SIKICH

State of Illinois
Commission on Equity and Inclusion

State Compliance Examination

For the Two Years Ended June 30, 2025

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

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State of Illinois
Commission on Equity and Inclusion

STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2025

Table of Contents

Commission Officials

Executive Director, Interim (07/01/2026 – Present)	Mr. Robin Streets
Executive Director (07/01/2024 – 06/30/2026)	Ms. Alexandria Wilson
Chief Fiscal Officer	Ms. Tracey Kenney
General Counsel (10/01/2023 – Present)	Mr. Carlos Andres Padua
General Counsel (07/01/2023 – 09/30/2023)	Vacant
Chief of Staff (07/01/2026 – Present)	Vacant
Chief of Staff (07/01/2024 – 06/30/2026)	Mr. Robin Streets

GOVERNING COMMISSIONERS

Commission Chair (11/07/2023 – Present)	Ms. Nina Harris
Commission Chair, Acting (07/01/2023 – 11/06/2023)	Ms. Nina Harris
Commissioner	Ms. Ennedy Rivera
Commissioner	Mr. Bruce Montgomery
Commissioner	Mr. Richard Costes
Commissioner	Mr. Benjamin Salentine
Commissioner (11/13/2023 – Present)	Ms. Ovelia Smith-Barton
Commissioner (07/01/2023 – 11/12/2023)	Vacant
Commissioner (07/01/2024 – Present)	Mr. Van Austin
Commissioner (07/01/2023 – 6/30/2024)	Vacant

Commission Offices

The Commission's primary administrative offices are located at:

115 S. LaSalle Street, 4N Chicago, Illinois 60603	524 S. 2nd Street, Suite 502 Springfield, Illinois 62701

Illinois Commission on Equity and Inclusion
Nina M. Harris, Chairperson
Robin Streets, Interim Executive Director
115 S. LaSalle Street, Suite 4N, Chicago, IL 60603

MANAGEMENT ASSERTION LETTER

August 17, 2026

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, Commission on Equity and Inclusion (Commission). 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 Commission's compliance with the following specified requirements during the two year period ended June 30, 2025. Based on this evaluation, we assert that during the years ended June 30, 2024, and June 30, 2025, the Commission has materially complied with the specified requirements listed below.

A. The Commission 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 Commission 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 Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Yours truly,

State of Illinois, Commission on Equity and Inclusion

SIGNED ORIGINAL ON FILE

Robin Streets, Interim Executive Director

SIGNED ORIGINAL ON FILE

Tracey Kenney, Chief Fiscal Officer

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Andres Padua, General Counsel

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	Current Report	Prior Reports
Findings	8	6
Repeated Findings	5	0
Prior Recommendations Implemented or Not Repeated	1	0

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
			Current Findings	
2025-001	8	2023/2023	Weaknesses in the Information Technology Function	Material Weakness and Material Noncompliance
2025-002	12	2023/2023	Weaknesses Related to Personal Services	Significant Deficiency and Noncompliance
2025-003	14	2023/2023	Noncompliance with the State Employment Records Act	Significant Deficiency and Noncompliance

Item No.	Page	Last/First Reported	Description	Finding Type
			Current Findings	
2025-004	15	New	Failure to Establish Contract Obligations	Significant Deficiency and Noncompliance
2025-005	16	2023/2023	Failure to Perform Reconciliations	Significant Deficiency and Noncompliance
2025-006	17	New	Inadequate Controls Over Voucher Processing	Significant Deficiency and Noncompliance
2025-007	19	New	Failure to Perform Required FCIAA Internal Control Evaluation	Significant Deficiency and Noncompliance
2025-008	20	2023/2023	Noncompliance with Statutory Mandates	Significant Deficiency and Noncompliance
			Prior Finding Not Repeated	
A	22	2023/2023	Failure to Submit State Employment Plan Surveys	

Exit Conference

The Commission waived an exit conference in a correspondence from Tracey Kenney, Chief Fiscal Officer, on August 17, 2026. The responses to the recommendations were provided by Tracey Kenney, Chief Fiscal Officer, in a correspondence dated August 17, 2026.

