

**STATE OF ILLINOIS
OFFICE OF THE STATE'S ATTORNEYS
APPELLATE PROSECUTOR
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’S ATTORNEYS APPELLATE PROSECUTOR
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024

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**STATE OF ILLINOIS
OFFICE OF THE STATE’S ATTORNEYS APPELLATE PROSECUTOR
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AGENCY OFFICIALS

Director	Mr. Patrick J. Delfino
Chief Deputy Director	Mr. David Robinson
Associate Director	Mr. Matthew P. Jones
Chief Fiscal Officer	Ms. Gloria Mundy

BOARD OFFICERS

Chair of the Board	Mr. Ben Goetten
Vice-Chairman of the Board (04/25/24 – Present)	Mr. Justin Hood
Vice-Chairman of the Board (01/03/24 – 04/24/24)	Vacant
Vice-Chairman of the Board (11/11/22 – 01/02/24)	Mr. Denton Aud
Vice-Chairman of the Board (07/01/22 – 11/10/22)	Mr. Brandon J. Zanotti
Secretary of the Board	Mr. Gray H. Noll

GOVERNING BOARD MEMBERS

Board Member (07/01/22 – Present)	Ms. Kimberly M. Foxx
Board Member (07/01/22 – Present)	Mr. Ben Goetten
Board Member (07/01/22 – Present)	Mr. Gray H. Noll
Board Member (07/01/22 – Present)	Mr. James Gomric
Board Member (07/01/22 – Present)	Mr. Robert Berlin
Board Member (07/01/22 – Present)	Mr. Eric Weis
Board Member (11/10/22 – Present)	Mr. Joseph R. Navarro
Board Member (07/01/22 – 11/09/22)	Mr. Colby Hathaway
Board Member (01/30/23 – Present)	Mr. Patrick Kenneally
Board Member (09/19/22 – 1/29/23)	Vacant
Board Member (07/01/22 – 09/18/22)	Hon. Stewart J. Umholtz
Board Member (01/30/23 – Present)	Mr. J. Hanley
Board Member (11/11/22 – 01/29/23)	Vacant
Board Member (07/01/22 – 11/10/22)	Mr. Brandon J. Zanotti

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GOVERNING BOARD MEMBERS (Continued)

Board Member (04/25/24 – Present)	Mr. Justin Hood
Board Member (01/03/24 – 04/24/24)	Vacant
Board Member (07/22/22 – 01/02/24)	Mr. Denton Aud

BOARD OFFICES

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

725 South Second Street
Springfield, Illinois 62704



STATE'S ATTORNEYS APPELLATE PROSECUTOR

Administrative Office • 725 South Second Street • Springfield, IL 62704 • 217-782-1628 • Fax 217-782-6305

PATRICK J. DELFINO
DIRECTOR

BEN GOETTEN
CHAIRMAN

DAVID J. ROBINSON
CHIEF DEPUTY DIRECTOR

MANAGEMENT ASSERTION LETTER

DEPUTY DIRECTORS

EDWARD R. PSENICKA
SECOND DISTRICT

January 28, 2025

THOMAS D. ARADO
THIRD DISTRICT

DAVID J. ROBINSON
FOURTH DISTRICT

PATRICK D. DALY
FIFTH DISTRICT

BOARD OF GOVERNORS

FIRST DISTRICT:

EILEEN O'NEILL BURKE
STATE'S ATTORNEY
COOK COUNTY

SECOND DISTRICT:

ERIC WEIS
STATE'S ATTORNEY
KENDALL COUNTY

THIRD DISTRICT:

ROBERT BERLIN
STATE'S ATTORNEY
DuPAGE COUNTY

JOSEPH R. NAVARRO
STATE'S ATTORNEY
LaSALLE COUNTY

FOURTH DISTRICT:

BEN GOETTEN
STATE'S ATTORNEY
JERSEY COUNTY

J. HANLEY
STATE'S ATTORNEY
WINNEBAGO COUNTY

GRAY HERNDON NOLL
STATE'S ATTORNEY
MORGAN COUNTY

FIFTH DISTRICT:

JAMES GOMRIC
STATE'S ATTORNEY
ST. CLAIR COUNTY

JUSTIN HOOD
STATE'S ATTORNEY
HAMILTON COUNTY

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919 E. Harris Avenue
Greenville, IL 62246

Ladies & Gentlemen:

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 Attorney Appellate Prosecutor (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. 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. 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.

