



**STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2025**

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

**STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2025**

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**STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2025**

AGENCY OFFICIALS

Secretary of State	The Honorable Alexi Giannoulis
Chief of Staff (07/16/24 – Present)*	Ms. Hanah Jubeh
Deputy Secretary of State (07/01/23 – 07/15/24)	Ms. Hanah Jubeh
Deputy Secretary of State	Mr. Scott Burnham
Director of Internal Audit	Ms. Stell Mallios
General Counsel	Mr. Rob Gamrath
Inspector General	Mr. Paul Thompson
Director of Budget and Fiscal Management/Chief Fiscal Officer	Ms. Amanda Trimmer
Director of Accounting Revenue	Ms. Dana Homer

*New position effective July 16, 2024.

AGENCY OFFICES

The Agency's primary administrative offices are located at:

Howlett Building
501 S. 2nd St.
Springfield, Illinois 62756

Capitol Building
401 S. 2nd St. Room 213
Springfield, Illinois 62701

115 S. LaSalle St., Suite 300
Chicago, Illinois 60603



OFFICE OF THE SECRETARY OF STATE

ALEXI GIANNOULIAS ● Secretary of State

MANAGEMENT ASSERTION LETTER

April 14, 2026

Adelfia LLC
Certified Public Accountants
400 East Randolph Street, Suite 700
Chicago, Illinois 60601

Adelfia LLC:

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

- A. Other than what has been previously disclosed and reported in the Schedule of Findings, the Office 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. Other than what has been previously disclosed and reported in the Schedule of Findings, the Office 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 Office 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 Office 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.

E. Money or negotiable securities or similar assets handled by the Office on behalf of the State or held in trust by the Office have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, Office of the Secretary of State

SIGNED ORIGINAL ON FILE

Mr. Alexi Giannoulis, Secretary of State

SIGNED ORIGINAL ON FILE

Ms. Amanda Trimmer, Director of Budget and Fiscal Management/Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Mr. Rob Gamrath, General Counsel

**STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE
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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	13	12
Repeated Findings	7	8
Prior Recommendations Implemented or Not Repeated	5	7

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2025-001	10	2023/2019	Weakness Related to Property and Equipment	Material Weakness and Material Noncompliance
2025-002	13	New	Inadequate Internal Audit Function	Significant Deficiency and Noncompliance
2025-003	15	2023/2021	Noncompliance with Fiscal Control and Internal Auditing Act	Significant Deficiency and Noncompliance
2025-004	17	2023/2019	Inadequate Controls over the Review of Internal Controls over Service Providers	Significant Deficiency and Noncompliance

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<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2025-005	20	2023/2021	Inadequate Controls over User Access	Significant Deficiency and Noncompliance
2025-006	22	2023/2021	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2025-007	24	2023/2023	Inadequate Controls over Vehicle Administration	Significant Deficiency and Noncompliance
2025-008	26	2023/2023	Inadequate Controls over Stickers	Significant Deficiency and Noncompliance
2025-009	27	New	Inadequate Controls over Voucher Processing	Significant Deficiency and Noncompliance
2025-010	29	New	Inadequate Controls over Change Funds and Petty Cash Funds	Significant Deficiency and Noncompliance
2025-011	30	New	Performance Evaluations not Completed Timely	Significant Deficiency and Noncompliance
2025-012	32	New	Inadequate Controls over Employment Eligibility Verification Forms	Significant Deficiency and Noncompliance
2025-013	34	New	Inadequate Controls over Requests for Leave	Significant Deficiency and Noncompliance

Prior Findings Not Repeated

A	36	2023/2020	Inaccurate Census Data
B	36	2023/2023	Noncompliance with Business Corporation Act of 1983
C	36	2023/2023	Noncompliance with Vehicle Code
D	36	2023/2021	Computing Environment Weaknesses
E	37	2023/2013	Weaknesses with Payment Card Industry Data Security Standards

**STATE OF ILLINOIS
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EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Office personnel at an exit conference on March 31, 2026.

Attending were:

OFFICE OF THE SECRETARY OF STATE

Hanah Jubeh, Chief of Staff
Stell Mallios, Director of Internal Audit
Rob Gamrath, General Counsel
Dana Homer, Director of Accounting Revenue
Steve Roth, Director of Personnel
Brian Alexander, Director of Vehicle Services
Michael Standley, Director of Information Technology
William Lyons, Director of the Illinois Secretary of State Police
Amanda Trimmer, Director of Budget and Fiscal Management/Chief Fiscal Officer
Doug Barringer, GAAP Coordinator
James Butler, Deputy Director of Internal Audit
Gwendolyn Perry, Executive Assistant, Internal Audit
Chad Leonard, Deputy Director of Information Technology

OFFICE OF THE AUDITOR GENERAL

Stephanie Wildhaber, Senior Audit Manager

ADELFA LLC

Stella Santos, Managing Partner
Mavie Valera, Partner
Andrew Guerrero, Senior Manager
Gionelle Ceniza, IS Audit Manager
Paul John Orpilla, Senior
Ferdinand Isla II, IS Specialist

The responses to the recommendations were provided by Stell Mallios, Director of Internal Audit/Chief Internal Auditor, in a correspondence dated April 6, 2026.



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Office of the Secretary of State (Office) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2025. Management of the Office is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Office’s compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Office 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 Office 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 Office 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 Office 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.
- E. Money or negotiable securities or similar assets handled by the Office on behalf of the State or held in trust by the Office have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, 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 Office complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Office 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 Office's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Office during the two years ended June 30, 2025. As described in the accompanying Schedule of Findings as item 2025-001, the Office had not 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, and had not 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.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Office complied with the specified requirements during the two years ended June 30, 2025, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2025-002 through 2025-013.

