

**STATE OF ILLINOIS
SUPREME COURT HISTORIC PRESERVATION COMMISSION**

STATE COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2023

**STATE OF ILLINOIS
SUPREME COURT HISTORIC PRESERVATION COMMISSION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2023**

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STATE OF ILLINOIS
SUPREME COURT HISTORIC PRESERVATION COMMISSION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2023

COMMISSION OFFICIALS

Executive Director	John A. Lupton
Director of Administration	Matt Burns
Director of History Programs	Dr. Samuel Wheeler
Administrative Assistant	Virginia Geiger

COMMISSION OFFICERS

Chair of the Commission (Court appointment)	Joseph A. Power Jr.
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COMMISSION MEMBERS

Commissioner (Court appointment)	Hon. Vincent F. Cornelius
Commissioner (Senate President appointment)	Hon. Kirk W. Dillard
Commissioner (Senate President appointment)	John J. Rock (6/13/2022 – Present)
	Pauline Montgomery (7/1/2021 – 6/12/2022)
Commissioner (Governor appointment)	Dr. David M. Sokol
Commissioner (Governor appointment)	J. Martin Green (6/24/2022 – Present)
	Vacant (7/1/2021 – 6/23/2022)
Commissioner (Speaker appointment)	J. William Roberts
Commissioner (Speaker appointment)	Thomas Q. Keefe Jr. (3/22/2022 – Present)
	Vacant (7/1/2021-3/21/2022)
Commissioner (<i>ex officio</i>)	Marcia Meis, Director of AOIC

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COMMISSION OFFICE

The Supreme Court Historic Preservation
Commission's primary administrative offices
are located at 231 South Sixth Street,
Springfield, IL 62701

ILLINOIS SUPREME COURT HISTORIC PRESERVATION COMMISSION

231 South Sixth Street, Springfield, Illinois 62701 ♦ Tel: 217-670-0890 Fax: 217-670-0944

www.IllinoisCourtHistory.org

MANAGEMENT ASSERTION LETTER

March 12, 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 Supreme Court Historic Preservation Commission (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, 2023. Based on this evaluation, we assert that during the years ended June 30, 2022 and June 30, 2023, 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. 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.
- D. State revenues and receipts collected by the Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Yours truly,

State of Illinois, Supreme Court Historic Preservation Commission

SIGNED ORIGINAL ON FILE

John Lupton, Executive Director

SIGNED ORIGINAL ON FILE

Matthew Burns, Director of Administration



**STATE OF ILLINOIS
SUPREME COURT HISTORIC PRESERVATION COMMISSION
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STATE COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	2	2
Repeated Findings	1	1
Prior Recommendations Implemented or Not Repeated	1	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				
2023-001	9	New	Inadequate Controls over Personal Services	Material Weakness and Material Noncompliance
2023-002	14	2021/2021	Weaknesses Regarding Cybersecurity and the Security and Control of Confidential Information	Significant Deficiency and Noncompliance
Prior Finding Not Repeated				
A	17	2021/2019	Inadequate Controls over Revenues	

**STATE OF ILLINOIS
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EXIT CONFERENCE

The Commission waived an exit conference in a correspondence from John Lupton, Executive Director, on March 3, 2025. The responses to the recommendations were provided by John Lupton, Executive Director, in a correspondence dated March 12, 2025.

SPRINGFIELD OFFICE:
400 W. MONROE
SUITE 306 • 62704
PHONE: 217/782-6046 • FAX: 217/785-8222
TTY: 888/261-2887
FRAUD HOTLINE: 1-855-217-1895



CHICAGO OFFICE:
MICHAEL A. BILANDIC BLDG. • SUITE S-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006
FRAUD HOTLINE: 1-855-217-1895

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, *Supreme Court Historic Preservation Commission*

Report on State Compliance

We have examined compliance by the State of Illinois, Supreme Court Historic Preservation Commission (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, 2023. 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.
- D. State revenues and receipts collected by the Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

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 our 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, 2023. As described in the accompanying Schedule of Findings as item 2023-001, 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, 2023, 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 item 2023-002.

