

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
STATE COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2024

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

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**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

BOARD OFFICIALS

Executive Director	Mr. Matthew von Behren
Deputy Director	Ms. Jessica Molloy

BOARD OFFICER

Chair of the Board	Ms. Jaemie Neely
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GOVERNING BOARD MEMBERS

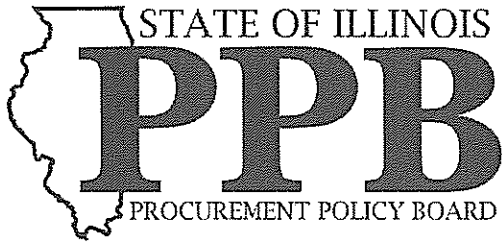
Member (11/20/22 – Present)	Mr. Ron Anderson
Member (11/16/22 – 11/19/22)	Vacant
Member (04/29/98 – 11/15/22)*	Mr. Ed Bedore
Member (08/13/24 – Present)	Mr. Bob Grogan
Member (08/20/03 – 08/13/24)*	Mr. Ricardo Morales
Member*	Mr. Larry Ivory
Member (11/09/23 – Present)	Vacant
Member (01/09/12 – 11/09/23)*	Mr. Bill Black

*Serving an expired term.

BOARD OFFICE

The Procurement Policy Board's administrative office is located at:

607 East Adams, Suite 1520
Springfield, Illinois 62701



Chairman: Jaemie Neely

Members: Larry Ivory, Ron Anderson, Bob Grogan, Aaron Carter

MANAGEMENT ASSERTION LETTER

October 21, 2025

Honorable Frank J. Mautino
Auditor General
State of Illinois
400 West Monroe, Suite 306
Springfield, Illinois 62704

Auditor General Mautino:

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, Procurement Policy Board (Board). 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 Board'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 Board has materially complied with the specified requirements listed below.

- A. The Board 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 Board 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 Board 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 Procurement Policy Board~~

SIGNED ORIGINAL ON FILE

~~Matthew Von Behren, Executive Director~~

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

STATE COMPLIANCE REPORT

SUMMARY

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

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	6	8
Repeated Findings	5	3
Prior Recommendations Implemented or Not Repeated	3	0

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	8	2022/2018	Inadequate Controls over Voucher Processing	Material Weakness and Material Noncompliance
2024-002	11	2022/2022	Inadequate Controls over State Property	Material Weakness and Material Noncompliance
2024-003	13	New	Inadequate Controls over Personal Services	Material Weakness and Material Noncompliance
2024-004	16	2022/2022	Inadequate Controls over Cybersecurity	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
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SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-005	18	2022/2020	Inadequate Controls over Reporting Requirements	Significant Deficiency and Noncompliance
2024-006	23	2022/2022	Inadequate Controls over Census Data	Significant Deficiency and Noncompliance

Prior Findings Not Repeated

A	25	2022/2022	Inadequate Controls over Population of Alleged Conflicts of Interest and Procurement Code Violation Reports
B	25	2022/2020	Noncompliance with Board Requirements
C	25	2022/2022	Procedural Deficiencies

EXIT CONFERENCE

The Board waived an exit conference in a correspondence from Matthew von Behren, Executive Director, on October 14, 2025. The responses to the recommendations were provided by Matthew von Behren, Executive Director, in a correspondence dated October 21, 2025.

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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

INDEPENDENT ACCOUNTANT'S REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Procurement Policy Board

Report on State Compliance

We have examined compliance by the State of Illinois, Procurement Policy Board (Board) 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 Board is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Board 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 Board 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 Board 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 Board complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Board 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 legal determination on the Board's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Board during the two years ending June 30, 2024. As described in the accompanying Schedule of Findings as items 2024-001 through 2024-003, the Board 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 Board 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 2024-004 through 2024-006.

The Board's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Board'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 Board 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 Board's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Board's compliance with the specified requirements and to test and report on the Board's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Board's

internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 a significant deficiency.

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 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 through 2024-003 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 2024-004 through 2024-006 to be significant deficiencies.

