

**STATE OF ILLINOIS
OFFICE OF THE STATE APPELLATE DEFENDER
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

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



**STATE OF ILLINOIS
OFFICE OF THE STATE APPELLATE DEFENDER
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

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**STATE OF ILLINOIS
OFFICE OF THE STATE APPELLATE DEFENDER
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

OFFICE OFFICIALS

State Appellate Defender	James E. Chadd
Deputy State Appellate Defender	Kerry J. Bryson
Deputy State Appellate Defender	Shawn O’Toole
Chief Fiscal Officer/Human Resource Director	Jana Bergschneider

BOARD OFFICER

Chairman of the Board (11/10/22 – Present)	Honorable James R. Epstein
Chairman of the Board (07/01/22 – 11/09/22)	Thomas M. Breen

GOVERNING BOARD MEMBERS

Commissioner (02/24/23 – Present)	Honorable Bertina E. Lampkin
Commissioner (07/01/22 – 02/23/23)	Honorable Thomas E. Hoffman
Commissioner	Jeff York
Commissioner (07/30/24 – Present)	Jaya Varghese
Commissioner (06/01/24 – 07/29/24)	Vacant
Commissioner (07/01/22 – 05/31/24)	Honorable James Brusatte
Commissioner	Michelle L. Sanders
Commissioner	Honorable Milton S. Wharton
Commissioner	Evan S. Bruno
Commissioner	Carol A. Brook
Commissioner (11/18/22 – Present)	Sharone R. Mitchell, Jr.
Commissioner (07/01/22 – 11/17/22)	Vacant

ADMINISTRATIVE OFFICE

The Office of the State Appellate Defender’s primary administrative office is located at:

400 W. Monroe Street, Suite 202
Springfield, Illinois 62704



**OFFICE OF THE STATE APPELLATE DEFENDER
ADMINISTRATIVE OFFICE**

**400 West Monroe • Suite 202
Springfield, Illinois 62704
Telephone: 217/782-7203 • Fax: 217/782-5385
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**JAMES E. CHADD
STATE APPELLATE DEFENDER**

**KERRY J. BRYSON
SHAWN O'TOOLE
DEPUTY STATE APPELLATE DEFENDERS**

**LAURA A. WEILER
DIRECTOR OF TRAINING**

MANAGEMENT ASSERTION LETTER

January 22, 2025

**West & Company, LLC
Certified Public Accountants
919 E. Harris Avenue
Greenville, IL 62246**

Ladies and Gentleman:

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 State's Appellate Defender (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, 2024. Based on this evaluation, we assert that during the years ended June 30, 2023, and June 30, 2024, the Office has materially complied with the specified requirements listed below.

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

AGENCY OFFICES:

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Springfield, IL 62704
(866) 787-1776
Expungement@osad.state.il.us

Yours truly,

State of Illinois, Office of the State Appellate Defender

SIGNED ORIGINAL ON FILE

Mr. James E. Chadd, State Appellate Defender

SIGNED ORIGINAL ON FILE

Ms. Jana Bergschneider, Chief Fiscal Officer

**STATE OF ILLINOIS
OFFICE OF THE STATE APPELLATE DEFENDER
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

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	4
Repeated Findings	0	1
Prior Recommendations Implemented or Not Repeated	4	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Report</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-001	10	New	Inadequate Controls Over Reporting State Property	Material Weakness and Material Noncompliance
2024-002	12	New	Inadequate Controls Over Receipts Processing	Significant Deficiency and Noncompliance
Prior Findings Not Repeated				
A	14	2022/2022	Voucher Processing Internal Control Not Operating Effectively	
B	14	2022/2022	Weaknesses in Cybersecurity Programs and Practices	
C	14	2022/2020	Lack of Adequate Controls Over the Review of Internal Controls Over Service Providers	

**STATE OF ILLINOIS
OFFICE OF THE STATE APPELLATE DEFENDER
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

**SCHEDULE OF FINDINGS
(CONTINUED)**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Report</u>	<u>Description</u>	<u>Finding Type</u>
D	14	2022/2022	Failure to Fully Utilize the State's Enterprise Resources Planning System	

**STATE OF ILLINOIS
OFFICE OF THE STATE APPELLATE DEFENDER
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Office personnel at an exit conference on January 16, 2025.

