINDING** (Noncompliance with the Rights of Crime Victims and Witnesses Act)

The Office of the Attorney General (Office) did not fully comply with the Rights of Crime Victims and Witnesses Act (Act).

During our testing, we noted the Office did not have an operational Crime Victim and Witness Notification Advisory Committee (Committee). Additionally, the Office outsourced the management of the Automated Victim Notification (AVN) system to a third-party service provider. However, the Office did not ensure the security related to the AVN system was adequate through either testing internal controls itself related to the service provider or obtaining a System and Organization Controls (SOC) report.

The Act (725 ILCS 120/8.5(g)) requires the establishment, in the Office, of the Crime Victim and Witness Notification Advisory Committee consisting of those victim advocates, sheriffs, State's Attorneys, circuit court clerks, Illinois Department of Corrections, the Department of Juvenile Justice, and Prisoner Review Board employees that the Attorney General chooses to appoint. The Attorney General is required by the Act to designate one member to chair the Committee, which is required to consult with and advise the Office regarding the design and operation of a crime victim and witness notification system. The Act (725 ILCS 120/8.5(h)) additionally requires the Attorney General to not release the names, addresses, phone numbers, personal identification numbers, or email addresses of any person registered to receive notifications to any other person except State or local officials using the notification system to satisfy access to the AVN system to law enforcement, prosecutors, and other agencies that provide service to victims of violent crime to assist victims in enrolling and utilizing the AVN system.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Provision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, requires entities outsourcing their information technology environment or operations to obtain assurance over the entities' internal controls related to the services provided. Such assurance may be obtained through SOC reports or independent reviews.

Office management indicated that since they outsourced the management of the AVN system to a third party, they neglected to seek legislative remedy regarding the mandate to establish and consult with the Committee. Office management also stated the failure to obtain a SOC report was due to oversight.

Failing to have an operational Committee results in a lack of oversight by representatives of all affected parties intended by the Act. Additionally, failing to obtain assurance of the security related to the AVN system could lead to breach of personal information. (Finding Code No. 2024-008)

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2024-008. **FINDING** (Noncompliance with the Rights of Crime Victims and Witnesses Act) -
Continued

RECOMMENDATION

We recommend the Office either comply with the Act or seek legislative remedy regarding statutory language deemed to be outdated. Additionally, we recommend the Office obtain, review, and evaluate the impact of the SOC report related to the outsourcing of the AVN system.

OFFICE RESPONSE

Accepted. Our Office will work with its Legislative Affairs team to update the language in the statute to accurately reflect the operational status of the AVN system. Additionally, we agree with the SOC-related findings presented and have taken corrective actions to address the issue.

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2024-009. **FINDING** (Internal Control Weaknesses over Personal Services)

The Office of the Attorney General (Office) failed to maintain sufficient controls over personal services functions.

During our testing of employee evaluations, we noted the following exceptions:

- Three of 40 (8%) employees tested did not have a completed annual evaluation retained in their personnel file for Fiscal Years 2024 and/or 2023.
- Six of 40 (15%) employees tested did not have an annual evaluation completed in a timely manner. This ranged from 33 to 117 days after the end of the evaluation period.

Article 4, Section 4.1.27 of the Office's policy and procedures manual asserts that performance evaluations shall be conducted on an annual basis to target areas where improvement may be needed or to support salary increases for exempt employees.

Additionally, during the examination of the Office's Agency Workforce Reports (Report) for Fiscal Year 2022 and Fiscal Year 2023 which were filed during the examination period, we noted the following exceptions:

- The Fiscal Year 2022 Report included three miscalculations that resulted in inaccurate totals for Females, Minorities, and Asian Female Promotions.
- The Fiscal Year 2023 Report included two miscalculations that resulted in inaccurate totals for Females and Minorities.
- The Office was unable to provide sufficient evidence to document the date of the submission of both Fiscal Year's Reports.

The State Employment Records Act (5 ILCS 410/20) requires agencies to collect, classify, maintain, and report certain employment statistics for women, disabled, and minority groups on a fiscal year basis and file by January 1 with the Office of the Secretary of State and the Governor.

Lastly, for employers participating in plans with multiple-employer and cost-sharing characteristics, the American Institute of Certified Public Accountants' Audit and Accounting Guide: State and Local Governments (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate.