The Office's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Office'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 Office 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 Office's internal control to determine the examination procedures that are

appropriate in the circumstances for the purpose of expressing our opinion on the Office's compliance with the specified requirements and to test and report on the Office's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office'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 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 deficiency described in the accompanying Schedule of Findings as item 2025-001 to be a material weakness.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2025-002 through 2025-013 to be significant deficiencies.

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

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

Chicago, Illinois
April 14, 2026

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Year Ended June 30, 2025

2025-001 **FINDING** (Weakness Related to Property and Equipment)

The Office of the Secretary of State (Office) did not demonstrate adequate control over property and equipment during the engagement period.

Recording and reporting weaknesses were identified during our detailed testing of the Office’s State property as follows:

- The Office was not able to reconcile the Form C-15 to the Office’s property listing for Fiscal Years 2024 and 2025. The unreconciled differences as of the end of Fiscal Year 2024 and Fiscal Year 2025 totaled \$19,634,760 and \$7,465,261, respectively.

The Statewide Accounting Management System (SAMS) Manual (Procedure 29.10.10) requires the Office to report State property information using Form C-15 on the summary level and to maintain supporting detailed records of State property.

Due to the condition identified above, we were unable to conclude whether the Office’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 Office’s controls over property and equipment.

Even given the population limitations noted above hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed the following tests:

- During our testing of 60 property additions, we noted the following:
 - Nine of 60 (15%) property additions tested, totaling \$136,424, were not added to Office property records timely, ranging from 10 to 204 days late. Items that were not added in a timely manner were vehicles, office equipment and IT equipment.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.320) provides vehicle additions, changes and deletions must be made to Office property systems within 30 days after the physical transaction. The Code (44 Ill. Admin. Code 5010.400) requires the Office to adjust property records within 90 days after acquisition, change or deletion of equipment items.

- Two of 60 (3%) property additions tested, totaling \$7,605, did not include the cost of freight to the total cost of the asset in the property records. The unrecorded freight cost totaled to \$371.

The SAMS Manual (Procedure 03.30.20) requires capital assets to be reported at historical cost and include ancillary costs to place the asset in service, such as the cost of freight.

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- During our property deletion testing, we noted one of 40 (3%) property deletions tested, amounting to \$15,330, was removed from the property records 5 days late. The item that was not removed in a timely manner was a vehicle.

The Code (44 Ill. Admin. Code 5010.320) provides vehicle additions, changes and deletions must be made to Office property systems within 30 days after the physical transaction.

- During our floor to list testing of Office equipment items, we noted two of 60 (3%) items tested, totaling \$353, were found in a different location than stated in the property records. The two items noted were computer monitors.

The Code (44 Ill. Admin. Code 5010.220) states the Office is responsible for establishing and maintaining internal control over the property.

- During our list to floor testing of Office equipment items, we noted one of 60 (2%) items selected for observation, amounting to \$3,612, was not identified and removed from the property records as it was obsolete and no longer used in operations.

The SAMS Manual (Procedure 29.10.10) provides assets that are obsolete, damaged or no longer used in operations should be identified and, if necessary, removed from the Office's asset records.

During our testing of State property policies, we noted the Office failed to adopt a formal policy that clearly delineates the categories of equipment considered subject to theft.

The Code (44 Ill. Admin. Code 5010.210) states the Office is responsible for adopting policies clearly delineating categories of equipment considered to be subject to theft.

This finding was first noted during the Office's Fiscal Year 2019 State compliance examination, six years ago. As such, Office management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The State Property Control Act (Act) (30 ILCS 605/6.02) states, "Each responsible officer shall maintain a permanent record of all items of property under his jurisdiction and control...". The Act (30 ILCS 605/4) requires every responsible officer of State government to be accountable for the supervision, control, and inventory of all items under their jurisdiction.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation, and that transfers of assets are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over the State's resources.

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Finally, the Office’s management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination. Office management indicated the exceptions over property reporting and recording were due to management oversight and lack of resources. In addition, Office management indicated the finding over the lack of high-theft policy was due to the Office giving each Department the opportunity to provide a list of equipment they find necessary to remain active on the Property Control System rather than establishing a formal policy to delineate the equipment into categories.

Failure to establish a formal high-theft policy may increase the exposure of State property to theft and represents noncompliance with the Code. Inaccurate property reporting reduces the reliability of Statewide property information. Furthermore, failure to maintain accurate property control records increases the potential for fraud and possible loss or theft of State property. Lastly, failure to timely update property acquisition and deletion records represents noncompliance with the Code and increases the risk of inaccurate recordkeeping. (Finding Code No. 2025-001, 2023-004, 2021-007, 2019-005)

RECOMMENDATION

We recommend the Office strengthen its internal controls and procedures to ensure its property and equipment are reported and accounted for in a manner which complies with applicable laws, rules, and regulations. In addition, we recommend the Office establish a high-theft policy that clearly delineates the categories of equipment considered subject to theft.

OFFICE RESPONSE

The Office accepts the finding. The Office is currently updating the Property Control Policy Manual to reflect the laws, codes and procedures as set forth by the State of Illinois in the “State Property Control Act” (30 ILCS 605), the Illinois Administrative Code Title 44 part 501 and the Illinois State Comptroller – Statewide Accounting Management System (SAMS Manual). The updated policy manual will allow for the development of Standard Operating Procedures for the process used within Property Control. A high-theft policy delineating the categories of equipment considered subject to theft was developed and will be included in the updated policy manual. Quarterly training of Property Control Liaisons will be implemented, which will strengthen internal controls by routinely providing updates, instructions and reminders on policies and responsibilities.

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2025-002 **FINDING** (Inadequate Internal Audit Function)

The Office of the Secretary of State (Office) demonstrated inadequate internal audit function, specifically the format of internal audit reports and compliance with the continuing professional education (CPE) requirements of internal audit personnel.