Attending were:

Office of the State Appellate Defender
James Chadd, State Appellate Defender
Jana Bergschneider, Chief Fiscal Officer
Stacey Chamberlain, Fiscal Manager

Office of the Auditor General
Erica Oliver – Audit Manager

West & Company, LLC – Special Assistant Auditors
Michael Lawler, Partner
Jacob Hill, Manager
Tyler Hutchinson, Senior

The responses to the recommendations were provided by Jana Bergschneider, Chief Fiscal Officer, in a correspondence dated January 22, 2025.



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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, Office of the State Appellate Defender

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Office of the State Appellate Defender (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, 2024. 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.

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, 2024. As described in the accompanying Schedule of Findings as item 2024-001, the Office 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 Office complied with the specified requirements during the two years ended June 30, 2024, 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 2024-002.

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 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 2024-001 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 2024-002 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 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

Greenville, Illinois
January 22, 2025

STATE OF ILLINOIS
OFFICE OF THE STATE APPELLATE DEFENDER
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2024

2024-001 **FINDING** (Inadequate Controls Over Reporting State Property)

The Office of the State Appellate Defender (Office) did not exercise adequate controls over reporting of State property.

When testing for accuracy of the Office’s Agency’s Report of State Property (C-15) reports filed with the Illinois Office of Comptroller (Comptroller), we noted the Office’s property records as of June 30, 2024, and 2023 did not agree with the C-15 reports submitted to the Comptroller, showing discrepancies of approximately \$558,508 and \$306, respectively. The Office successfully reconciled both discrepancies at June 30, 2023 and June 30, 2024. The June 30, 2023 amount was identified as an error in preparation of the C-15 report that was subsequently reversed, and the June 30, 2024 discrepancy was due to four portable hard drives that were on the property record but not reported on the C-15 report.

Statewide Accounting Management System (SAMS) (Procedure 29.10.25) establishes the procedures for how each agency is to prepare and complete its quarterly reports. SAMS (Procedure 29.10.30) states when the report is properly completed, it should present the total cost of State property, by category, reflected on the agency’s records as of the reporting date and reconcile the beginning balance of State property to the ending balance. SAMS (Procedure 07.30.20) states the effectiveness of any accounting and financial information system is dependent on the accuracy of data submitted and the confidence of its users that the system handled that data properly.

The State Records Act (5 ILCS 160/8) requires the Office to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Office.

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 resources are utilized efficiently, effectively, and in compliance with applicable laws.

Office management indicated that the June 30, 2023 C-15 reporting error occurred due to a misinterpretation of reportable property on the C-15 reports, which was subsequently corrected in the following quarter’s C-15 report. Additionally, Office management stated that the June 30, 2024 discrepancy was due to a clerical error in preparing the C-15 report.

Failure to implement and maintain proper internal controls over property and equipment represents noncompliance with statutory mandates and SAMS. Additionally, failure to maintain accurate records and to submit proper reports increases the potential for theft or misappropriation of assets, reduces the reliability of Statewide information and could lead to inefficient or ineffective procedures. (Finding Code No. 2024-001)

RECOMMENDATION

We recommend the Office design and maintain internal controls to ensure the amounts reported on the C-15 reports filed with the Comptroller are accurate and in compliance with SAMS.

STATE OF ILLINOIS
OFFICE OF THE STATE APPELLATE DEFENDER
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2024

2024-001 **FINDING** (Inadequate Controls Over Reporting State Property) (Continued)

OFFICE RESPONSE

The Office accepts the recommendation. Management will continue to ensure all assets are tracked on multiple platforms. Management will work to ensure a thorough understanding of the reporting requirements laid out by the Comptroller's office.

STATE OF ILLINOIS
OFFICE OF THE STATE APPELLATE DEFENDER
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2024

2024-002

FINDING (Inadequate Controls Over Receipts Processing)

The Office of the State Appellate Defender’s (Office) did not maintain adequate controls over receipts processing.