SIKICH.

Certified Public Accountants and Advisors
Members of American Institute of Certified Public Accountants

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217.793.3363

Independent Accountant's Report on State Compliance and on Internal Control Over Compliance

Honorable Christopher B. Meister
Auditor General
State of Illinois

And

Commissioners
State of Illinois Commission on Equity and Inclusion

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Commission on Equity and Inclusion (Commission) 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, 2025. Management of the Commission is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Commission's compliance with the specified requirements based on our examination.

The specified requirements are:

A. The Commission 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 Commission 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 Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

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 Commission complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Commission 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 other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

Our examination disclosed material noncompliance with the following specified requirements applicable to the Commission during the two years ended June 30, 2025. As described in the accompanying Schedule of Findings as item 2025-001, the Commission 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 Commission complied with the specified requirements during the two years ended June 30, 2025, 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 2025-002 through 2025-008.

The Commission’s responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Commission’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 Commission 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 Commission’s internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Commission’s compliance with the specified requirements and to test and report on the Commission’s internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission’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 a material weakness 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 item 2025-001 to be a material weakness.

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 2025-002 through 2025-008 to be significant deficiencies.

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

The Commission's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Commission'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
August 17, 2026

2025-001. **FINDING** (Weaknesses in the Information Technology Function)

The Commission on Equity and Inclusion (Commission) had weaknesses related to information technology (IT) functions.

User Access Reviews

During fieldwork, we examined the Commission's system access controls over five significant applications with a material impact on the Commission's financial information and/or operations.

During our user access review testing, we noted there were no documented annual access reviews performed for these applications. Furthermore, the Commission did not oversee the review of its Active Directory accounts, nor did it complete any reviews or provide supporting documentation.

During our user access testing, the Commission was unable to provide a user access listing for one application. Specifically, the Commission indicated it could not generate or obtain a complete population of users or supporting information necessary to perform user access testing.

As a result, we were unable to determine whether user access to this system was appropriately authorized, consistent with job responsibilities, or timely removed for separated employees.

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 ensure access is appropriate, timely terminated, and periodically reviewed.

The State Records Act (5 ILCS 160/8-9) requires the Commission to make and preserve records containing adequate and proper documentation and to maintain such records in a manner that allows them to be accessible and retrievable for examination.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission 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.

Failure to review user access may result in unauthorized access to sensitive information or data breaches. Without a complete user access listing, the Commission cannot ensure access is limited to authorized personnel, access rights are appropriate based on job responsibilities, and access is timely removed for separated or transferred employees. Additionally, the lack of supporting documentation prevented the auditors from performing necessary procedures, increasing the risk of unauthorized access, inappropriate system use, and potential compromise of sensitive data.

Service Organization Control Reports

During the examination period, we noted the Commission had not conducted independent internal control reviews of System and Organization Control (SOC) reports issued by the Department of Innovation and Technology (DoIT), an information technology service provider, and by a third-party external service provider. Additionally, the Commission had not assessed the impact of SOC report opinions on its operations or considered the applicability of Complementary User Entity Controls (CUECs). Furthermore, the Commission did not identify subservice organizations or perform procedures to evaluate their impact on its internal control environment.

NIST Special Publication 800-53 states organizations should monitor service providers and perform reviews of audits and assessments to ensure controls are in place at all vendors and subservice providers.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission 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.

Without a review of SOC reports, including an assessment on the SOC report opinions and CUECs and identification and evaluation of subservice providers, the Commission lacks assurance that controls are adequate to protect sensitive information.

Identity Protection Policy

The Commission did not establish or formally adopt a written Identity Protection Policy during the examination period. While the Commission indicated it follows DoIT guidance, it did not have a policy specific to its operations governing the protection and handling of personal information.

The Identity Protection Act (5 ILCS 179/37) requires the Commission to draft, approve, and implement an identity protection policy.