During our testing of 16 internal audit reports, we noted the following:

- For 10 (63%) internal audit reports, the Office did not indicate the root cause for 25 findings across the reports tested.
- For 10 (63%) internal audit reports, the Office did not indicate the significance of the issue for 21 findings across the reports tested.

The Global Audit Standard (Standards) 14.3 requires the Office’s internal auditors to evaluate each potential engagement finding to determine its significance. In addition, the Standards require the Office’s internal auditors to collaborate with management to identify the root causes, when possible, to determine the potential effects and evaluate the significance of the issue.

In addition, during our testing of internal audit’s CPE requirements, one of four (25%) internal audit personnel tested did not meet the 24-hour CPE requirement related to government auditing during two successive calendar years of 2023 and 2024, lacking 5 hours of CPE credits.

The State of Illinois Internal Audit Advisory Board Bylaws (Section 2.5.1) provides internal auditors must complete at least 24 hours of CPE in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates.

Office management indicated the omission of root causes and significance of findings resulted from the use of a legacy report format. Office management indicated the government-related CPE deficiency was due to employee oversight in accurately maintaining CPE records.

Failure to clearly identify and present the root cause and significance of findings noted in internal audit reports demonstrates a nonconformance with the Standards and may hinder the Office’s ability to correct the issue in a timely manner. In addition, the lack of significance hinders the Office’s ability to appropriately determine the effect of violating the evaluative criteria either in relation to its past or its potential future effect. Lastly, failure to adhere to CPE requirements of internal audit personnel may hinder the internal audit function’s ability to assess the Office’s overall internal control environment and may result in potential loss to the State. (Finding Code No. 2025-002)

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RECOMMENDATION

We recommend the Office update the internal audit report format to include root cause and significance of the issue. We also recommend the Office monitor the internal audit personnel's compliance with the CPE requirements.

OFFICE RESPONSE

The Office accepts the finding. The Internal Audit Department enhanced its audit reporting process to streamline reports and improve clarity, including more explicit documentation of the root cause and significance for each finding. The auditor exceeded the required government-related CPE hours in calendar year 2025, and the Department continues to closely monitor and track CPE compliance. These issues were corrected, do not present ongoing compliance concerns, and do not impede the Department's ability to assess the Office's overall internal control environment.

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2025-003 FINDING (Noncompliance with Fiscal Control and Internal Auditing Act)

The Office of the Secretary of State (Office) did not fully comply with the Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/2003) that requires audits of major systems of internal accounting and administrative control.

During our review, we noted the Internal Audit division did not review the system designs before the installation of new and modified electronic data processing systems during the engagement period that contained critical, financially sensitive and confidential data. We noted the Office newly implemented the Drug & Alcohol Clearinghouse system and made modifications to the Electronic Registration Title application, International Registration Plan system, Personnel system, Public Electronic Registration and Titling (PERT) system, Notary Public system, Vehicle Title system, and Microsoft 365 GCC during Fiscal Years 2024 and 2025.

This finding was first noted during the Office’s Fiscal Year 2021 State compliance examination, four years ago. As such, Office management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The FCIAA (30 ILCS 10/2003) requires the chief executive officer of the Office to ensure that the internal auditing program includes reviews of the design of major new electronic data processing systems and major modifications of those systems before their installation to ensure the systems provide for adequate audit trails and accountability.

The Office’s management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Office management indicated the exception was due to limited staffing and resources.

Failure to perform reviews of design of new electronic data processing systems and major modification of those systems before their installation may result in undetected errors causing inaccurate processing and irregularities. Furthermore, undetected poor system designs may result in lack of audit trails and less accountability. (Finding Code No. 2025-003, 2023-005, 2021-012)

RECOMMENDATION

We recommend the Office’s Internal Audit division conduct reviews of all major electronic data processing systems implemented or major modifications to existing systems prior to installation to ensure that proper audit trails, controls and accountability measures exist.

OFFICE RESPONSE

The Office accepts the finding. Internal Audit will review and evaluate risks related to data integrity, controls, and accountability for all newly implemented or significantly modified

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electronic data processing systems. Internal Audit provides ongoing advisory support and risk-based oversight within the Office's IT governance framework. In addition, to support management's control responsibilities, Internal Audit provided IT management with standardized checklists and risk assessment templates to assist in identifying control, security, audit trail, and accountability requirements during system development and system modifications.

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2025-004 **FINDING** (Inadequate Controls over the Review of Internal Controls over Service Providers)

The Office of the Secretary of State (Office) did not obtain or conduct independent internal control reviews over its external service providers.

The Office utilizes external service providers for various services including drivers' license processing. Some of the information controlled by the external service providers is classified as personally identifiable information.

During our testing over external service providers utilized by the Office in Fiscal Year 2024 and 2025, we noted the following:

- The contracts for one of nine (11%) external service providers did not contain a requirement for an independent internal control review or System and Organization Control (SOC) report to be completed.
- For two of nine (22%) external service providers, the Office did not obtain a SOC report for the examination period or perform independent internal control reviews of these service providers.
- For five of nine (56%) third-party service providers, the Office did not assess and document the operation of Complementary User Entity Controls (CUECs) relevant to the Office's operations.
- For seven of nine (78%) third-party service providers, the Office did not conduct an analysis of subservice organizations or perform alternative procedures to determine the impact of Complementary Subservice Organization Controls (CSOCs) on its internal control environment.
- For four of nine (44%) third-party service providers, the Office did not formally document its analysis of deviations identified on the SOC reports to determine the impact to their internal control environment.
- The Office did not have a formal methodology for identifying service providers.