During testing of cash receipts and refund receipts, we noted:

- The Office’s detailed itemized account of all receipts received during Fiscal Year 2023 and Fiscal Year 2024 omitted the dates of receipt in the State’s Enterprise Resource Planning System (ERP). The Office’s records documented six and seven receipts for Fiscal Year 2023 and 2024, totaling \$6,805 and \$225, respectively.
- The Office’s detailed itemized account of one refund receipt totaling \$4,694 received during Fiscal Year 2023 was not included on the Office’s detailed itemized account of all moneys received.
- One of 13 (8%) receipts, totaling \$2,173 did not have a receipt deposit transmittal sent to the Office of Comptroller (Comptroller) after the deposit was made.
- One of 1 (100%) refunds, totaling \$4,694 did not have documentation to demonstrate monies received were deposited timely.

The State Officers and Employee Money Disposition Act (30 ILCS 230/2) requires every agency to maintain in proper books a detailed itemized account of all moneys received for or on behalf of the State of Illinois, showing the date of receipt, the payer, and purpose and amount, and the date and manner of disbursement. All monies shall be paid into the State treasury the gross amount of money so received on the day of actual physical receipt with respect to any single item of receipt exceeding \$10,000, within 24 hours of actual physical receipt with respect to an accumulation of receipts of \$10,000 or more, or within 48 hours of actual physical receipt with respect to an accumulation of receipts exceeding \$500 but less than \$10,000, disregarding holidays, Saturdays and Sundays, after the receipt of same, without any deduction on account of salaries, fees, costs, charges, expenses or claims of any description whatever.

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

Further, 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 revenues, expenditures, and transfers of assets, resources, or funds applicable to the 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.

STATE OF ILLINOIS
OFFICE OF THE STATE APPELLATE DEFENDER
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2024

2024-002 **FINDING** (Inadequate Controls Over Receipts Processing) (Continued)

Office management indicated they were unaware of the requirement to input the date receipts were received into ERP. Office management indicated the refund receipt was not entered into their records due to an oversight and miscommunication with the Comptroller. Management indicated the receipt deposit transmittal was not sent to the Comptroller due to oversight and the lack of documentation of date of receipt was due to oversight.

Failure to maintain itemized records of receipts including information such as the date of receipt, payer, purpose, and amount may result in receipts not being properly accounted for and difficulty in performing receipts reconciliations. Failure to timely deposit receipts delays the recognition of available cash within the State Treasury and could delay the payment of State obligations. Failure to maintain adequate records and proper documentation is noncompliance with the State Records Act and may limit the ability of the Office to provide support for its operations and make records available to the public, if requested, in accordance with the Act. (Finding Code No. 2024-002)

RECOMMENDATION

We recommend the Office design and maintain internal controls to provide assurance its detailed itemized account of all receipts and refunds is complete and accurate. In addition, we recommend the Office maintain detailed itemized records of its receipts and supporting documentation. Further, we recommend the Office timely deposit receipts into the State's treasury.

OFFICE RESPONSE

The Office accepts the recommendation. Management has instituted an additional layer of control in order to ensure all aspects of receipt deposit are completed in their entirety. In addition, the Office has adopted the use of a remote deposit machine in order to ensure all receipts are deposited in a timely fashion.

STATE OF ILLINOIS
OFFICE OF THE STATE APPELLATE DEFENDER
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2024

A. **FINDING** (Voucher Processing Internal Control Not Operating Effectively)

During the prior examination, the Office of the State Appellate Defender’s (Office) internal controls over its voucher processing function were not operating effectively during the examination period.

During the current examination, our testing indicated the Office adequately strengthened their internal controls over its voucher processing function and properly entered data into the State’s Enterprise Resource Planning (ERP) System. (Finding Code No. 2022-001)

B. **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

During the prior examination, the Office did not maintain adequate internal controls related to its cybersecurity programs and practices.

During the current examination, our testing indicated the Office improved its internal controls over its cybersecurity programs and practices. (Finding Code No. 2022-002)

C. **FINDING** (Lack of Adequate Controls Over the Review of Internal Controls Over Service Providers)

During the prior examination, the Office did not obtain or conduct an independent internal control review over its service providers.

During the current examination, our testing indicated the Office improved its internal controls over its service providers. (Finding Code No. 2022-003, 2020-001)

D. **FINDING** (Failure to Fully Utilize the State’s Enterprise Resources Planning System)

During the prior examination, the Office did not utilize all capabilities of the State’s ERP System which resulted in unnecessary inefficiency.

During the current examination, our testing indicated the Office is now utilizing all capabilities of the State’s ERP System. (Finding Code No. 2022-004)