Without a formally adopted policy, the Commission may not adequately protect personally identifiable information (PII), employees may lack clear guidance, and the Commission is not in compliance with State law, increasing the risk of unauthorized disclosure or misuse of confidential information.

Backups

The Commission did not maintain documentation demonstrating backups were successfully completed for one system. Additionally, the Commission did not perform or document backup testing or verification procedures.

Adequate cybersecurity and data protection controls include ensuring backups are performed and periodically verified.

Failure to ensure backups are performed and verified:

- increases the risk of data loss or inability to recover systems during an incident;

- weakens disaster recovery capabilities; and,
- may result in disruption to operations and loss of critical State data.

Cybersecurity

The Commission had not established an adequate cybersecurity program during the examination period. Specifically, the Commission had not:

- established or documented cybersecurity roles and responsibilities;
- developed and implemented a formal cybersecurity plan;
- formally adopted a risk management methodology;
- performed a cybersecurity risk assessment or engaged a third party to perform one; or,
- classified its data or developed a data classification methodology.

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 and for the Commission to maintain adequate cybersecurity programs, practices, and controls.

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.

Without an established cybersecurity program:

- the Commission cannot effectively identify, assess, and mitigate cybersecurity risks;
- sensitive data may not be adequately protected;
- systems are more vulnerable to unauthorized access or disruption; and,
- the Commission is not in compliance with State requirements.

Confidential Information Tracking

The Commission did not establish guidance for properly handling confidential, sensitive, and Personally Identifiable Information (PII), including:

- classification of applications and data based on criticality and sensitivity in accordance with DoIT standards;
- avoidance of unnecessary collection of PII; and,
- minimization of PII use in testing, training, and research.

NIST Special Publication 800-53 requires entities to develop and document policies for processing and protecting PII.

Failure to properly maintain guidelines for employees to adhere to when tracking PII data could lead to improperly handled data, misuse of this data and possible data breaches.

Commission officials indicated their interpretation of the intergovernmental agreement with DoIT covered meeting these IT requirements.

During the previous examination, we noted that the Commission did not have an Interagency Agreement directly with DoIT outlining the roles and responsibility of DoIT and the Commission related to the Commission's IT infrastructure and functions. The Commission formally entered into an Interagency Agreement during the examination period. (Finding Code No. 2025-001, 2023-005)

RECOMMENDATION

We recommend the Commission strengthen its IT controls and governance to ensure systems and data are adequately protected and managed in compliance with State laws and standards. Specifically, the Commission should:

- implement formal user access review procedures;
- ensure complete and accurate system access listings;
- establish procedures to obtain, review, and assess SOC reports, including complementary user controls and subservice organizations;
- develop and adopt an Identity Protection Policy;
- ensure backups are performed, documented, and tested;
- establish and document a cybersecurity program, including
  - establish and document roles and responsibilities,
  - develop and implement a formal cybersecurity plan,
  - formally adopt a risk management methodology,
  - perform a cybersecurity risk assessment, and
  - classify data with a developed data classification methodology; and
- establish guidance for properly handling confidential, sensitive, and PII.

COMMISSION RESPONSE

The Commission accepts the finding and recommendation. The Commission has a project manager with IT expertise contracted for FY2027 that will enable us to work with DoIT to fulfill the recommendation in a timely manner.

2025-002. **FINDING** (Weaknesses Related to Personal Services)

The Commission on Equity and Inclusion (Commission) demonstrated weaknesses related to personal services.

Timesheets

During our testing of timesheets, we noted one of six (17%) employees tested did not submit their timesheet within one week of the last day covered by the timesheet. The timesheet was submitted four business days late based on the Commission's expected weekly submission cycle. Additionally, we noted one of six (17%) employee timesheets tested was submitted without a signature or signature date; therefore, we were unable to determine whether the timesheet was submitted timely.

The Commission's Employee Policy Handbook does not define "timely" for purposes of timesheet submission. In the absence of a defined standard, we considered submission within one week of the last day covered by the timesheet to be a reasonable benchmark for timeliness.