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 2023-001 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 item 2023-002 to be a significant deficiency.

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

COURTNEY DZIERWA, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
March 12, 2025

STATE OF ILLINOIS
SUPREME COURT HISTORIC PRESERVATION COMMISSION
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2023

2023-001. **FINDING** (Inadequate Controls over Personal Services)

The Supreme Court Historic Preservation Commission (Commission) did not maintain adequate controls over personal services.

During the testing of employees, auditors requested the Commission provide a list of individuals employed by the Commission during the examination period. When comparing the list provided to payroll records, we noted individuals on the payroll voucher that were not included on the list of employees provided by the Commission.

Due to this condition, 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 compliance with employee laws, rules, and regulations.

Even given the population limitations noted above which hindered our ability to conclude whether selected samples were representative of the population as a whole, we selected a sample of 3 employees and noted the following:

- The Commission did not maintain adequate control or have formal policies in place over personnel records and payroll to minimize the risk of payroll errors through miscommunication and/or lack of documentation, as described below:
 - Two (67%) employees tested did not have a designated personnel file. Commission officials stated the files were not maintained since the employees were not full time employees. As a result, auditors were unable to perform detail testing for payroll and salary adjustments.
 - For one (33%) employee tested, the Commission maintained a personnel file; however, the personnel file did not include adequate documentation regarding salary. Specifically, the file lacked documentation for salary adjustments as well as lacked several required documents needed to perform testing related to gross pay, pension contributions, pay grades, or pay steps.

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

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2023-001. **FINDING** (Inadequate Controls over Personal Services)

addition, good business practices require proper documentation of all salary amounts and changes there to be maintained.

- For two (67%) employees tested, the Commission did not award part-time employees earned personal, sick, or vacation time.

The Commission's *Employee Handbook* states part-time employee are to earn vacation on a prorated basis according to the vacation accrual schedule set forth in this policy, providing the employee is in pay status one-half of their regular work days in the month. It further states a part-time employee earns nominal sick days on a prorated basis according to the nominal sick leave earning schedule set forth in this policy, providing the employee is in pay status one-half of their regular work days in the month. Further, it states a part-time employee is allowed to receive and use extended sick leave benefits on a prorated basis according to the extended sick leave earning schedule set forth in this policy. Lastly, it states a part-time employee is awarded personal leave days on a prorated basis according to the personal leave schedule set forth in this policy.

- For one (33%) employee tested, the Commission was unable to provide supporting documentation for the Deferred Compensation Plan enrollment status. As a result, we were unable to determine if the employee was automatically enrolled in the State Employees Deferred Compensation Plan on the first day of the next pay period following the employee's 30th day of employment and/or if the employee elected within 90 days of enrollment to opt-out of the State Employees Deferred Compensation Plan and received a refund of any deferred amounts made prior to the election.

The Illinois Pension Code (40 ILCS 5/24-105.2) states an employee hired on or after July 1, 2020 and before January 1, 2024 shall have 30 days from the start date of employment to elect to not participate in the deferred compensation plan or to elect to increase or reduce the amount of pre-tax gross compensation deferred. An employee who has been automatically enrolled in the Plan may elect, within 90 days of enrollment, to withdraw from the Plan and receive a refund of amounts deferred, plus or minus any applicable earnings, investment fees, and administrative fees.

- Two (67%) employees did not complete an Employment Eligibility Verification Form (Form I-9) at the start of their employment as

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2023-001. **FINDING** (Inadequate Controls over Personal Services)

required. One Form I-9 was completed 294 days after the employee's start date while the other had not been completed at the end of our examination period, which was 851 days after the employee's start date.

The Immigration Reform and Control Act of 1986 (8 U.S. Code § 1324a) requires an entity hiring an individual for employment in the United States to attest, under penalty of perjury and on a form designated or established by the Attorney General by regulation, that it has verified the individual is not an unauthorized alien. Such attestation is required to be made by completing Form I-9. The United States Citizenship and Immigration Services (USCIS) instructions for Form I-9 requires Section 1 to be completed by the employee no later than the first day of employment. Section 2 is to be completed by the employer within three business days of the employees start date.