Finally, this finding was first noted during the Office's Fiscal Year 2019 State compliance examination, six years ago. As such, Office management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The National Institute of Standards and Technology (NIST), Special Publication 800-35, *Guide to Information Technology Security Services*, states the organization should ensure operational success by consistently monitoring service providers and organizational security performance against identified requirements, periodically evaluating changes in risks and threats to the organization and ensuring the organizational security solution is adjusted as necessary to

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maintain an acceptable security posture. As such, reviews of assessments, audits and inspections should be completed to determine the controls are in place at all vendors, service providers and subservice providers.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the NIST, Maintenance and System and Service Acquisition sections, require entities outsourcing their information technology environment or operations to obtain assurance over the entities' internal controls related to the services provided. Such assurance may be obtained via SOC reports or independent reviews.

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 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. Strong management controls, due diligence, and fiduciary responsibility require adequate supervision of external service providers.

In addition, Office management is responsible for implementing timely and adequate corrective action on all of the findings identified during a State compliance examination.

Office management indicated the requirement for an independent internal control review or SOC report completed was not in the original request for proposal thus the Office had to make an exception for the term of the contract. In addition, Office management indicated that they believed the identification of the CUECs, subservice providers, and control deviations were sufficient and did not realize the need to document the operation of the CUECs and the Office's assessment of the subservice providers and control deviations in their review of the SOC reports. Furthermore, Office management indicated the issues noted were a result of competing priorities which created oversight.

Without having adequate controls over service providers, including proper documentation, review, and consideration of SOC reports, CUECs, and reported control deviations or another form of independent internal control review, the Office does not have assurance the service providers' internal controls are adequate to support the Office's processes and ensure its data is secured. (Finding Code No. 2025-004, 2023-007, 2021-010, 2019-010)

RECOMMENDATION

We recommend the Office:

- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.
- Obtain SOC reports for the examination period or perform an independent internal control review of service providers.

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For the Two Year Ended June 30, 2025

- Conduct assessment and document the operation of CUECs relevant to the Office’s operations.
- Conduct an analysis of subservice organizations or perform alternative procedures to determine the impact of CSOCs on its internal control environment.
- Formally document its analysis of deviations identified on the SOC reports to determine the impact to their internal control environment.
- Develop formal methodology for identifying service providers.

OFFICE RESPONSE

The Office accepts the finding. The agency has since developed the required methodology and identified the appropriate service providers. Each service provider underwent a SOC 2 review. The Office will continue strengthening the service provider review process through the implementation of IT service management platform GRC modules, which will provide enhanced documentation and evidence for future audits.

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2025-005 **FINDING** (Inadequate Controls over User Access)

The Office of the Secretary of State (Office) had not established adequate controls for accessing its computing environment.

During fieldwork, we examined the Office’s general information technology controls over nine significant applications. During our testing, we noted the following:

- The Office had not established detailed policies and procedures related to access provisioning, modification, and termination.
- For 17 of 35 (49%) sampled new user access requests, the Office did not maintain proper documentation of user access requests and approval prior to granting access.
- For 30 of 42 (71%) sampled terminated users, the Office did not remove user access in a timely manner after access was no longer needed.
- For 5 of 60 (8%) sampled active user access, users had access rights that did not align with job duties.
- The Office did not conduct an annual review of user access rights for the 8 of 9 (89%) significant applications examined.

This finding was first noted during the Office’s Fiscal Year 2021 State compliance examination, four years ago. Office management had not taken sufficient measures to resolve the deficiencies in Fiscal Years 2024 and 2025.

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), Access Control and System and Communication Protection sections require entities to implement adequate internal controls over access to their environments, applications and data.

The *Framework for Improving Critical Infrastructure and the Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the NIST, Access Control section, sanctions the development of policies and procedures and ensuring appropriateness of access rights, including periodic access reviews.

Furthermore, 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 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.

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In addition, Office management is responsible for implementing timely and adequate corrective action on all of the findings identified during a State compliance examination.

Office management indicated that resource constraints and competing priorities have prevented the establishment of departmental policies and procedures for access management. Furthermore, the Office stated the exceptions noted were due to lack of communication between departments regarding informing when employees are new, separated from the Office or changed duties, especially without established departmental policies and procedures.

Without the establishment and implementation of adequate controls and procedures for system access, including annual reviews for all applications and software, there is an increased risk that unauthorized individuals may gain access to these resources or changes made may be inappropriate or might not meet the Office's needs. These deficiencies could result in unauthorized access, manipulation, destruction and misuse of the Office's computer systems. (Finding Code No. 2025-005, 2023-008, 2021-011)

RECOMMENDATION

We recommend the Office:

- Establish detailed policies and procedures related to access provisioning, modification and termination.
- Maintain proper documentation of user access requests and approval prior to granting access.
- Remove user access in a timely manner after access is no longer needed.
- Conduct an annual review of user access rights for significant applications to ensure user access rights are aligned with job duties.

OFFICE RESPONSE

The Office accepts the finding. The Department of Information Technology is assuming responsibility for centralizing permission assignments to provide consistent governance, auditing, and documentation across the agency. As part of this effort, user access requests will be routed through the IT service management platform, enabling a fully documented and auditable workflow. The IT service management platform will also include automated processes to ensure timely completion and proper documentation of permission reviews. In addition, IT is working to implement Role-Based Access Control (RBAC), which will further streamline permission management and enhance the overall review process.

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2025-006 **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

The Office of the Secretary of State (Office) had not implemented adequate internal controls related to cybersecurity programs, practices, and control of confidential information.

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 examination of the Office’s cybersecurity program, practices and control of confidential information, we noted the Office had not:

- Developed a project management framework to ensure new applications are adequately developed and implemented in accordance with management’s expectations.
- Maintained adequate documentation on the risk assessments performed to include prioritization, evaluation, and implementation of risk reducing internal controls.
- Maintained clear and complete documentation of vulnerability scans demonstrating timely remediation of all identified issues. Although the Office provided evidence of weekly vulnerability management meetings, there was no corresponding documentation of the prioritization decisions, assigned remedial actions, or timeliness for addressing each identified vulnerability. As a result, we cannot determine if actual vulnerabilities determined in those meetings were fully and promptly addressed.

