



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF REVENUE

State Compliance Examination
 For the Two Years Ended June 30, 2024

Release Date: April 23, 2026

FINDINGS THIS AUDIT: 9				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:	1	2	3	2022	24-02	24-04, 24-07, 24-08	
Category 2:	0	6	6	2020		24-09	
Category 3:	0	0	0	2018	24-03	24-06	
TOTAL	1	8	9	2007		24-05	
FINDINGS LAST AUDIT: 18							

SYNOPSIS

- **(24-03)** The Department of Revenue (Department) was unable to provide adequate records substantiating the completeness of populations for one or more laws, regulations, or other requirements.
- **(24-07)** The Department did not have adequate internal controls in place over access to restricted areas.

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**

COMPLETE POPULATIONS NOT PROVIDED

The Department of Revenue (Department) was unable to provide adequate records substantiating the completeness of populations for one or more laws, regulations, or other requirements.

During our examination, we noted the following:

Population for commodities could not be substantiated

- While testing compliance with commodities, we requested the Department’s commodities year-end balances (quantity) for Fiscal Years 2023 and 2024. To determine completeness of the listings, we recalculated ending balances based on the supporting documents. The recalculation for Fiscal Year 2023 resulted in 38,468 less commodity items than the ending balance provided by the Department. This also resulted in an incorrect beginning balance for Fiscal Year 2024. The recalculation for Fiscal Year 2024 resulted in 74,971 more commodity items than the ending balance provided by the Department. As a result, we are unable to determine if there were other items which should have been included in the commodity balances which we may be unaware.

Support for Agency Workforce Reports was not complete and accurate

- While testing compliance with Agency Workforce Reports, the supporting documentation to support Fiscal Years 2022 and 2023 Reports, filed in Fiscal Years 2023 and 2024, respectively, were not complete and accurate. Specifically, the number of employees in the support provided does not reconcile with the agency reports both in total and per breakdown.

Population for personal services could not be substantiated

- While testing compliance with personal services, we requested the Department’s employee populations for employees who were hired, employees who had separated employment from the Department, and active employees as of the last payroll period for Fiscal Years 2023 and 2024. While reviewing the lists, the following exceptions were noted:
 - 6 employees who separated during Fiscal Year 2023 were improperly excluded from the termination listing.
 - 2 employees were not included on the active list for Fiscal Year 2023.
 - 5 employees were improperly excluded from the new hires listing for Fiscal Year 2023.
 - 1 employee was improperly excluded from the new hires listing for Fiscal Year 2024.

- 12 employees who separated during Fiscal Year 2024, were improperly excluded from the termination listing.
- 6 employees were included on the termination listing for Fiscal Year 2023 but were not listed on the Fiscal Year 2022 active listing or the Fiscal Year 2023 new hire testing.
- 1 employee was improperly included in the termination listing for Fiscal Year 2024.
- Using reports provided by the Department, we were unable to reconcile the total population for employees.

Population for telecommunications could not be substantiated

- While testing compliance for telecommunications, we requested the Department provide a population of active and returned cellular devices assigned to employees of the Departments as of June 30, 2023, and June 30, 2024. Upon examining the populations provided, we identified multiple inaccuracies with the populations provided related to removal dates. While reviewing the lists, the following was noted:
 - 11 phones were included on the Department listing that should not have been included in the removals population.
 - 21 phones were included on the Department listing that could not be concluded on whether the phones should have been included in the removals population or not.

Despite the population limitations above which hindered our ability to conclude whether the selected sample was representative of the population as a whole, we obtained the populations provided by the Department for each of the areas above, selected a sample, and tested for compliance. For the samples tested, we reported noncompliance in the following Findings 2024-005 for Exceptions in Testing Personnel and Finding 2024-008 Agency Workforce Reports. (Finding 3, pages 14-16). **This finding has been reported since 2018.**

We recommended the Department strengthen controls over the records maintained for each area in which a compliance requirement is present.

Department accepts recommendation

The Department accepted the recommendation and stated it will implement controls and processes to mitigate future exceptions related to those listed above. Further, the Department stated controls and processes will include clarifying information provided in populations with source document defining the reports' parameters and descriptors for our report data.

FAILURE TO DEMONSTRATE RESTRICTED ACCESS WAS ADEQUATELY MAINTAINED

The Department of Revenue (Department) did not have adequate internal controls in place over access to restricted areas.

Department could not provide sufficient evidence of appropriate access restrictions for employees

During the testing of restricted area access, the Department was unable to provide sufficient evidence demonstrating employees' restricted access was appropriate. Specifically, we noted the following:

- For 9 of 25 (36%) employees sampled for user access, the Department could not provide the completed ID-85 form documenting the employee's approval for access to the restricted area.
- For 14 of 22 (64%) employees sampled for user revocation, the Department could not provide the completed ID-85 form documenting the employee's request for user access revocation. (Finding 7, page 25)

We recommended the Department strengthen its internal controls over access to restricted areas.

Department accepted recommendation

The Department accepted the recommendation and stated it has updated its procedures to ensure the appropriate documentation is retained. In addition, the Department stated it has updated the form to include a section for revocation of access.

OTHER FINDINGS

The remaining findings pertain to an error in financial reporting for change in reporting entity, inadequate controls over access to GenTax, inadequate controls over contingency planning, exceptions in testing personnel, inadequate controls over processing and recording State property and equipment, inadequate controls over Agency Workforce Reports, and weaknesses in cybersecurity programs and practices. We will review the Department's progress towards the implementation of our recommendations in our next State compliance examination.

AUDITOR'S OPINIONS

The financial audit report was previously released. The auditors stated the financial statements of the Department of Revenue as of and for the year ended June 30, 2024 are fairly stated in all material respects.

The financial audit was conducted by RSM US LLP.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the Department of Revenue for the two years ended June 30, 2024, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2024-001 through 2024-003. Except for the noncompliance described in these findings, the accountants stated the Department complied, in all material respects, with the requirements described in the report

This State compliance examination was conducted by RSM US LLP.

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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