- While performing recalculations of payroll, we noted several errors. Because of the number of exceptions noted, we expanded testing to include all nine employees. During the expanded testing, we noted the following:
 - For three of nine (33%) employees tested, the Commission inappropriately classified employees as completing pre 2020 forms in the Central Payroll System. We verified the three employees had completed a post 2020 form. As a result, we were unable to recalculate the employee's Federal withholding.

The Internal Revenue Service Publication 15-T, 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. Further, the Office of Comptroller's Office Payroll Bulletins 5-22 stipulated the applicable withholding rates for the amounts to be withheld.

- For five of nine (56%) employees tested, the Commission did not compute employee payroll deductions correctly based on employee payroll documentation. We noted errors in the amount withheld for taxable life, health insurance, and State and Federal Taxes.

The Statewide Accounting Management System (SAMS) (Procedure 23.10.30) states the Commission is responsible for accurately completing payroll vouchers, including attesting to the accuracy of

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2023-001. **FINDING** (Inadequate Controls over Personal Services)

each employee's gross earning, deductions, net pay and other data reported on the payroll voucher.

- For one of nine (11%) employees tested, the Commission did not maintain the Federal W-4 Employee's Withholding Certificate form on file to support the withholding taxes during the period.

SAMS (Procedure 23.20.05) requires the Commission to have on file a properly completed Federal and State W-4 (Comptroller forms C-25) for all active employees. It also requires the Commission to maintain the last effective W-4 forms for terminated employees for a period of 4 1/2 years or as long as wages are owed.

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

- The Commission did not maintain supporting documentation for reported employees and their salaries for its Fiscal Year 2022 and 2023 Agency Workforce Reports. As a result, we are unable to determine if the reports filed were complete and accurate.

The State Employment Records Act (5 ILCS 410/20) 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 with the Secretary and the Governor by January 1 each year for the preceding fiscal year. Further, the State Records Act (5 ILCS 160/8) requires the Commission to make and preserve records containing adequate and proper documentation of the essential transactions of the Commission to protect both the legal and financial rights of the State and of persons directly affected by the Commission's activities.

Commission officials stated the issues noted above were due to employee error and an unfamiliarity with the laws and requirements.

Inadequate controls over personal services could lead to erroneous and improper payments and deductions in payroll. Failure to complete the Form I-9 timely could subject the State to unnecessary legal costs and penalties and represents noncompliance with the Immigration Reform and Control Act of 1986. In addition,

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2023-001. **FINDING** (Inadequate Controls over Personal Services)

failure to maintain documentation for Agency Workforce Reports reduces the reliability of the information reported and could lead to errors not being caught on a timely basis. (Finding Code No. 2023-001)

RECOMMENDATION

We recommend the Commission strengthen its internal controls over personal services to ensure proper documentation and personnel files are maintained correctly and reports are accurately filed.

COMMISSION RESPONSE

The Commission agrees with the finding. Since being alerted of these issues, the Commission has created files on part-time employees with proper documentation and began providing leave time to part-time employees. The Commission will review all personnel files for further compliance.

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2023-002. **FINDING** (Weaknesses Regarding Cybersecurity and the Security and Control of Confidential Information)

The Supreme Court Historic Preservation Commission (Commission) had not implemented adequate internal controls related to cybersecurity, programs, and control of confidential information. We noted the following:

- The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity program practices. During the examination of the Commission’s cybersecurity program, practices, and control of confidential information, we noted the Commission had not:
 - established and communicated policies, procedures and processes to manage and monitor the regulatory, legal, environmental and operational requirements;
 - established and documented cybersecurity roles and responsibilities;
 - performed a comprehensive risk assessment to identify and ensure adequate protection of information (i.e. confidential or personal information) most susceptible to attack;
 - classified data to establish the types of information most susceptible to attack to ensure adequate protection; and,
 - formalized procedures to identify and protect personal or confidential information, including notification procedures in the event of a breach of security.