This finding was first noted during the Office’s Fiscal Year 2021 State compliance examination, four years ago. Office management had implemented some corrective actions but had not taken sufficient measures to fully resolve all deficiencies in Fiscal Years 2024 and 2025.

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. It also requires entities to develop security controls within their system or organization to protect the confidentiality, integrity, and availability of the system and its information and to manage information security risk.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies 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 and maintain accountability over the State’s resources.

In addition, Office management is responsible for implementing timely and adequate corrective action on all of the findings identified during a State compliance examination.

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Office management indicated resource constraints and competing priorities have prevented the development and adoption of formal cybersecurity programs and procedures to address the exceptions noted. Furthermore, the Office management indicated that the reporting process was flawed due to a disconnect between live assets and the vulnerability management system. Specifically, the system did not recognize when an asset was removed from production, resulting in remediation efforts not being reflected in reports, even though vulnerabilities were effectively addressed by decommissioning the asset.

The lack of adequate cybersecurity programs and practices could result in unidentified risks and vulnerabilities and ultimately lead to the Office's information system resources and volumes of personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2025-006, 2023-012, 2021-014)

RECOMMENDATION

We recommend the Office:

- Develop a project management framework to ensure new applications are adequately developed and implemented in accordance with management's expectations.
- Maintain adequate documentation on risk assessments to include prioritization, evaluation, and implementation of risk reducing internal controls.
- Maintain clear and complete documentation of vulnerability scanning showing timely remediation of identified vulnerabilities.

OFFICE RESPONSE

The Office accepts the finding. The Illinois Secretary of State places the highest importance on cybersecurity and treats each audit finding with the utmost seriousness. Accordingly, the office is committed to prioritizing and promptly resolving these findings. The Office always complied with implementing the necessary system patches to address any vulnerabilities, but the documentation of those patches did not record the date and time of the patches. The Office changed to a system with reports that remedy the tracking concern. The Office also is working to implement the IT service management platform's Governance, Risk & Compliance module, which will enhance our ability to conduct organizational risk assessments and manage the development and review of policies. In addition, the Office is migrating to a new vulnerability management solution that will integrate directly with the IT service management platform's Vulnerability Management. This integration will provide the level of documentation noted during this audit, demonstrating the effectiveness of the current vulnerability management program and supplying the required evidence of our timely remediation of identified vulnerabilities.

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2025-007 **FINDING** (Inadequate Controls over Vehicle Administration)

The Office of the Secretary of State (Office) demonstrated weaknesses in internal controls over vehicle maintenance and accident reporting to the Department of Central Management Services (CMS).

During our testing of 60 vehicles, which comprised of 43 police vehicles and 17 general motor vehicles, we noted the following exceptions:

- For 19 (32%) vehicles tested, the Office failed to perform oil changes in 31 instances in accordance with Office policies. The vehicles that were not properly maintained had untimely oil changes based on the numbers of miles driven from the previous oil change ranging from 105 to 9,300 miles past due.
- For three (5%) vehicles tested, the Office failed to perform tire rotations in four separate instances in accordance with Office policies.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5040.400) requires all state-owned (including federally funded vehicles) or leased vehicles to undergo regular service and/or repair in order to maintain the vehicles in road worthy, safe, operating condition and appropriate cosmetic condition. Driver should check oil, coolant, and battery water levels (if possible) regularly, such as at each refueling.

Under the Office’s Vehicle Usage Program policy and practices for general motor vehicles, oil changes are to be performed every 9,000 miles for synthetic oil and every 3,000 miles for regular oil, while tire rotations shall be done every oil change. For police vehicles, oil changes are to be performed every 6,000 miles for synthetic oil and every 4,000 miles for regular oil, while tire rotations shall be done with every oil change.

In addition, during our testing of 7 vehicle accident reports, we noted the following:

- For two (29%) vehicle accidents, the Office failed to submit the Motorist’s Report of Illinois Motor Vehicle Accident form (Form SR-1) to CMS.
- For one (14%) vehicle accident, the Office submitted Form SR-1 14 days late to CMS.

According to the Code (44 Ill. Admin. Code 5040.520), a driver of a state-owned or leased vehicle which is involved in an accident of any type is to report the accident to the appropriate law enforcement agency and to the CMS Auto Liability Unit, and if a State agency owns the vehicle, to that agency by completing the CMS Claim Intake Form (formerly Form SR-1, change effective October 29, 2024). The CMS Claim Intake Form is to be completed, as nearly as possible, in its entirety including a clear description of the accident and the conditions surrounding the accident. The CMS Claim Intake Form is required to be completed within three days and must be received by CMS within 7 calendar days following an accident.

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Office management indicated the exceptions were due to employee oversight.

Failure to adequately maintain vehicles may result in additional cost to the State through additional repairs and shortened useful lives of the vehicles. Lastly, untimely submission or failure to maintain and track submission of the forms for vehicle accidents may result in an increased risk of loss to the State. (Finding Code No. 2025-007, 2023-011)

RECOMMENDATION

We recommend the Office implement adequate internal controls and sufficient oversight over vehicle maintenance and vehicle accident reporting to ensure State vehicle administration complies with the Code and the Office’s Vehicle Usage Program.