The Illinois Administrative Code (Code) (80 Ill. Admin. Code 303.340), implemented pursuant to the Personnel Code (20 ILCS 415/1), requires the Commission to maintain accurate, daily attendance records. Further, the Commission's Employee Policy Handbook, Section 7.4, states that, to comply with the State Officials and Employees Ethics Act (5 ILCS 430/5-5(c)), all employees are required to accurately report their time spent on official State business. Where timesheet submission is required, employees must submit their weekly time reports to their supervisor in a timely manner.

Commission management indicated managers and supervisors regularly remind employees to submit timesheets timely; however, the employees do not consistently follow this directive.

Failure to maintain adequate controls over employee attendance records increases the risk the Commission may compensate employees for services not rendered and diminishes management oversight.

Employee Performance Evaluations

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

- Two of six (33%) employees tested did not have evaluations completed in a timely manner. The evaluations were completed 31 and 114 days late.
- One of six (17%) employees tested did not sign and date the evaluation; therefore, we were unable to determine whether the evaluation was completed timely.
- One of six (17%) employees did not have an evaluation completed during the examination period.

The Code (80 Ill. Admin. Code 302.270) requires the Commission to prepare annual performance evaluations for certified employees and at least once during a probationary period.

Management attributed the issues to continually reminding individuals to perform performance reviews; however, this directive is not always followed.

Failure to maintain complete and accurate personnel records, including timely employee performance evaluations, may hinder employee development, limit communication of performance expectations, and represents noncompliance with applicable laws and regulations.

During the previous examination, we noted Employment Eligibility Verification Forms were not signed timely and required trainings for newly hired employees were not completed timely. During the current engagement, we did not note these issues, indicating improvement in those areas. (Finding Code No. 2025-002, 2023-001)

RECOMMENDATION

We recommend the Commission strengthen controls over personal services to ensure compliance with applicable laws, regulations, and internal policies. Specifically, the Commission should implement procedures to ensure timesheets are submitted completely including date and signature, appropriately approved, and in a timely manner; and ensure employee performance evaluations are timely completed, signed and dated, and retained in accordance with required timeframes.

COMMISSION RESPONSE

The Commission accepts the finding and recommendation. The Commission’s HR staff regularly sends reminders to supervisors concerning timely eTime submissions. We also send email reminders to supervisors advising them of employee evaluation due dates. The Commission will continue this cadence to ensure compliance with the applicable statutes.

2025-003. **FINDING** (Noncompliance with the State Employment Records Act)

The Commission on Equity and Inclusion (Commission) did not have adequate internal controls to ensure the accuracy of the Agency Workforce Reports (Reports) filed with the Office of the Governor and the Office of the Secretary of State.

During our testing of the Reports, we noted the following:

- The 2023 and 2024 Reports did not include required percentages.
- The 2024 Report contained incorrect totals in three categories due to calculation errors.

During the previous examination, the Commission did not maintain documentation of submitting one of the Reports to the Office of the Governor and the Office of the Secretary of State. During the current examination, the Commission maintained adequate support.

The State Employment Records Act (5 ILCS 410) requires the Commission to collect, classify, maintain and report certain employment statistics for women, disabled and minority groups. Annual reports summarizing the information in a prescribed format are required to be filed by January 1 each year for the preceding fiscal year with the Office of the Secretary of State and with the Office of the Governor.

Commission management indicated the exceptions were due to human error and oversight.

Failure to provide complete and accurate reports to both the Office of the Secretary of State and the Office of the Governor prevents fulfillment of the purpose of the State Employment Records Act, which is to provide information to help guide efforts to achieve a more diversified State work force. (Finding Code No. 2025-003, 2023-002)

RECOMMENDATION

We recommend the Commission strengthen controls to ensure the Agency Workforce Reports are prepared accurately. Further, we recommend the Commission file corrected reports with the Office of the Governor and the Office of the Secretary of State within 30 days after the release of this examination report as required by the Illinois State Auditing Act (30 ILCS 5/3-2.2).

