



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF THE STATE APPELLATE DEFENDER

State Compliance Examination
 For the Two Years Ended June 30, 2020

Release Date: July 21, 2021

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	1	0	1	No Repeat Findings			
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 0							

SYNOPSIS

- **(20-01)** The Office of the State Appellate Defender did not obtain or conduct an independent internal control review over its service providers.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

**OFFICE OF THE STATE APPELLATE DEFENDER
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2020**

EXPENDITURE STATISTICS	2020	2019	2018
Total Expenditures.....	\$ 22,822,798	\$ 23,497,573	\$ 20,836,228
OPERATIONS TOTAL.....	\$ 22,822,798	\$ 23,497,573	\$ 20,811,667
% of Total Expenditures.....	100.0%	100.0%	99.9%
Personal Services.....	18,207,938	17,519,050	16,170,797
Other Payroll Costs (FICA, Retirement).....	1,322,873	1,273,743	1,169,730
All Other Operating Expenditures.....	3,291,987	4,704,780	3,471,140
REFUNDS.....	\$ -	\$ -	\$ 24,561
% of Total Expenditures.....	0.0%	0.0%	0.1%
Total Receipts.....	\$ 268	\$ 36,154	\$ 60,445
Average Number of Employees.....	242	240	230

AGENCY DIRECTOR
During Examination Period: Mr. James E. Chadd
Currently: Mr. James E. Chadd

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**LACK OF ADEQUATE CONTROLS OVER THE
REVIEW OF INTERNAL CONTROLS OVER SERVICE
PROVIDERS**

The Office of the State Appellate Defender (Office) did not obtain or conduct an independent internal control review over its service providers.

The Office did not obtain a System and Organization Control (SOC) report or conduct an independent internal control review

The Office utilized four service providers for expenditure processing, purchase order requests, time and attendance reporting, and payroll adjustment processing. The data controlled by these service providers is critical to the Office's operations and contains confidential information.

During our testing, we noted the following:

- The Office did not obtain a System and Organization Control (SOC) report or conduct an independent internal control review for three of four (75%) service providers utilized.
- The Office did not maintain documentation of their review of the SOC report provided for one of four (25%) service providers utilized. (Finding 1, pages 9-10)

We recommended the Office obtain a SOC report or perform independent reviews of internal controls of service providers at least annually.

In addition, upon receipt of a SOC report, the Office should:

- Monitor and document the operation of the Complementary User Entity Controls (CUECs) relevant to operations.
- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself the usage of the subservice organizations would not impact the internal control environment.
- Document its review of the SOC reports and review all significant issues to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Office, and any compensating controls.

The Office agreed with the finding

The Office agreed with the finding and accepted the recommendation.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Office for the two years ended June 30, 2020, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2020-001. Except for the noncompliance described in this finding, the accountants stated the Office complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by the Office of the Auditor General's staff.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

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

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:JAC