OFFICE RESPONSE

The Office accepts the finding. The Office is updating the Vehicle and Driver Policy Manual which includes a vehicle maintenance schedule to comply with the Illinois Administrative Code (44 Ill. Admin Code 5040.4000). The implementation of the new Fleet Management Software on the IT service management platform will improve maintenance tracking, scheduling and cost analysis. The updated policy manual will include an updated vehicle accident reporting procedure to include SOS Policy reporting requirements. Internal controls will also be improved through better communication and routine follow-ups between the Automotive Administration and departmental vehicle coordinators.

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2025-008 FINDING (Inadequate Controls over Stickers)

The Office of the Secretary of State (Office) did not demonstrate adequate controls over stickers at various locations during the engagement period.

During fieldwork, we conducted sticker counts at 10 driver services facilities. We noted the following exceptions at three (30%) facilities as a result of our testing:

Facility	Issue Noted	Number of Stickers	Sticker Year
Chicago South	Stickers were included in the facility’s inventory records but had already been transferred to another facility.	2,750	2025
Springfield Flagship	Stickers were missing and unaccounted for.	562	2025
Springfield Flagship	Stickers were missing and unaccounted for.	496	2029
Naperville	Stickers were already sold but still included in the facility’s inventory records.	9	2025

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation, and revenues, resources or funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the State’s resources. Good internal control procedures require that control records over significant inventory items be accurately maintained.

Office management stated the exception was due to the Office not having a formal sticker inventory management policy.

Inaccurate inventory records reduce the reliability of Statewide inventory information. Failure to maintain accurate inventory records increases the potential for fraud, loss or theft of State assets. (Finding Code No. 2025-008, 2023-010)

RECOMMENDATION

We recommend the Office implement a sticker inventory management policy and strengthen internal controls over the Office’s sticker inventory to ensure records are accurate and complete.

OFFICE RESPONSE

The Office accepts the finding. A formal DMV sticker inventory accountability procedure was implemented to strengthen internal controls. This includes defined protocols for voided vehicle stickers, facility transfers and comprehensive documentation requirements.

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2025-009 **FINDING** (Inadequate Controls over Voucher Processing)

The Office of the Secretary of State (Office) did not exercise adequate control over voucher processing.

During our testing of 60 general vouchers, we noted the following:

- Two (3%) general vouchers, totaling \$4,857,580, were paid 27 to 172 days late, which could have resulted in an estimated unpaid interest of \$233,315.

The State Prompt Payment Act (30 ILCS 540/3-2(1.05)) requires any bill approved for payment to be paid within 90 days of receipt of a proper bill or invoice. If payment is not issued to the payee within this 90-day period, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month, or 0.033% (one-thirtieth of one percent) of any amount approved and unpaid for each day, after the end of this 90-day period, until final payment is made.

- Two (3%) general vouchers, totaling \$1,109,083, were approved 7 to 67 days late.

The Illinois Administrative Code (Code) (74 Ill. Adm. Code 900.70) requires the Office to approve proper bills or deny bills with defects, in whole or in part, within 30 days after receipt.

In addition, during our testing of 40 travel vouchers, we noted the following:

- For three (8%) travel vouchers, totaling \$2,262, the employees did not submit their travel expenditures timely, ranging from 112 to 312 days late.

The Internal Revenue Service (Publication 463) requires the Office’s employees to adequately account for their travel expenses within 60 days after they were paid or incurred.

- One (3%) travel voucher, amounting to \$402, was approved 34 days late.

The Code (74 Ill. Adm. Code 900.70) requires the Office to approve proper bills or deny bills with defects, in whole or in part, within 30 days after receipt.

- For one (3%) travel voucher, amounting to \$325, the employee’s headquarters on the Travel Voucher (Form C-10) did not agree to the Travel Headquarters reports (Form TA-2).

The Statewide Accounting Management System Manual (Procedure 17.20.10) requires the Travel Voucher (i.e. Form C-10) to include information about the city in which the traveler’s headquarters are located. “Headquarters” is defined as the place where the employee’s official duties require him/her to spend the largest amount of his/her working time. The State Finance Act (30 ILCS 105/12-3) requires the Office to file reports (i.e. Form TA-2) of all of its employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time.

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Office management indicated the exception over late payment was due to factors outside its control involving delay with funds released by the State, and a mistake in the State's master contract filing which resulted in a delay in obligating contracts based on the master contract. Moreover, Office management indicated the exceptions over late voucher approval and submission were due to oversight by employees and improper completion of the vouchers causing back and forth communication and delayed finalization. Lastly, Office management indicated the finding on headquarters discrepancy was due to oversight.

Failure to approve and pay proper bills timely may result in unnecessary interest charges increasing the State's fiscal expenditures and liabilities. Moreover, failure to submit travel vouchers in a timely manner may cause travel expenditures to be reported in an incorrect period and may require the travel expense reimbursements to be reported as taxable wages to the employee. Lastly, failure to maintain adequate control over travel vouchers increases the risk that errors or other irregularities could occur that would not be identified by employees performing their functions in the normal course of business. (Finding Code No. 2025-009)

RECOMMENDATION

We recommend the Office strengthen its internal controls over vouchers to ensure vouchers are timely approved and paid. We also recommend the Office ensure employees submit correct travel vouchers timely, timely obtain approvals, and accurately report their headquarters.

OFFICE RESPONSE

The Office accepts the finding. The Office has regular fiscal officer training and will continue to stress the importance of timely voucher processing. The Office will also continue to monitor and evaluate its internal controls on voucher processing deadlines.

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2025-010 FINDING (Inadequate Controls over Change Funds and Petty Cash Funds)

The Office of the Secretary of State (Office) did not maintain adequate controls over change funds and petty cash funds.

During our testing of change funds during the facility visits, we noted for two of 10 (20%) facilities tested, the Office failed to submit Form C-68 to establish additional change funds, ranging from \$100 to \$3,000.

The Statewide Accounting Management System Manual (Procedure 09.20.10) requires the Office to prepare and send the “Application to Establish or Dissolve a Fund” form (Form C-68) to the Comptroller's Office to request the establishment of change funds.