Yours truly,

State of Illinois, Office of the State's Attorneys Appellate Prosecutor

SIGNED ORIGINAL ON FILE

Mr. Patrick Delfino, Director

SIGNED ORIGINAL ON FILE

Ms. Gloria Mundy, Chief Fiscal Officer

**STATE OF ILLINOIS
OFFICE OF THE STATE’S ATTORNEYS APPELLATE PROSECUTOR
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 a material weakness over internal control over compliance.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	4	1
Repeated Findings	1	1
Prior Recommendations Implemented or Not Repeated	0	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	Voucher Processing Internal Controls Not Operating Effectively	Material Weakness and Material Noncompliance
2024-002	12	2022/2020	Lack of Adequate Controls Over the Review of Internal Controls of Service Providers	Significant Deficiency and Noncompliance
2024-003	14	New	Weakness in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2024-004	16	New	Inadequate Controls Over Employees Assigned a State Vehicle	Significant Deficiency and Noncompliance

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STATE COMPLIANCE EXAMINATION
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EXIT CONFERENCE

The Office waived an exit conference in a correspondence from Gloria Mundy, Chief Fiscal Officer, on January 17, 2025. The responses to the recommendations were provided by Gloria Mundy, Chief Fiscal Officer, in correspondence dated January 28, 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

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's Attorneys Appellate Prosecutor (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 specified requirements during the two years ended June 30, 2024. As described in the accompanying Schedule of Findings as item 2024-001, the Office 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. 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 items 2024-002 through 2024-004.

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 deficiencies described in the accompanying Schedule of Findings as items 2024-001 to be a material weaknesses.

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 2024-002 through 2024-004 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

Greenville, Illinois
January 28, 2025

STATE OF ILLINOIS
OFFICE OF THE STATE’S ATTORNEYS APPELLATE PROSECUTOR
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2024

2024-001 **FINDING** (Voucher Processing Internal Controls Not Operating Effectively)

The Office of the State’s Attorneys Appellate Prosecutor’s (Office) 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 (attributes) were properly entered by the Office’s staff into the 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 attributes to determine if the attributes were properly entered into the State’s ERP System based on supporting documentation. The attributes tested were vendor information, expenditure amount, object(s) of expenditure, and the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

Our testing noted 20 of 140 (14%) attributes were not properly entered into the ERP System. Therefore, the Office’s internal controls over voucher processing were not operating effectively.

The Statewide Accounting Management System (Procedure 17.20.20) requires the Office to, after receipt of goods or services, verify the goods or services received met the stated specifications and prepare a voucher for submission to the Comptroller’s Office to pay the vendor, including providing vendor information, the amount expended, and object(s) of expenditure. Further, the Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.30) requires the Office to maintain records which reflect the date goods were received and accepted, the date services were rendered, and the proper bill date. Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Office to establish and maintain a system of internal fiscal and administrative controls to provide assurance expenditures are properly recorded and accounted for to maintain accountability over the State’s resources.

Due to this condition, we qualified our opinion because we determined 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.

Even give the limitations noted above, we conducted an analysis of the Office’s expenditure data for fiscal years 2023 and 2024 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Code (74 Ill. Admin. Code 900.70). We noted no such instances of noncompliance with the Act or Code.

Office management stated the deficiencies noted above were due to a lack of training with the implementation of ERP.

Failure to properly enter the key attributes into the State’s ERP when processing a voucher for payment hinders the reliability and usefulness of data extracted from the ERP, which can result in improper interest calculations and expenditures. (Finding Code No. 2024-001)

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2024-002 **FINDING** (Lack of Adequate Controls Over the Review of Internal Controls of Service Providers)

The Office of the State’s Attorneys Appellate Prosecutor (Office) did not implement adequate controls over its service providers.

The Office utilized three service providers for software as a service and hosting services. The data controlled by these service providers is critical to the Office’s operations and contains confidential information.

During testing, we noted the following in regard to the Office’s review of the System and Organization Control (SOC) reports or independent internal control reviews for its service providers:

- The Office did not document its analysis of the SOC report to determine the impact of a modified opinion or noted deviations for one (33%) service provider.
- The Office did not obtain a SOC report or conduct an independent internal control review for one (33%) service provider.

The Office is responsible for the design, implementation and maintenance of internal controls related to information systems and transaction processing to assure its critical and confidential data are adequately safeguarded. This responsibility is not limited due to the processes being outsourced.

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 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.

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, Maintenance and System and Service Acquisition sections, requires 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.

Office management indicated the deficiencies noted were due to lack of documentation; more specifically, some of the details of the SOC analysis and calls with the service provider were not fully documented.

Without proper review of SOC reports or another form of independent internal controls review, the Office does not have assurance the service providers’ internal controls are adequate to ensure proper accounting and safekeeping of assets and data. (Finding Code No. 2024-002, 2022-001, 2020-001)

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2024-002 **FINDING** (Lack of Adequate Controls Over the Review of Internal Controls of Service Providers) (Continued)

RECOMMENDATION

We recommend the Office strengthen its controls by documenting its analysis of the SOC report to determine the impact of a modified opinion or noted deviations. Further, we recommend the Office obtain SOC reports or conduct independent internal control reviews at least annually.

OFFICE RESPONSE

The Office agrees. The Office will implement the recommendations.