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

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

COURTNEY DZIERWA, CPA, CISA, CIA
Director of Financial and Compliance Audits

Springfield, Illinois
October 21, 2025

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-001. **FINDING** (Inadequate Controls over Voucher Processing)

The Procurement Policy Board's (Board) internal controls over its voucher processing function were not operating effectively during the examination period.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), we were able to limit our voucher testing at the Board to determine whether certain key attributes were properly entered by the Board's staff into the ERP. In order to determine the operating effectiveness of the Board'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 State's ERP 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.

Our testing noted 21 of 140 (15%) attributes and 2 of 160 (1%) vouchers were not properly entered into the ERP. Therefore, the Board's internal controls over voucher processing **were not operating effectively**.

The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) requires the Board to, after receipt of goods or services, verify the goods or services received met the stated specifications and prepare a voucher for submission to the Comptroller's Office to pay the vendor, including providing vendor information, the amount expended, and object(s) of expenditure.

Further, the Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.30) requires the Board to maintain records which reflect the date goods were received and accepted, the date services were rendered, and the proper bill date.

Finally, the Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance expenditures are properly recorded and accounted for to maintain accountability over the State's resources.

Due to this condition, we qualified our opinion because we determined the Board had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-001. **FINDING** (Inadequate Controls over Voucher Processing) – Continued

Even given the limitations noted above, we conducted an analysis of the Board's expenditure data for Fiscal Year 2023 and Fiscal Year 2024 and noted the following noncompliance:

- The Board did not timely approve 27 of 160 (17%) vouchers processed during the examination period, totaling \$46,182. The vouchers were approved between 31 and 85 days after receipt of a proper bill or other obligating document.

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

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

- For 8 of 35 (23%) vouchers tested, totaling \$1,219, the Board did not utilize the correct detail expenditure (object) codes.

The SAMS (Procedure 11.10.60) requires the Board, when preparing documentation for the Office of Comptroller to pay an invoice, to determine which detail expenditure (object) code to use so that the Office of Comptroller can report expenditure information at a refined level.

Board management indicated the problems noted above were due to employee errors and stated the Office of Comptroller indicated the Board should use this specific object code.

Failure to properly enter the key attributes into the State's ERP when processing a voucher for payment hinders the reliability and usefulness of data extracted from the ERP, which can result in improper interest calculations and expenditures. Further, failure to timely process proper bills and obligations due may result in noncompliance, unnecessary interest charges, and cash flow challenges for payees. Lastly, improper use of object codes limits the Comptroller's ability to accurately report the State's expenditure information at a refined level and represents noncompliance with SAMS. (Finding Code No. 2024-001, 2022-001, 2020-001, 2018-001)

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-001. **FINDING** (Inadequate Controls over Voucher Processing) – Continued

RECOMMENDATION

We recommend the Board design and maintain internal controls to provide assurance its data entry of key attributes into the ERP system is complete and accurate. Further, we recommend the Board timely approve proper bills and obligations due and utilize appropriate detail expenditure (object) codes.

BOARD RESPONSE

The Board agrees with the finding and will begin to design and maintain internal controls to accomplish the recommendations.

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-002. **FINDING** (Inadequate Controls over State Property)

The Procurement Policy Board (Board) did not exercise adequate controls over the recording and reporting of State Property.

During testing, we noted the following:

- The Board utilizes three property tracking systems, one in the Enterprise Resource Planning System (ERP), one in an Excel sheet, and one in an Access database. The Board failed to maintain consistency among the three listings, leading to missing items and combined assets that resulted in different asset counts. Seven items were included in the Access database but not on the ERP listing. In addition, 15 items were combined on the ERP listing but separate in the Access database.
- The Board included six items on their property listing that were not property of the Board, causing an overstatement of Board assets totaling \$4,042.
- The Board included a lost item, totaling \$114, on its annual certifications of inventory filed with the Department of Central Management Services (CMS) during Fiscal Year 2023 and Fiscal Year 2024.
- Five items, totaling \$1,217, classified as high theft according to the Board's High Theft Policy were not reported on the quarterly Agency Report of State Property.
- We were unable to determine which items were deleted during the period for deletions testing. The Board's third quarter C-15 Form for Fiscal Year 2023 indicated \$3,546 of inventory was deleted. The Board was not able to provide support to show which items were deleted.
- One of 12 (8%) items selected for list to floor testing, totaling \$100, could not be located.
- Nineteen obsolete or unused equipment items, totaling \$7,479, had not been transferred to CMS.