COMMISSION RESPONSE

The Commission accepts the finding and recommendation. The Commission will put into effect the Financial Analyst shall complete the yearly Agency Workforce Report and a subsequent review for accuracy shall be completed by the CFO. The Commission will also submit the required corrections to the FY2023 and FY2024 report within 30 days of the release of this audit report as required by statute.

2025-004. **FINDING** (Failure to Establish Contract Obligations)

The Commission on Equity and Inclusion (Commission) did not properly establish a contract obligation with the Illinois Office of Comptroller (Comptroller).

During our testing, we noted one of two (50%) contracts reviewed, totaling $56,250, was not filed with the Comptroller through a Contract Obligation Document (Form C-23).

The Statewide Accounting Management System (SAMS) Manual (Procedure 15.10.40) requires that individual orders for repairs, maintenance, or other services exceeding $20,000 to any one vendor must be reduced to writing, filed with the Comptroller within 30 days of execution, and recorded as an obligation in SAMS.

The Commission attributed this to ongoing and persistent issues with the Enterprise Resource Planning System that prevented the Commission from obligating invoices. The Commission processed the invoices without the obligation to avoid payment issues with the vendor.

Failure to properly establish and file contract obligations circumvents internal controls designed to prevent unauthorized or improper State payments, reduces the Comptroller's ability to monitor obligations and expenditures, and increases the risk that payments may exceed the authorized contract amount or be made without proper authorization. (Finding Code No. 2025-004)

RECOMMENDATION

We recommend the Commission:

- ensure all contracts meeting SAMS thresholds are timely filed with the Comptroller and properly obligated prior to payment;
- work with the Department of Innovation and Technology to resolve ERP system issues that prevent compliance with obligation requirements; and
- implement interim compensating controls (e.g., manual tracking or supervisory review) to ensure obligations are recorded and approved prior to invoice processing until system issues are resolved.

COMMISSION RESPONSE

The Commission accepts the finding and recommendation. The Commission will continually work with the Comptroller to resolve ERP system issues and implement a manual tracking system to ensure obligations are recorded and approved prior to invoice processing to mitigate risk of future ERP system issues.

2025-005. **FINDING** (Failure to Perform Reconciliations)

The Commission on Equity and Inclusion (Commission) failed to perform monthly reconciliations of the Commission's records to those of the Illinois Office of Comptroller (Comptroller).

The Commission did not perform monthly reconciliations between its internal records and the Comptroller's monthly reports for either the Monthly Agency Contract Report (SC14) or the Monthly Obligation Activity Report (SC15), for Fiscal Years 2024 and 2025. As a result, we were unable to determine if any discrepancies existed to be reported to the Comptroller and resolved.

During the previous examination, the Commission failed to reconcile the Comptroller's Monthly Reconciliation Status Report (SB01) and Monthly Revenue Status Report (SB04). During the current examination period, the Commission performed SB01 reconciliations. The Commission did not collect receipts; therefore, SB04 reconciliations were not applicable.

The Statewide Accounting Management System (SAMS) Manual (Procedure 15.30.30) requires the Commission to reconcile its internal records to either the Comptroller's SC14 or SC15 reports within 60 days of month-end.

Commission officials indicated this condition was due to limitations within the Enterprise Resource Planning (ERP) system, which makes it difficult to extract the necessary data to perform reconciliations.

Failure to perform timely and complete reconciliations increases the risk that errors, discrepancies, or unauthorized transactions will not be detected and corrected in a timely manner; reduces the reliability and completeness of the Commission's financial and contractual records; and impairs the Comptroller's ability to ensure the accuracy of Statewide financial reporting. (Finding Code No. 2025-005, 2023-004)

RECOMMENDATION

We recommend the Commission:

- perform monthly reconciliations of all required Comptroller reports (including SC14 or SC15) to internal records within required timeframes;
- implement procedures to investigate and resolve any discrepancies identified during the reconciliation process;
- work with the Department of Innovation and Technology to address ERP system limitations; and
- establish interim compensating controls (e.g., manual data extraction, independent review, or reconciliation log tracking) to ensure compliance until system deficiencies are resolved.