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2024-003 **FINDING** (Weakness in Cybersecurity Programs and Practices)

The Office of the State’s Attorneys Appellate Prosecutor (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 programs, practices and control of confidential information, we noted the Office had not:

- Developed a formal comprehensive cybersecurity plan and security program to manage and monitor the regulatory, legal, environmental and operational requirements. Specifically, the Office lacked a security awareness training program and did not ensure all policies were periodically reviewed for necessary revisions.
- Developed a risk management methodology, conducted a comprehensive risk assessment, implemented risk-reducing controls, or conducted a formal business impact analysis.
- Developed a data classification methodology or classified its data to identify and ensure adequate protection of information based on classification.
- Conducted or obtained results of vulnerability scans to ensure timely corrective actions were taken to remediate identified vulnerabilities.

The Framework for Improving Critical Infrastructure Cybersecurity published by the National Institute of Standards and Technology requires entities to consider risk management practices, threat environment, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

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 funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State’s resources.

Office management indicated the deficiencies noted were due to lack of full understanding of their responsibilities and were unaware that their documented policies and procedures were insufficient.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the Office’s confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2024-003)

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2024-003 **FINDING** (Weakness in Cybersecurity Programs and Practices) (Continued)

RECOMMENDATION

We recommend the Office work with the Department of Innovation and Technology to define roles and responsibilities related to cybersecurity control. In addition, we recommend the Office:

- Develop a formal comprehensive cybersecurity plan and security program to manage and monitor the regulatory, legal, environmental and operational requirements.
- Develop a risk management methodology, conduct a comprehensive risk assessment, implement risk-reducing controls, and conduct a formal business impact analysis.
- Develop a data classification methodology and classify its data to identify and ensure adequate protection of information based on classification.
- Conduct and obtain the results of vulnerability scans to ensure timely corrective actions were taken to remediate identified vulnerabilities.

OFFICE RESPONSE

The Office agrees. The Office will implement the recommendations.

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2024-004 **FINDING** (Inadequate controls over employees assigned a State vehicle)

The Office of the State’s Attorneys Appellate Prosecutor (Office) did not maintain adequate controls over employees assigned a State vehicle.

We tested 18 employees assigned a State vehicle noting:

- The Office did not have a procedure in place to track employees’ personal usage of assigned vehicles. As a result, we were unable to determine the value of fringe benefits received for eighteen (100%) employees allowed personal use during the examination period.
- Two (11%) employees did not timely file the required annual certification affirming the employees were duly licensed and properly insured. The certifications were filed 10 and 15 days late.
- One (6%) employee failed to date the required annual certification affirming the employees were duly licensed and properly insured. As a result, we were unable to determine if the certification was filed timely.

Additionally, in our general review of payroll vouchers, we noted one employee had taxable fringe benefits added to the employee’s payroll from July 2022 to June 2024, totaling \$1,567. However, the employee was not assigned a State vehicle during the examination period.

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. Internal Revenue Service Publication 15-B requires employers to determine the value of taxable noncash fringe benefits no later than January 31 of the next year. The Illinois Vehicle Code (Code) (625 ILCS 5/7-601(c)) requires every employee assigned a specific State-owned vehicle to provide an annual certification to the Director affirming the employee is duly licensed to drive the assigned vehicle and that the employee has liability insurance coverage extending to the employee when the assigned vehicle is used for other than official State business. The certification shall be provided during the period of July 1 through July 31 of each calendar year or within 30 days of any new assignment of a vehicle, whichever is later.

Office management stated taxable fringe benefits were added to payroll for each employee allowed personal use of an assigned vehicle based on total workable days during the year rather than actual fringe benefits received. Office management indicated the untimely insurance certifications were due to oversight. Office management indicated taxable fringe benefits were added to the employee’s payroll who did not receive personal use of a State vehicle was also due to oversight.

Failure to implement procedures for tracking employees’ personal usage of assigned State vehicles may result in incorrect taxable fringe benefit amounts being added to employee

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2024-004 **FINDING** (Inadequate controls over employees assigned a State vehicle) (Continued)

payroll and inaccurate reporting on employees’ annual federal Wage and Tax Statement (Form W-2). Failure to ensure employees assigned a State-owned vehicle timely provides annual certification affirming the employee is duly licensed and properly insured results in noncompliance with the Illinois Vehicle Code and could potentially expose the State to liability risks. (Finding Code No. 2024-004)

RECOMMENDATION

We recommend the Office implement and maintain internal controls to ensure all employees are submitting information necessary to compute fringe benefits. Additionally, we recommend the Office implement and maintain internal controls for reporting and documenting the appropriate amount of fringe benefits. Finally, we recommend the Office require employees to file annual license and insurance certifications in accordance with the Illinois Vehicle Code.

OFFICE RESPONSE

The Office agrees. The Office is working on a solution to track employees’ personal usage of assigned vehicles. The Office has reminded employees that the annual certifications for employees with assigned vehicles must be submitted on time and must be dated. The Office has corrected the taxable fringe benefits for the employee noted. This will not be an issue moving forward.