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

The State Records Act (5 ILCS 160/8) states that the head of each agency shall cause to be made and preserved records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-002. **FINDING** (Inadequate Controls over State Property) – Continued

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 Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.220) requires equipment that is subject to theft must be reported to Central Management Services (CMS) by the holding agency.

The Code (44 Ill. Admin. Code 5010.620) requires the Board to regularly survey its inventory to identify transferable equipment and report it to CMS.

The Statewide Accounting Management System (SAMS) (Procedure 29.10.10) requires all assets that are obsolete, damaged or no longer used in operations to be identified and, if necessary, removed from the Board's asset records.

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

Board management indicated the above issues were the result of management oversight and employee error.

Internal control deficiencies over property reporting and recordkeeping diminish the accurate reporting and reliability of State asset information, increases the potential for theft or misappropriation of assets, and represents noncompliance with State regulations. (Finding Code No. 2024-002, 2022-002)

RECOMMENDATION

We recommend the Board strengthen its internal controls over State property by regularly reviewing the Board's property listing, including recent equipment transactions, to ensure it is complete and accurate.

BOARD RESPONSE

The Board agrees with the finding and will begin to strengthen its internal controls over State property.

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-003. **FINDING** (Inadequate Controls over Personal Services)

The Procurement Policy Board (Board) did not exercise adequate controls over its personal services.

During our testing of Statements of Economic Interests (Statements), we noted the following:

- The Board did not certify one name and mailing address of a person required to file a Statement with the Secretary of State on or before February 1 during Fiscal Year 2023.

The Illinois Governmental Ethics Act (5 ILCS 420/4A-106) requires that on or before February 1 annually, the Board's Chief Administrative Officer shall certify to the Secretary of State the names and mailing addresses of those persons required to file Statements.

- One employee did not file a Statement in Fiscal Year 2023 and Fiscal Year 2024.

The Illinois Governmental Ethics Act (5 ILCS 420/4A-105) states by May 1 of each year a statement must be filed by each person whose position at that time subjects him to the filing requirements of Section 4A-101 or 4A-101.5 unless he has already filed a statement in relation to the same unit of government in that calendar year.

During our testing of payroll recalculations for two employees, we noted the following:

- The Board withheld federal income taxes at an incorrect rate for one of two (50%) employees tested based upon the employee's Federal W-4 Withholding Certification, resulting in an underpayment of \$21 from the employee's pay.

The Internal Revenue Service Publication 15 (Circular E), Employer's Tax Guide, requires employers to withhold federal income tax from each wage payment or supplemental unemployment compensation plan benefit payment according to the employee's Form W-4 and the correct withholding table.

During our testing of two employees, we noted the following:

- For one of four (25%) trainings tested, the employee did not complete their ethics training for Calendar Year 2023.

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-003. **FINDING** (Inadequate Controls over Personal Services) – Continued

The State Officials and Employees Ethics Act (5 ILCS 430/5-10 (a)) states that each officer, member, and employee must complete, at least annually, an ethics training program conducted by the appropriate State agency.

- For one of four (25%) trainings tested, the employee did not complete their harassment and discrimination prevention training for Calendar Year 2023.

The State Officials and Employees Ethics Act (5 ILCS 430/5-10.5 (a-5)) states that each officer, member, and employee must complete, at least annually, a harassment and discrimination prevention training program.

- For one of four (25%) trainings tested, the employee did not complete their cybersecurity training for Calendar Year 2023.

The Data Security on State Computers Act (20 ILCS 450/25) states every employee shall annually undergo training by the Department of Innovation and Technology concerning cybersecurity.

- Fifteen of 38 (39%) time sheets tested were not submitted timely ranging from 3 to 18 days late.

The Board's Policy Manual states that on a weekly basis, each employee is required to submit the previous week's daily timekeeping entries to their supervisor for approval.

