



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, 2022

Release Date: March 2, 2023

FINDINGS THIS AUDIT: 4	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	0	1	2020		22-3	
Category 2:	2	1	3				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	3	1	4				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- **(22-01)** The Office of the State Appellate Defender’s (Office) internal controls over its voucher processing function were not operating effectively during the examination period.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

VOUCHER PROCESSING INTERNAL CONTROL NOT OPERATING EFFECTIVELY

The Office's internal controls over its voucher processing function were not operating effectively during the examination period.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), we were able to limit our voucher testing at the Office to determine whether certain key attributes were properly entered by the Office's staff into ERP. In order to determine the operating effectiveness of the Office's internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's ERP based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

Controls not operating effectively

Our testing noted three of 140 (2%) attributes were not properly entered into the ERP System. Therefore, the Office's internal controls over voucher processing were not operating effectively.

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

Even given the limitations noted above, we conducted an analysis of the Office's expenditures data for fiscal years 2021 and 2022 to determine compliance with the State Prompt Payment Act and the Illinois Administrative Code. We noted the following noncompliance

Interest not paid to vendors

- The Office owed three vendors interest totaling \$38 in fiscal years 2021 and 2022; however, the Office had not approved these vouchers for payment to the vendors.
- The Office did not timely approve 48 of 3,716 (1%) vouchers processed during the examination period, totaling \$175,383. We noted these late vouchers were submitted by the Office to the Comptroller's Office between 2 and 172 days late. (Finding 1, pages 9-10)

We recommended the Office design and maintain internal controls to provide assurance its data entry of key attributes

into ERP is complete and accurate. Further, we recommended the Office process proper bills within 30 days of receipt and approve vouchers for payment of interest due to vendors.

Office agreed

The Office accepted the recommendation and stated management will work to strengthen these controls.

OTHER FINDINGS

The remaining findings pertain to weaknesses in cyber security, lack of controls over the review of service providers, and failure to fully utilize the Enterprise Resources Planning System. We will review the Office's progress towards the implementation of our recommendations in our next State compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the Office for the two years ended June 30, 2022, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2022-001. 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 State compliance examination was conducted by West & Company, LLC.

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

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