



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS LIQUOR CONTROL COMMISSION

State Compliance Examination
 For the Two Years Ended June 30, 2025

Release Date: April 14, 2026

FINDINGS THIS AUDIT: 12				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	2	2	2023		11,12	
Category 2:	2	8	10	2021	1,2	3,4,5,8,9,10	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	2	10	12				
FINDINGS LAST AUDIT: 12							

SYNOPSIS

- **(25-01)** The Illinois Liquor Control Commission (Commission) did not maintain adequate controls over receipts.
- **(25-02)** The Commission did not maintain adequate controls over monthly reconciliations between its internal records and the Office of Comptroller reports and its locally-held fund's bank statements.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

INADEQUATE CONTROLS OVER RECEIPTS

The Illinois Liquor Control Commission (Commission) did not maintain adequate controls over receipts.

Irreconcilable differences of \$523,259 and \$245,006 receipt records for FY24 and FY25, respectively

According to Commission records, the Commission collected total revenues of \$20,061,314 and \$20,071,559 which were deposited into the General Revenue Fund (Fund 001) and the Dram Shop Fund (Fund 821) during Fiscal Years 2024 and 2025, respectively. However, as discussed in Finding 2025-002, we noted irreconcilable differences of \$523,259 and \$245,006 between the Commission's receipt records and the Office of Comptroller's Monthly Revenue Status Report (SB04) reports as of June 30, 2024 and June 30, 2025, respectively.

Due to these conditions, we were unable to conclude whether the Commission's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36) to test the Commission's receipts.

Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed testing.

During our testing of the Agency Fee Imposition Reports, we noted the following:

Liquor license fees were understated by \$7,514,230 on the FY24 Agency Fee Imposition Report

- For the Fiscal Year 2024 Agency Fee Imposition Report, the liquor licenses fees reported under the General Revenue Fund were understated by \$7,514,230. For one of the fees under the Dram Shop Fund, we also noted the Commission did not indicate the statutory citation from the Illinois Compiled Statutes that provides them the authority to charge such a fee.

Fees were not identified and separately reported in the FY25 Agency Fee Imposition Report

- For the Fiscal Year 2025 Agency Fee Imposition Report, the funds into which the fees are deposited were not accurately reported. As of June 30, 2025, deposits to the Dram Shop Fund of \$10,838,757 and General Revenue Fund of \$9,477,808 per SB04 report were not identified and separately reported in the Agency Fee Imposition Report. In addition, the total collections reported in the Agency Fee Imposition Report were overstated by \$3,849,890.

In addition, during our testing of 60 non-sufficient fund (NSF) transactions, we noted the following:

Commission did not cancel or revoke licenses for NSF transactions

- For six (10%) NSF transactions tested, the Commission did not receive alternative payment, but the related license was not cancelled or revoked.
- For two (3%) NSF transactions, the Commission was unable to provide supporting documentation of the alternative payment received by the Commission. (Finding 1, pages 11-13) **This finding has been reported since 2021.**

We recommended the Commission establish adequate controls over the receipts process to ensure proper documentation of receipts transactions are maintained and properly reconciled to the Comptroller's records, and statutorily required reports are completed accurately as required by State laws. We also recommended the Commission implement adequate controls to ensure receipt of alternative payments for NSF transactions and adequate documentation is properly maintained.

Commission agreed

The Commission agreed with the recommendation and outlined a corrective action plan.

INADEQUATE CONTROLS OVER MONTHLY RECONCILIATIONS

The Illinois Liquor Control Commission (Commission) did not maintain adequate controls over monthly reconciliations between its internal records and the Office of Comptroller reports and its locally-held fund's bank statements.

The Commission collected total revenues of \$20,061,314 and \$20,071,559 which were deposited into two funds in Fiscal Years 2024 and 2025, respectively. In addition, the Commission maintained a locally-held fund with a balance of \$17,663 and \$3,517 as of June 30, 2024 and June 30, 2025, respectively.

During testing of the Commission's monthly reconciliations, we noted the following:

- There were unreconciled differences of \$523,259 and \$245,006 between the Commission's records and the Office of Comptroller's Monthly Revenue Status Report (SB04) as of June 30, 2024 and June 30, 2025, respectively.
- There were differences of \$3,063 and \$11,059 between the Commission's Report of Receipts and Disbursements for Locally Held Funds (Form C-17)

Differences of \$3,063 and \$11,059 between the Commission's C-17 and the locally-held fund bank statements for FY24 and FY25, respectively

and the locally-held fund bank statements as of June 30, 2024 and June 30, 2025, respectively.

Reconciliations were performed 3 to 31 days late.

- Three of five (60%) monthly reconciliations tested of the Commission's records to locally-held fund bank statements were performed 3 to 31 days late. (Finding 2, page 14-15) **This finding has been reported since 2021.**

We recommended the Commission implement controls to ensure all required monthly reconciliations are timely and accurately performed, documented, and reviewed.

Commission agreed

The Commission agreed with the recommendation and outlined a corrective action plan.

OTHER FINDINGS

The remaining findings pertain to inadequate controls over personal services, state vehicles, reporting requirements, State property; review of user access rights and GenTax Access; noncompliance with the Liquor Control Act; weaknesses in cybersecurity and disaster recovery planning; and lack of adequate controls over the review of internal controls over service providers. We will review the Commission's progress towards the implementation of our recommendations in our next State compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the Commission for the two years ended June 30, 2025, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2025-001 and Finding 2025-002. Except for the noncompliance described in these findings, the accountants stated the Commission complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Adelfia LLC.

SIGNED ORIGINAL ON FILE

COURTNEY DZIERWA
Division Director

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

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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