- For 7 of 36 (19%) leave slips tested, the employees did not submit leave slips for use of vacation time in advance of when it was used. The leave slips were submitted one to seven days late.

The Board's Policy Manual states an employee shall request the use of vacation time in advance of the date(s) it is planned to be used.

Board management indicated that the issues noted were due to employee error.

Failure to establish and maintain adequate fiscal and administrative controls over personal services represents noncompliance with laws, rules, and regulations, and could:

- Result in inaccurate information being utilized by other State agencies and prevent all required Office employees from filing their Statements;

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-003. **FINDING** (Inadequate Controls over Personal Services) – Continued

- Prevent employees from recognizing instances of ethical dilemma, harassment or discrimination and understanding their rights and responsibilities under the State Officials and Employees Ethics Act;
- Prevent employees from recognizing potential threats to security requirements associated with confidential and sensitive information; and,
- Increase the risk of the Board paying for services not rendered by employees.
(Finding Code No. 2024-003)

RECOMMENDATION

We recommend the Board ensure:

- Certifications of individuals required to file a Statement are appropriately submitted to the Secretary of State and Statements are filed;
- Federal income tax withholdings are accurate;
- Compliance with annual trainings;
- Time sheets are submitted timely; and,
- Leave slips are submitted in accordance with Board policy.

BOARD RESPONSE

The Board agrees with the finding and will ensure all recommendations are completed.

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-004. **FINDING** (Inadequate Controls over Cybersecurity)

The Procurement Policy Board (Board) did not maintain adequate internal controls related to cybersecurity programs and practices.

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 testing of the Board’s cybersecurity programs and practices, we noted the Board:

- Had not developed a formal, comprehensive, adequate, and communicated security program (policies, procedures, and processes as well as clearly defined responsibilities over the security of computer programs and data) to manage and monitor the regulatory, legal, environmental, and operational requirements.
- Was unable to provide supporting documentation for the following which prevented further testing:
 - Risk assessments,
 - Listing of overall risks and vulnerabilities,
 - Records of backup of systems and software, and
 - Written contingency or recovery plans.
- Had not developed formal access provisioning procedures.
- Had not conducted routine reviews on its Governance, Risk and Compliance (GRC) user accounts and, as a result, failed to revoke inappropriate GRC access from five users for Enterprise Resource Planning (ERP).

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 Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board 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

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-004. **FINDING** (Inadequate Controls over Cybersecurity) – Continued

against waste, loss, unauthorized use, and misappropriation and maintain accountability over the State’s resources.

Board officials indicated the issues noted were due to error. Additionally, Board officials indicated they have historically relied on the Department of Innovation and Technology for cybersecurity controls.

The lack of adequate cybersecurity programs and practices could result in unidentified risks and vulnerabilities and ultimately lead to the Board’s confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2024-004, 2022-004)

RECOMMENDATION

We recommend the Board establish adequate cybersecurity programs and practices to minimize the possibility of the Board’s confidential and personal information becoming subject to cyber-attacks and unauthorized disclosure. Specifically, we recommend the Board perform a comprehensive risk assessment, develop a formal program and communicate it with staff, maintain records of backup of systems and software, write a contingency or recovery plan, develop formal access provisioning procedures, and conduct routine reviews of user accounts.

BOARD RESPONSE

The Board agrees with the finding and will establish adequate cybersecurity programs and practices.

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-005. **FINDING** (Inadequate Controls over Reporting Requirements)

The Procurement Policy Board (Board) did not exercise adequate control over its external reporting.

During our testing of the Board’s Agency Workforce Reports, we noted the following:

- The Board failed to provide copies of its Fiscal Year 2022 Agency Workforce Report to the Secretary of State timely. The Agency Workforce Report was submitted nine days late.

The State Employment Records Act (5 ILCS 410/20) requires the Board to file an annual Agency Workforce Report with the Office of the Secretary of State by January 1.

- Inaccurate information was included on the Fiscal Year 2022 and Fiscal Year 2023 Agency Workforce Reports. The Agency Workforce Reports included inaccurate classifications of the Board’s total employees.