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2024-009. **FINDING** (Internal Control Weaknesses over Personal Services) - Continued

To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year. The State Employees' Retirement System (SERS) required the Office's census data reconciliations for 2022 and 2023, submitted in Fiscal Year 2023 and Fiscal Year 2024, respectively, to be submitted by an extended due date for the 2022 reconciliation of January 9, 2023, and a due date for the 2023 reconciliation of November 13, 2023. During our testing of these reconciliations, we noted the following exceptions:

- Documentation was not retained for the submission of the 2022 reconciliation to State Employees' Retirement System (SERS); therefore, we were unable to determine timeliness. Additionally, documentation was not retained to corroborate the Office's statement indicating corrections were made to the Office's records based on its reconciliation.
- The 2023 reconciliation was submitted to SERS on November 14, 2023, one business day late.

The State Records Act (5 ILCS 160/8) requires the head of each agency to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

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 applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Office management stated the incomplete and/or untimely evaluations were due to oversight. Officials stated miscalculations within the Reports were due to the omission of some formulas in summary spreadsheets. Additionally, Office management indicated the exceptions related to the lack of sufficient evidence of Report submission were due to failure to document the date reports were hand delivered to both the Secretary of State and the Governor. Lastly, Office management stated exceptions related to the lack of timely submission, as well as maintenance of records related to census reconciliation corrections were due to turnover and oversight.

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2024-009. **FINDING** (Internal Control Weaknesses over Personal Services) - Continued

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations. These evaluations should serve as the foundation for salary adjustments, promotion, demotion, discharge, layoff, recall and reinstatement decisions. Additionally, failure to accurately and timely file Agency Workforce Reports inhibits the State from accumulating meaningful oversight information.

Lastly, annual census reconciliations ensure the completeness of employer and plan data, reduces payroll errors, confirms personnel files are current and decreases the risks of financial misstatements. Improper documentation or maintenance of reconciliations and corrections and untimely submission of census reconciliations could delay and result in reduced assurance for and reliability of actuary data utilized to calculate Statewide liabilities. (Finding Code No. 2024-009, 2022-001)

RECOMMENDATION

We recommend the Office monitor the upcoming evaluations due, remind supervisors of due dates, and follow up to ensure employees receive annual evaluations timely, and documentation of these evaluations is retained. Additionally, we recommend a second employee double check to ensure Reports are mathematically correct. The Office should require staff delivering reports to obtain and retain documentation of submission of Reports to all applicable parties. Lastly, we recommend the Office adopt written procedures for responsible employees to timely submit and document the submission of its census reconciliations and any communication with SERS regarding corrections made.

OFFICE RESPONSE

Accepted. The Office will continue to monitor upcoming evaluations due and follow-up with supervisors to ensure all employees receive a timely evaluation. We will continue to complete the required census reconciliations and will maintain proper records of communication moving forward. We will double check our reports to ensure they are mathematically correct. We will obtain documentation of report submissions to applicable parties.

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2024-010. **FINDING** (Receipt Processing Weaknesses)

The Office of the Attorney General (Office) 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 of Innovation and Technology (DoIT), we were able to limit our receipt testing at the Office to determine whether certain key attributes were properly entered by the Office's staff into the ERP. In order to determine the operating effectiveness of the Office'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 Office's receipts data for Fiscal Years 2023 and 2024 to determine compliance with the State Officers and Employees Money Disposition Act (Act), noting the following noncompliance:

- The Office did not deposit 13 receipt items, \$10,000 or more, on the day received.
- The Office did not deposit 45 receipt items, exceeding \$500 but less than \$10,000, within 48 hours.
- The Office did not deposit 31 receipt items, less than \$500, on the 1st or 15th of the month, whichever was earlier.

Additionally, we noted five instances in which Office personnel incorrectly entered data related to either a receipt date, or deposit date, which resulted in the ERP records being incorrect.

The Act (30 ILCS 230/2(a)) requires the Office 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.

Additionally, Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires 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.

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2024-010. **FINDING** (Receipt Processing Weaknesses) - Continued

Office management indicated the noted exceptions were related to refund receipts, which are processed differently than other receipts. Management further indicated the exceptions were due to time constraints, and human input error when entering receipt data within ERP.

Failure to properly record financial data related to receipts represents noncompliance with the Fiscal Control and Internal Auditing Act, and results in incorrect financial reporting data. Additionally, failure to timely deposit receipts represents noncompliance with the Act. (Finding Code No. 2024-010)

RECOMMENDATION

We recommend the Office deposit receipts within the timelines set by the Act. Additionally, we recommend the Office strengthen controls related to data input into ERP.

OFFICE RESPONSE

Accepted. The Office has worked with staff to ensure refund receipts are deposited within the required deadlines and follow the same procedures as our other receipts. We will also remind staff of the importance of accuracy when entering information in ERP.