The Framework of 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 (NIST) 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 Commission's Identity Protection Policy (Policy) does not fully comply with the Identity Protection Act (5 ILCS 179/35). Specifically, the Commission’s Policy does not require when the Commission collects a social security number or upon request by an individual, a statement of the purpose or purposes for which the Commission is collecting and using the social security number is provided.

STATE OF ILLINOIS
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2023-002. **FINDING** (Weaknesses Regarding Cybersecurity and the Security and Control of Confidential Information)

- The Commission had not established a comprehensive Disaster Recovery Plan for all aspects of its network environment.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the NIST, Personally Identifiable Information Processing and Transparency section, requires entities develop and document policies and procedures for the management of confidential, sensitive, or personally identifiable information. In addition, the *Contingency Planning Guide for Information Technology Systems* published by the NIST requires entities to have an updated and regularly tested disaster contingency plan to ensure the timely recovery of applications and data

- The Commission did not did not perform an independent internal control review of the System and Organization Control (SOC) reports for its service providers.

The *Maintenance and System and Service Acquisition* sections by the NIST requires entities outsourcing their IT environment or operations to obtain assurance over the entities internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and to maintain accountability over the State's resources.

Commission officials stated, as they did during the previous engagement, the issues noted above have not been addressed due to competing priorities.

Inadequate cybersecurity programs and practices could result in unidentified risks and vulnerabilities, which could ultimately lead to the Commission's confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. Without disaster recovery policies and procedures assessment, high risk areas may go undetected resulting in a breach of information or manipulation of information. In addition, there is a risk that Commission systems and information could be vulnerable to attacks or intrusions, and these attacks may not be detected in a timely manner. In addition, failure to properly plan for the future needs of the Commission's computing environment and failure to maintain records showing the

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2023-002. **FINDING** (Weaknesses Regarding Cybersecurity and the Security and Control of Confidential Information)

remediation of discovered vulnerabilities, could prevent the Commission from protecting their confidential and personal information from cyber-attacks and unauthorized disclosure. Lastly, without having obtained and reviewed SOC reports or another form of independent internal control review, the Commission does not have assurance the service providers' internal controls are adequate and operating effectively. (Finding Code No. 2023-002, 2021-002)

RECOMMENDATION

We recommend the Commission strengthen its internal controls over its information systems. Specifically, we recommend the Commission:

- establish and communicate the policies, procedures and processes to manage and monitor the regulatory, legal, environmental and operational requirements;
- establish and document cybersecurity roles and responsibilities;
- perform a comprehensive risk assessment to identify and ensure adequate protection of confidential or personal information most susceptible to attack;
- classify data to establish the types of information most susceptible to attack to ensure adequate protection;
- formalize procedures to identify and protect personal or confidential information, including notification procedures in the event of a breach of security;
- develop and approve an identity protection policy that complies with all aspects of the Identity Protection Act;
- establish and test a comprehensive Disaster Recovery Plan for all aspects of its network environment; and,
- perform independent internal control reviews of the System and Organization Control (SOC) reports for its service providers.

COMMISSION RESPONSE

The Commission agrees with the finding. The Commission staff has lacked the necessary time to devote to correcting this finding. The Commission will make this a priority to implement the Auditor General's recommendations.

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SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
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A. **FINDING** (Inadequate Controls over Revenues)

During the prior examination, the Supreme Court Historic Preservation Commission (Commission) did not maintain adequate controls over its receipt processing procedures and related fiscal records. Specifically, the Commission did not maintain an adequate segregation of duties over its receipt processing functions. One employee had the authority to perform all parts of the transaction cycle. In addition, the Commission filed its Fiscal Year 2021 *Agency Fee Imposition Report* late.

During the current examination, our sample testing indicated the Commission maintained an adequate segregation of duties and timely filed its *Agency Fee Imposition Report*. (Finding Code No. 2021-001, 2019-001)