The State Employment Records Act (5 ILCS 410/5(c)) requires the Board to prepare a report to provide State officials, administrators and the people of the State with information to help guide efforts to achieve a more diversified State workforce. The total number of persons employed within the State work force shall be tabulated in a comprehensive manner to provide meaningful review of the number and percentage of minorities, women, and persons with physical disabilities employed as part of the State work force.

During our testing of the Board’s annual reports and Renewal and Extension Reports, we noted the following:

- The Board failed to make and deliver annual reports to the Governor for Fiscal Year 2023 and Fiscal Year 2024.

The State Finance Act (30 ILCS 105/3) requires the Board, no later than January 7 of each year, to make and deliver an annual report with its acts and doings to the Governor for the previous fiscal year.

- The Board failed to retain sufficient documentation to substantiate the date the Board filed a copy of its Fiscal Year 2022 and Fiscal Year 2023 Renewal and Extension Report with the General Assembly. Therefore, we were unable to determine if the Board filed the Renewal and Extension Report timely.

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-005. **FINDING** (Inadequate Controls over Reporting Requirements) - Continued

The Procurement Code (30 ILCS 500/20-60(c)) requires the Board to file a report with the General Assembly by August 1 each year identifying for the previous fiscal year (i) the proposed extensions or renewals that were filed and whether such extensions and renewals were objected to and (ii) the contracts exempt from this subsection of the Procurement Code.

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

- The Board was unable to substantiate its annual reports and Renewal and Extension Reports were published on its website.

The General Assembly Organization Act (25 ILCS 5/3.1) requires the Board post all reports delivered to the General Assembly for a reasonable amount of time on the Board's website.

During our testing of the Board's Public Accountability Reports (PAR), we noted the following:

- The Board failed to provide support of their submission of the Fiscal Year 2023 Program and Indicator Worksheet (Worksheet) to the Office of Comptroller.

The Statewide Accounting Management System (SAMS) (Procedure 33.20.20) requires the Board to submit the Worksheet to the Comptroller by September 15 of each year.

- The Board did not provide proof of their submission of the Fiscal Year 2022 and Fiscal Year 2023 final Service Efforts and Accomplishments (SEA) data.

The SAMS (Procedure 33.20.20) requires the Board to submit final SEA data to the IOC using the PAR Portal on the IOC's website by December 15th.

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2024-005. **FINDING** (Inadequate Controls over Reporting Requirements) - Continued

- The Board inaccurately reported information within the Fiscal Year 2022 PAR and Fiscal Year 2023 PAR. Inaccurate reporting measurements included the number of Board meetings held.
- The Board was unable to provide supporting documentation for measurements reported on the Fiscal Year 2022 PAR and Fiscal Year 2023 PAR. These measurements included the number of proposed contracts and leases, value of proposed contracts reviewed statewide (in billions), number of state employees receiving National Institute of Governmental Purchasing (NIGP) training annually, number of training classes provided by the NIGP annually, percentage of contracts reviewed within 14 days, and the average number of days from agency submission of a proposed contract to Board action.

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

The FCIAA (30 ILCS 10/3001) requires the Board 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.

The SAMS (Procedure 33.20.20) provides reporting instructions for the PAR. SAMS states agencies should be able to substantiate their reports by maintaining adequate and appropriate documentation to support their mission statements, goals, objectives, and performance measures. SAMS states this would include such elements as statutory or other authoritative sources for programs, mission statements, goals and objectives, definitions of performance indicators and data, the data collection and reporting process, the data storage and retrieval environment, etc.

During our testing of reporting requirements to the State Library, we noted the following:

- The Board failed to substantiate its annual reports and Renewal and Extension

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2024-005. **FINDING** (Inadequate Controls over Reporting Requirements) - Continued

Reports were distributed to the State Government Report Distribution Center at the State Library.

The State Library Act (15 ILCS 320/7(t)) requires the Board to furnish copies of its reports to the General Assembly and to the State Government Report Distribution Center at the State Library.