During our testing of 11 petty cash funds, the Office did not properly monitor one (9%) petty cash fund and timely detect the unnecessary bank charges of \$219.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation, and revenues, resources or funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the State’s resources.

Office management stated the exceptions over change funds were due to oversight during the merging and opening of multiple locations in response to the abrupt federal REAL ID deadline, while the exception over petty cash funds was due to employee oversight.

Failure to maintain adequate internal control over change funds and petty cash funds may lead to questioned costs and could cause an inability to monitor operations appropriately. (Finding Code No. 2025-010)

RECOMMENDATION

We recommend the Office strengthen its internal controls over change funds and petty cash funds.

OFFICE RESPONSE

The Office accepts the finding. Legislative changes were put in place in August 2025 which allow the Office to process change fund requirements and paperwork in a timelier manner, following the procedures outlined in the finding above. In addition, the Office will continue to strengthen the internal controls related to change funds and petty cash funds.

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2025-011 FINDING (Performance Evaluations not Completed Timely)

The Office of the Secretary of State (Office) failed to properly administer and document employee performance evaluations.

Based on our review of employee performance evaluations, we noted the following:

Fiscal Year 2024

- Three of seven (43%) employees' performance evaluations, who were subject to six-month probationary period during Fiscal Year 2024, were performed and submitted 62 to 111 days late for their first and/or final probationary evaluations.
- One of 38 (3%) employees' annual performance evaluations for Fiscal Year 2024 was performed and submitted 71 days after the end of the evaluation period.
- One of two (50%) employees' performance evaluations, who were subject to three-month probationary period during Fiscal Year 2024, was performed and submitted 61 days late.

Fiscal Year 2025

- Nine of 40 (23%) employees' annual performance evaluations for Fiscal Year 2025 were performed and submitted 73 to 198 days after the end of the evaluation period.
- One of three (33%) employees' performance evaluations, who were subject to three-month probationary period during Fiscal Year 2025, was performed and submitted 101 days late for the final probationary evaluation.
- One of five (20%) employees' performance evaluations, who were subject to six-month probationary period during Fiscal Year 2025, was performed and submitted 78 days late.

The Office's Policy Manual (Chapter 2 Number 35) states the performance evaluations shall be conducted annually and during the probationary period of a new hire or a promotion of an existing employee.

The Illinois Administrative Code (Code) (80 Ill. Admin. Code 420.350) states for an employee serving a 6 month probationary period, the Office shall prepare and submit to the Department of Personnel 2 evaluations, one at the end of the third month of the employee's probationary period and another 15 days before the conclusion of the probationary period, and for an employee serving a 3 month probationary period, the Office shall prepare and submit to the Department of Personnel an evaluation form 2½ months after the commencement of the probationary period.

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Furthermore, good business practice dictates annual evaluations be performed in a timely manner as an important component of communication between the employee and employer on the performance and future expectations of the employee in the workplace.

Office management indicated the exceptions were due to a policy change during Fiscal Year 2024 and delays in transmittal to the Department of Personnel, especially those coming from drivers facilities.

Employee performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Without timely completion of an employee performance evaluation, the employee would not be provided with formal feedback or assessment of his or her performance goals and objectives may not be identified and communicated in a timely manner. Further, performance evaluations serve as a foundation for salary adjustments, promotions, demotions, discharges, layoffs, recalls or reinstatement decisions. (Finding Code No. 2025-011)

RECOMMENDATION

We recommend the Office comply with the Code and take appropriate measures to ensure performance evaluations are conducted in a timely manner.

OFFICE RESPONSE

The Office accepts the finding; although the Office does not completely agree with the finding. First, it should be noted that the Office has implemented a process where all 4200 employees are evaluated on an annual basis. This is the first time in the history of the Office that all employees are evaluated, and prior to the Giannoulis Administration over half of the employees were not subject to annual evaluations. Second, the Office disagrees when compliance is deemed completed in the process. The Office believes compliance is achieved once the document is signed by the Department Director or designee. Given the Office moved to an automated process, with electronic signature process for annual evaluations being implemented in 2025, this conclusion is further supported by the evaluation being submitted to Personnel once the Director or designee affixes his or her signature. In spite of this disagreement, the Office already took action through the automated process, training, and regular reminders to staff of the need to conclude evaluations, especially probationary evaluations, in a timely manner. We will continue to put in place new processes and directions to pursue the goal of timely evaluations, as is evident by the expansion of electronic signatures and processes for probationary evaluations this year.

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2025-012 **FINDING** (Inadequate Controls over Employment Eligibility Verification Forms)

The Office of the Secretary of State (Office) demonstrated inadequate controls over completion of the U.S. Citizenship and Immigration Services (USCIS) Employment Eligibility Verification (Form I-9) for employees.

During our testing of 60 employees' personnel files, we noted the following:

- Seven (12%) employees' Form I-9s were missing their respective first day of employment.
- For four (7%) employees, the Office signed Section 2 before the employee's signature in Section 1 of the Form I-9, ranging from 1 to 14 days in advance.

The Immigration and Nationality Act (8 U.S.C. § 1324a) requires the Office to attest, under penalty of perjury and on a form designated or established by the Attorney General by regulation, that it has verified that the individual is not an unauthorized alien. The Code of Federal Regulations (Code) (8 C.F.R. § 274a.2) prescribes the use of Form I-9. The Code also requires the Office to ensure the employee properly completes Section 1 on the Form I-9 at the time of hire and signs the attestation with a handwritten or electronic signature.