COMMISSION RESPONSE

The Commission accepts the finding and recommendation. The Commission will work with the Department of Innovation and Technology to address and resolve ERP system limitations related to the SC14/SC15 reports and implement a manual reconciliation tracking log to ensure compliance.

2025-006. **FINDING** (Inadequate Controls Over Voucher Processing)

The Commission on Equity and Inclusion (Commission) did not timely approve vouchers for payment to the Illinois Office of Comptroller (Comptroller).

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning (ERP) System operated by the Department of Innovation and Technology (DoIT), we were able to limit our voucher testing at the Commission to determine whether certain key attributes were properly entered by the Commission's staff into ERP. In order to determine the operating effectiveness of the Commission'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 Commission's expenditure data for Fiscal Years 2024 and 2025 and noted the Commission did not timely approve 119 of 509 (23%) vouchers processed during the examination period, totaling $418,774. We noted these vouchers were approved between 31 and 279 days after receipt of a proper bill or other obligating document.

The Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.70) requires the Commission 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 Commission 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 the Commission 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.

Commission officials indicated the delays were due to multiple factors, including staffing shortages, delays in processing catch-up billings from the Department of Central Management Services (CMS) and DoIT, and ERP system issues that affected timely voucher processing.

Failure to timely approve and process vouchers results in noncompliance with State laws and administrative requirements; increases the risk of incurring interest penalties under the State Prompt Payment Act; may adversely impact vendor relationships and cash flow; and indicates a weakness in internal controls over expenditure processing and financial reporting. (Finding Code No. 2025-006)

RECOMMENDATION

We recommend the Commission:

- Approve proper bills in a timely manner ;
- Work with CMS and DoIT to address delays related to ERP processing and interagency billings; and
- Implement compensating controls (e.g., tracking logs, escalation procedures, or supervisory review of aging vouchers) to ensure compliance until system or staffing issues are resolved.

COMMISSION RESPONSE

The Commission accepts the finding and recommendation. The Commission will continue to strive to approve all vouchers timely and work with interagency partners to receive voucher support documents in a timely manner to facilitate compliance with the administrative code.

2025-007. **FINDING** (Failure to Perform Required FCIAA Internal Control Evaluation)

The Commission on Equity and Inclusion (Commission) did not fully comply with the Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10) requirements for evaluating internal controls supporting its annual certifications.

During our testing, we noted the Commission submitted its FCIAA certifications for Fiscal Years 2024 and 2025, as required. However, the Commission did not perform or document an evaluation of its system of internal fiscal and administrative controls using the Comptroller's prescribed Statewide Accounting Management System (SAMS) Manual guidelines prior to completing the certifications.

The FCIAA (30 ILCS 10/3002) requires the Illinois Office of Comptroller, in consultation with the Department of Central Management Services, to establish guidelines for (1) State agencies' evaluation of their systems of internal fiscal and administrative controls and (2) the related certification required by Section 3003. These guidelines are established within the Supplement to the SAMS Manual (Procedure 02).

Commission officials indicated that, due to the Commission's relatively recent establishment, internal control systems and related processes are still being developed.

Failure to perform and document a comprehensive evaluation of internal controls in accordance with FCIAA guidelines increases the risk that material weaknesses or control deficiencies may not be identified or remediated; certifications may not be fully supported; and the Commission may be exposed to increased risk of errors, fraud, waste, or abuse. (Finding Code No. 2025-007)

RECOMMENDATION

We recommend the Commission perform and document a formal evaluation of its internal fiscal and administrative control system in accordance with FCIAA and SAMS guidelines prior to completing its certification.

COMMISSION RESPONSE

The Commission accepts the finding and recommendation. The Commission now uses the recommended FCIAA checklist provided by the SAMS manual and for the reporting period of May 1, 2025 to April 30, 2026, this checklist was completed prior to submission of the certification to the Office of the Auditor General and a copy maintained for our files.

2025-008. **FINDING** (Noncompliance with Statutory Mandates)

The Commission on Equity and Inclusion (Commission) did not comply with various statutory mandates.