- The Board did not provide and deposit with the State Library copies of all publications issued by the Board, including electronic publications, for its collection and exchange purposes during the examination period. This includes the annual reports and the Renewal and Extension Reports.

The State Library Act (15 ILCS 320/21(a)) requires the Board to provide and deposit with the Illinois State Library sufficient copies of all publications issued for its collection and for exchange purposes.

- The Board did not inform the State Library of the person, or persons, responsible for publications of the Board during Fiscal Year 2023 and Fiscal Year 2024.

The Illinois Administrative Code (23 Ill. Admin. Code 3020.150) requires the Board, by July 15 of each year, and two weeks after any changes, to inform the Government Documents Section in writing of the person, persons, or positions responsible for distribution of publications of the Board.

Board management indicated that the issues noted were due to employee error.

Failure to submit statutorily required reports in a timely manner, or at all, and to update required Board information prevents the appropriate oversight authorities from receiving relevant feedback for monitoring of programs and can have an effect on future decisions. In addition, failure to submit accurate reports reduces the reliability of State data. (Finding Code No. 2024-005, 2022-005, 2020-003)

RECOMMENDATION

We recommend the Board strengthen its controls to ensure required reports are prepared, completed accurately and timely, properly supported, and submitted to the appropriate entities.

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-005. **FINDING** (Inadequate Controls over Reporting Requirements) - Continued

BOARD RESPONSE

The Board agrees with the finding and will strengthen its controls to ensure required reports are prepared, completed accurately and timely, properly supported, and submitted to the appropriate entities.

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
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2024-006. **FINDING** (Inadequate Controls over Census Data)

The Procurement Policy Board (Board) did not timely complete census data reconciliations to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plan was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the Board's employees are members of both the State Employees' Retirement System of Illinois (SERS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Finally, we noted CMS' actuaries use SERS' census data records to prepare the OPEB actuarial valuation.

During testing, we noted the Board did not provide the support for the Fiscal Year 2022 and Fiscal Year 2023 census reconciliations; therefore, we were unable to reconcile the census data and unable to verify the submission to the SERS.

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. 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

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2024-006. **FINDING** (Inadequate Controls over Census Data) - Continued

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 Records Act (5 ILCS 160/8) requires the Board to make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Board's activities.

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

The Illinois State Auditing Act (Act) (30 ILCS 5/3-12) requires each State agency and their officers and employees to promptly comply with, and aid and assist the Auditor General. In addition, the Act requires each State agency, at the request of the Auditor General, to make available to the Auditor General without delay any record or information requested.

Board management indicated the census data was not provided due to employee error.

Failure to timely reconcile active members' census data reported to and held by SERS to the Board's records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the State's pension and OPEB balances, which may result in a misstatement of these amounts. (Finding Code No. 2024-006, 2022-008)

RECOMMENDATION

We recommend the Board timely complete and maintain support for the SERS annual reconciliation process of its active members' census data from its underlying records to a report of the census data submitted to each plan's actuary.

BOARD RESPONSE

The Board agrees with the finding and will timely complete and maintain support for the SERS annual reconciliation.

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2024**

A. **FINDING** (Inadequate Controls over Population of Alleged Conflicts of Interest and Procurement Code Violation Reports)

During the prior examination, the Procurement Policy Board (Board) did not exercise adequate internal controls over its alleged conflicts of interest or Procurement Code violation reports received during the examination period.

During the current examination, our testing indicated the Board provided a complete and accurate population of alleged conflicts of interest or Code violation reports received during the examination period. (Finding Code No. 2022-003)

B. **FINDING** (Noncompliance with Board Requirements)

During the prior examination, the Board was not seated in accordance with the requirements set forth in the Illinois Procurement Code. Specifically, the Board had two of five Board members serving on expired terms.

During the current examination, this noncompliance remained but the Board provided support of their attempts to work with the appropriate parties to replace or renew these expired terms. (Finding Code No. 2022-006, 2020-002)

C. **FINDING** (Procedural Deficiencies)

During the prior examination, the Board did not comply with certain procedural requirements established by State laws and regulations.

During the current examination, our testing indicated that the Board had adequate controls over these procedural requirements. (Finding Code No. 2022-007)