The USCIS Instructions (Instructions) (OMB No. 1615-0047) provides step-by-step guidance on filling out Form I-9 where it provides the employee to complete Section 1 and sign to attest. The Instructions also states employers should review Section 1 before completing Section 2. Furthermore, the Handbook for Employers M-274 issued by U.S. Citizenship and Immigrations Services states before completing Section 2, employers should review Section 1 to ensure the employee completed it properly.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are utilized efficiently, effectively, and in compliance with applicable law. Effective internal controls should include procedures to ensure I-9 Forms are properly completed.

Office management indicated the exceptions were due to employee oversight.

Failure to properly complete Form I-9 is a violation of the Code and could expose the Office to potential employment issues and could subject the State to unnecessary legal costs and penalties. (Finding Code No. 2025-012)

RECOMMENDATION

We recommend the Office strengthen its internal controls to ensure Form I-9s are properly completed and maintained in accordance with the Code and instructions provided by the U.S. Citizenship and Immigration Services.

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OFFICE RESPONSE

The Office accepts the finding. The Office had made changes to its processes to make sure all areas on the form are completed in a timely and proper manner. Further training on the processes has occurred, especially as it relates to handling contractual employees, which is subject to involvement of the hiring department in the on-boarding process.

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2025-013 FINDING (Inadequate Controls over Requests for Leave)

The Office of the Secretary of State (Office) did not maintain adequate controls over requests for leave.

During our timesheet testing of 60 employees, we noted the following exceptions over requests for leave:

- Five (8%) employees did not submit their Request for Leave forms in advance of leave on eight occasions, ranging from same day submission to 14 days after the leave.
- Four (7%) employees' Request for Leave forms were missing; therefore, we were unable to test the validity and accuracy of the leaves.
- For two (3%) employees, the Office did not secure updated Request for Leave forms on three occasions to match the actual employees' leaves, ranging from a difference of 0.5 to 5.5 hours.

The Office Policy Manual (Policy) (Chapter 2 Number 2 Section 2.2.1) states an employee's vacation request must be submitted in advance and approved by supervisory personnel no less than two (2) weeks in advance or in accordance with employing department policy. In the case of vacation time, if an employee must cancel time off that has already been scheduled, the employee must do so at least twenty-four (24) hours in advance of the time in question. The Policy (Chapter 2 Number 2 Section 2.2.6) also requires all requests for vacation, sick, personal, compensatory, holiday or authorized dock time to be submitted to the employee's immediate supervisor on a Request for Leave Form for approval prior to the beginning of the requested time. For certain bargaining unit employees, the requests for vacation leave must be scheduled in advance and cannot be called in, and for other certain bargaining unit employees, the requests for vacation leave are on a time-for-time basis.

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

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

Office management indicated the exceptions were due to management oversight and clerical errors.

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Failure to maintain adequate internal controls over requests for leave may result in errors in employee leave balances and inaccurate timekeeping reports. Furthermore, failure to ensure leave requests are approved in advance undermines accountability controls and may result in unauthorized leaves and time-offs. (Finding Code No. 2025-013)

RECOMMENDATION

We recommend the Office strengthen its internal controls and ensure requests for leave are submitted accurately and approved in accordance with Office policy and bargaining agreements.

OFFICE RESPONSE

The Office accepts the finding. Prior to the finding, the Office had made changes to the process for submission of the request for leave slips and updates to the time off requested. Even though we do not agree with the notation of timeline for submission of the form, we implemented an electronic time slip system which will address some of the issues presented. We continue to address clerical errors and ensure that staff are educated on the compliance process.

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A. **FINDING** (Inaccurate Census Data)

During the prior examination, the Office of the Secretary of State (Office) had certain deficiencies in their internal control to ensure accurate census data was provided to the State Employees' Retirement System of Illinois for use in the applicable annual actuarial valuations.

During the current examination, we determined that detailed testing of census data was no longer necessary, due to a change in requirements. As a result, this finding is not repeated. (Finding Code No. 2023-001, 2022-001, 2021-002, 2020-002)

B. **FINDING** (Noncompliance with Business Corporation Act of 1983)

During the prior examination, the Office was not in compliance with the provisions of the Business Corporation Act of 1983 (805 ILCS 5/8.12(c)(5) and (c)(6)) regarding reporting the self-identified sexual orientation and self-identified gender of its board of directors.

During the current examination, we noted the Office made significant improvements over the reporting of self-identified sexual orientation and self-identified gender of its board of directors. Additionally, the Office provided additional contextual information regarding its implementation of the legislative requirements. As a result, this finding is not repeated. (Finding Code No. 2023-002)

C. **FINDING** (Noncompliance with Vehicle Code)

During the prior examination, the Office had not implemented an electronic lien and title (ELT) system under the provisions of the Illinois Vehicle Code (625 ILCS 5/3 100.1 thru 5/3-100.2).

During the current examination, our testing indicated the Office implemented an ELT system and established administrative rules setting the standards and procedures for managing and implementing the ELT system. As a result, this finding is not repeated. (Finding Code No. 2023-003)

D. **FINDING** (Computing Environment Weaknesses)

During the prior examination, the Office did not maintain adequate security controls over its computing environment.

During the current examination, our sample testing indicated the Office updated its computing environment and ensured the operating systems were updated with the most current security patches available. As a result, this finding is not repeated. (Finding Code No. 2023-006, 2021-016)

STATE OF ILLINOIS
OFFICE OF THE SECRETARY OF STATE
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Two Year Ended June 30, 2025

E. **FINDING** (Weaknesses with Payment Card Industry Data Security Standards)

During the prior examination, the Office did not fully comply with Payment Card Industry Data Security Standards (PCI DSS).

During the current examination, our sample testing indicated Office employees who had access to cardholder data completed Security Awareness training annually, as required by PCI DSS. As a result, this finding is not repeated. (Finding Code No. 2023-009, 2021-013, 2019-009, 2017-004, 2015-004, 2013-007)