



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
LOCAL GOVERNMENT HEALTH INSURANCE RESERVE FUND

Financial Audit
For the Year Ended June 30, 2022

Release Date: April 6, 2023

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	No Repeat Findings			
Category 2:	1	0	1				
Category 3:	0	0	0				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 0							

This digest covers the Department of Central Management Services (Department), Local Government Health Insurance Reserve Fund's financial audit as of and for the year ended June 30, 2022.

SYNOPSIS

- (22-1) The Department did not have sufficient controls over their change management procedures.

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

**DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
LOCAL GOVERNMENT HEALTH INSURANCE RESERVE FUND
FINANCIAL AUDIT
For the Year Ended June 30, 2022**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION (in thousands)	Fiscal Year 2022	Fiscal Year 2021
OPERATING REVENUES		
Charges or Sales and Services.....	\$ 32,829	\$ 36,065
OPERATING EXPENSES		
Benefit payments and refunds.....	32,167	33,221
Depreciation.....	2	-
General and administrative.....	1,508	1,383
Total operating expenses.....	<u>33,677</u>	<u>34,604</u>
Operating income (loss).....	(848)	1,461
NONOPERATING REVENUES (EXPENSES)		
Interest and investment income.....	25	20
Interest expense.....	(34)	-
Other revenues.....	6	38
Changes in net position.....	<u>(851)</u>	<u>1,519</u>
Net Position, July 1,	6,759	5,240
NET POSITION, JUNE 30.....	<u><u>\$ 5,908</u></u>	<u><u>\$ 6,759</u></u>
SELECTED ACCOUNT BALANCES (in thousands)		
	June 30, 2022	June 30, 2021
ASSETS		
Cash equity with State Treasurer.....	\$ 5,322	\$ 7,245
Cash and cash equivalents.....	1,886	879
Securities lending collateral equity with State Treasurer.....	801	2,389
Due from other government - Federal.....	12	6
Due from other government - local.....	515	247
Other receivables, net.....	364	424
Prepaid expenses.....	-	1,488
Capital assets, net.....	1	-
Total assets.....	<u><u>\$ 8,901</u></u>	<u><u>\$ 12,678</u></u>
LIABILITIES		
Accounts payable and accrued liabilities.....	\$ 2,120	\$ 3,390
Due to other government - Federal.....	-	1
Due to other State funds.....	11	59
Unearned revenue.....	20	52
Obligations under securities lending of the State Treasurer.....	801	2,389
Current portion of leases payable.....	1	-
Current portion of long-term obligations.....	4	4
Noncurrent portion of long-term obligations.....	36	24
Total liabilities.....	<u>2,993</u>	<u>5,919</u>
Net Position		
Unrestricted.....	5,908	6,759
Total Net Position.....	<u><u>\$ 5,908</u></u>	<u><u>\$ 6,759</u></u>
Participant Information		
Number of local government entities participating.....	204	217
Approximate number of employees covered.....	1,687	1,735
Approximate number of dependents covered.....	1,136	1,192
Approximate number of retirees covered.....	94	99
AGENCY DIRECTOR		
During Audit Period: Janel Forde (7/1/21 - 6/12/22), Anthony Pascente (Acting) (6/13/22 - 1/20/23), Raven DeVaughn (Acting) (1/21/23 - Present)		
Currently: Raven DeVaughn (Acting)		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER CHANGE
MANAGEMENT**

The Department of Central Management Services (Department) did not have sufficient controls over their change management procedures.

Complete and accurate population of application changes could not be provided

Change control is the systematic approach to managing changes to an IT environment, applications, or data. The purpose is to prevent unnecessary and/or unauthorized changes, ensure all changes are documented, and minimize any disruptions due to system changes. The Department was unable to provide a complete and accurate population of changes for applications maintained by the Department; therefore, we were unable to perform any testing of the internal controls over changes to the applications and data. (Finding 1, pages 23-24)

We recommended the Department implement controls in order to track the changes made to their applications and data.

Department agreed

The Department agreed with the finding and stated it will work with the Department of Innovation and Technology (DoIT) to obtain the information needed to implement the controls necessary for tracking changes made to its applications.

AUDITOR'S OPINION

The auditors stated the financial statements of the Department of Central Management Services, Local Government Health Insurance Reserve Fund as of and for the year ended June 30, 2022, are fairly stated in all material respects.

This financial audit was conducted by Sikich LLP.

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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