



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**OFFICE OF THE ATTORNEY GENERAL**

State Compliance Examination  
 For the Two Years Ended June 30, 2022

Release Date: May 25, 2023

FINDINGS THIS AUDIT: 8	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	4	1	5	2020		6	
Category 2:	2	1	3	2018	2		
Category 3:	0	0	0				
<b>TOTAL</b>	<b>6</b>	<b>2</b>	<b>8</b>				
FINDINGS LAST AUDIT: 3							

**SYNOPSIS**

- (22-2) The Office did not exercise adequate control over recording and reporting of its State property and equipment.
- (22-7) The Office failed to implement adequate internal controls 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.

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER PROPERTY AND  
EQUIPMENT**

The Office did not exercise adequate control over recording and reporting of its State property and equipment. The auditors noted:

**The completeness and accuracy of the Fiscal Year 2022 asset listing could not be verified**

- Auditors were unable to verify the completeness and accuracy of the Fiscal Year 2022 asset listing. Auditors noted adequate controls did not exist to ensure all transactions were being tracked appropriately.
- During testing of the Agency Report of State Property (C-15) forms, the auditors noted:
  - C-15's for five of eight (63%) quarters tested were filed one to five days late.
  - The Fiscal Year 2021 Quarter 4 C-15 overstated transfers in by \$1,453 and deletions by \$21,399.
  - On the Fiscal Year 2021 year end C-15, Buildings and Building Improvements were overstated by \$42,798.

**Inventory reported differed from Office records by over \$800,000**

- During testing of the Certification of Inventory and Discrepancy Reports, the auditors noted:
  - Inventory reported differed from the Office's records by \$845,791 for Fiscal Year 2021 and by \$810,444 for Fiscal Year 2022.
  - The Fiscal Year 2021 discrepancy listing reported 37 of 58 (64%) unlocated items, totaling \$107,457, classified as Information Technology related items that had the potential to store confidential information on the operating system and/or applications loaded on the equipment.
  - The Office failed to report equipment subject to theft with the Fiscal Year 2021 report.

**Equipment expenditures were unable to be sufficiently reconciled**

- Records of equipment expenditures were unable to be sufficiently reconciled. Differences of (\$20,970) and \$54,089 were noted in Fiscal Years 2021 and 2022, respectively. (Finding 2, pages 12-15). **This finding has been reported since 2018.**

The auditors recommended the Office correct their inventory records and strengthen tracking of their equipment inventory to ensure an accurate and complete listing. Additionally, the auditors recommended the Office implement controls to ensure proper and timely reporting, recordkeeping and reconciliations of its State property records.

**Office accepted the finding and recommendations**

The Office accepted the finding and recommendations and stated staff will work to strengthen the Office's internal

controls to increase the accuracy of property records and tracking of inventory.

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

The Office failed to implement adequate internal controls over its service providers.

#### **List of service providers provided by the Office was not complete**

We requested the Office provide the population of service providers utilized. In response to our request, the Office provided a population; however, during fieldwork, the auditors identified an additional service provider. Due to these conditions, the auditors were unable to conclude the Office's populations were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants.

Even given the limitations noted above, the auditors tested a sample of four services providers and noted the Office did not:

#### **SOC reports were not obtained and reviewed**

- Obtain and review System and Organization Control (SOC) reports for four (100%) service providers.
- Ensure the contracts for two of four (50%) service providers documented the roles and responsibilities of the service provider and the Office.
- Ensure the contract for three of four (75%) service providers addressed the security, integrity, availability, confidentiality, and privacy controls over the Office's applications and data.
- Enter into a contract or agreement with one of four (25%) service providers.
- Formalize the monitoring process over the activities outsourced to service providers.
- Document in an intergovernmental agreement the services provided to the Office by the State of Illinois, Department of Innovation and Technology (DoIT).
- Document an adequate review of the SOC reports obtained for services provided by DoIT. (Finding 7, pages 24-25)

#### **No contract entered into with service provider**

#### **Monitoring process over outsourced activities not formalized**

The auditors recommended the Office strengthen its controls in identifying all service providers. Additionally, the auditors recommended the Office:

- Obtain and review SOC reports for all service providers;
- Ensure all service provider contracts document roles and responsibilities of the service provider and the Office, as well as the security, integrity, availability, confidentiality, and privacy controls over the Office's applications and data;
- Enter into appropriate agreements with service providers;

**Office accepted finding and recommendations**

- Formalize monitoring processes over activities outsourced;
- Enter into an intergovernmental agreement with DoIT.

The Office accepted the finding and recommendations and stated they will implement the recommendations to increase control and monitoring over its service providers.

**OTHER FINDINGS**

The remaining findings pertain to personal services, accounting record reconciliations, voucher processing, maintenance of records and accounting procedures, cybersecurity, and access review. 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 Findings 2022-002, 2022-004, 2022-005, 2022-007, and 2022-008. Except for the noncompliance described in these findings, the accountants stated the Office complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Sikich LLP.

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JANE CLARK  
Division Director

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

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

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