During our testing, we noted the following:

- The Commission did not submit complete reports to the Business Enterprise Council for Minorities, Women, and Persons with Disabilities (BEP Council) for Fiscal Years 2024 and 2025. Specifically, reports submitted did not include the names of the certified firms identified in the utilization plan.

  The Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/8g) requires the Commission to identify and report to the BEP Council all State agency non-construction solicitations exceeding $20,000,000 with less than a 20% established goal prior to publication. The report must include:

  - The name of the awardee
  - The total bid amount
  - The established BEP goal
  - The dollar amount and percentage of participation
  - The names of the certified firms identified in the utilization plan

  Commission officials indicated the names of certified firms are communicated to the BEP Council; however, documentation supporting that this information was formally reported was not maintained.

  Failure to include all required components in reports limits the BEP Council's ability to monitor participation and oversight of businesses owned by minorities, women, and persons with disabilities.

- The Commission failed to provide the Office of Comptroller (Comptroller) monthly liability reports or receive a waiver for any of the monthly reports from July 2023 to August 2024. We performed testing on the reports submitted and noted that the Commission did not submit one of two (50%) reports tested timely. The report was submitted one day late.

  The State Finance Act (Act) (30 ILCS 105/9.08) requires each State agency to provide to the Comptroller a report that includes: (i) current State liabilities held at the agency, by fund source; (ii) whether the liabilities are appropriated; and (iii) an estimate of interest penalties accrued under the State Prompt Payment Act under criteria prescribed by the Comptroller. The report shall be provided monthly in a time and form prescribed by the Comptroller in which the Comptroller may provide a waiver to the monthly reporting requirement if a State agency does not have State liabilities.

  The Statewide Accounting Manual System (SAMS) Manual (Procedure 33.17.20) states that reports are due on the 10th calendar day of each month. If the 10th calendar day falls on a State holiday and/or weekend, the report is due the business day prior to that State holiday and/or weekend.

Commission management indicated the noncompliance was the result of working to implement the prior year findings and not having procedures in place to ensure reports are submitted within 10 days of the following month.

Failure to provide the required information to the Comptroller results in a lack of public transparency regarding the Commission's outstanding liabilities.

During the previous engagement we noted noncompliance with the Civil Administrative Code of Illinois (20 ILCS 405/405-535), the General Assembly Organization Act (25 ILCS 5/3.1) and the State Library Act (15 ILCS 320/21(a)). The Commission took appropriate corrective action during the current engagement period to correct the noncompliance identified. (Finding Code No. 2025-008, 2023-006)

RECOMMENDATION

We recommend the Commission:

- ensure all reports submitted to the BEP Council include all statutorily required components, including the names of certified firms identified in utilization plans;
- implement procedures to document and retain evidence of all required information provided to the BEP Council;
- establish and implement formal procedures to ensure monthly reports are submitted to the Comptroller in accordance with statutory requirements and SAMS deadlines;
- ensure waivers are obtained and documented when no liabilities exist;
- implement a monitoring process to ensure ongoing compliance with statutory reporting requirements; and
- assign responsibility for review and approval of required reports prior to submission.

COMMISSION RESPONSE

The Commission accepts the finding and recommendation. The Commission has a monthly reminder established to ensure the Debt Transparency Report is submitted to the Comptroller timely and in accordance with the statute. The Commission has reviewed the statute related to the BEP Act (30 ILCS 575/8g) and has updated the reporting template to capture the names of the certified firms identified in utilization plans.

Schedule of Findings – Prior Finding Not Repeated

A. **<u>FINDING</u>** (Failure to Submit State Employment Plan Surveys)

During the previous examination, the Commission on Equity and Inclusion (Commission) did not submit required Employment Plan survey information to the Department of Central Management Services (CMS) and the Department of Human Rights (DHR) for Fiscal Year 2022.

During the current examination, our testing indicated the Commission submitted the required Employment Plan survey information to CMS and DHR. (Finding Code No. 2023-003)