



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

**Financial Audit
 For the Year Ended June 30, 2014**

Release Date: February 19, 2015

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2007		1	
Category 2:	0	1	1				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 2							

INTRODUCTION

This report covers our financial audit of the Department of Central Management Services for the year ended June 30, 2014. A State compliance examination covering the two years ended June 30, 2015 will be performed next year.

SYNOPSIS

- (14-01) The Department had not implemented effective security controls over all servers in the midrange environment.

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.

{Financial data is summarized on next page.}

**DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
FINANCIAL AUDIT
For the Year Ended June 30, 2014**

STATEMENT OF ACTIVITIES (expressed in thousands)	Fiscal Year 2014	Fiscal Year 2013	
PROGRAM REVENUES			
Charges for Services.....	\$ 3,064,933	\$ 3,127,634	
EXPENSES			
Total Expenses.....	6,168,171	6,786,690	
NET (EXPENSES) REVENUES.....	(3,103,238)	(3,659,056)	
Total General Revenues and Transfers.....	1,684,019	1,616,149	
CHANGE IN NET POSITION.....	(1,419,219)	(2,042,907)	
Net Position, July 1, as restated.....	(10,004,715)	(7,961,808)	
NET POSITION, JUNE 30.....	\$ (11,423,934)	\$ (10,004,715)	
STATEMENT OF NET POSITION (expressed in thousands)			
ASSETS			
Cash, Equity and Cash Equivalents.....	\$ 236,526	\$ 306,926	
Capital Assets, net.....	338,526	324,322	
Other Assets.....	1,025,565	1,356,255	
Total Assets.....	1,600,617	1,987,503	
LIABILITIES			
Accounts Payable and Accrued Liabilities.....	1,789,381	2,110,593	
Long Term Obligations and Other Liabilities.....	11,235,170	9,881,625	
Total Liabilities.....	13,024,551	11,992,218	
Net Position, Net Investment in Capital Assets.....	323,208	305,442	
Net Position, Restricted	4,230	4,130	
Net Position, Unrestricted.....	(11,751,372)	(10,314,287)	
Total Net Position.....	\$ (11,423,934)	\$ (10,004,715)	
SCHEDULE OF FUNDING PROGRESS OTHER POSTEMPLOYMENT BENEFIT PLAN ACTUARIAL LIABILITY (expressed in thousands)			
	June 30, 2013	June 30, 2011	June 30, 2009
Actuarial Value of Assets.....	\$ -	\$ -	\$ -
Actuarial Accrued Liability - Projected Unit.....	\$ 34,488,085	\$ 33,295,354	\$ 27,124,061
Unfunded Actuarial Accrued Liability.....	\$ 34,488,085	\$ 33,295,354	\$ 27,124,061
Funded Ratio.....	0.00%	0.00%	0.00%
AGENCY DIRECTOR			
During Examination Period: Mr. Malcolm Weems (7/1/11 through 10/4/13)			
Ms. Simone McNeil - Acting (10/5/13 through 1/12/15)			
Currently: Mr. Tom Tyrrell- Acting			

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**INADEQUATE SECURITY AND CONTROL OVER
THE MIDRANGE ENVIRONMENT**

**Inadequate security of midrange
environment**

The Department had not implemented adequate security and controls over the midrange environment.

Although the Department had implemented standards to secure and control the midrange environment, the standards did not require widespread deployment to legacy systems. As such, the Department still had not implemented effective security controls over all servers in the midrange environment.

**Standards not applied consistently to
all servers**

Upon review, auditors noted standards had not been consistently applied on all servers. Specifically, we noted servers:

- Running unsupported operating systems or service pack versions,
- Without anti-virus software,
- Not properly backed up,
- With deficient password length and content requirements, and
- With administrative and user accounts which did not require passwords. (Finding 1, pages 60-62) **This finding was first reported in 2007.**

We recommended the Department should ensure the standards to secure and control the environment are implemented across the midrange environment.

The auditors specifically recommended the Department: (1) ensure all administrative accounts meet password and security standards; (2) standardize password length and content requirements and ensure all accounts require a password; (3) update servers to current vendor recommended patch or service pack levels; (4) ensure all servers are running antivirus software; and (5) ensure all servers are routinely backed up.

Department agrees with auditors

Department officials concurred with our recommendation and stated that they continue to work with other agencies toward standardization and maturity in the midrange environment. *(For the previous Department response, see Digest Footnote #1)*

AUDITOR'S OPINION

Our auditors stated the Department's financial statements as of and for the year ended June 30, 2014 are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General

WGH:skm

SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors for this audit were Sikich LLP.

DIGEST FOOTNOTES

#1 – Inadequate Security and Control over the Midrange Environment

2013 - The Department concurs with the recommendation. The Department has implemented numerous policies, standards, tools, and procedures to help address these issues, including an ongoing review to ensure all servers are backed up and that there is sufficient documentation of the backups. We are working with agencies to update their older applications so that we can improve these environments.