



**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND  
PROFESSIONAL REGULATION**

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STATE COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2022

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



**SIKICH.COM**

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022

**TABLE OF CONTENTS**

	<b><u>Page(s)</u></b>
<i>State Compliance Examination Report</i>	
Department Officials.....	1-2
Management Assertion Letter .....	3-4
State Compliance Report:	
Summary .....	5-8
Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance .....	9-11
Schedule of Findings	
Current Findings .....	12-40
Prior Findings Not Repeated.....	41

STATE OF ILLINOIS  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022

**DEPARTMENT OFFICIALS**

Secretary (4/1/2021 – Present)	Mario Treto Jr.
Secretary (Through 3/31/2021)	Deborah Hagan
Deputy Secretary	Paul Isaac
Chief of Staff (2/16/2023 – Present)	Kristin DiCenso
Chief of Staff (1/21/2023 – 2/15/2023)	Vacant
Chief of Staff (4/25/2022 – 1/20/2023)	Sheleda T. Doss
Chief of Staff (4/01/2022 – 4/24/2022)	Vacant
Chief of Staff (Through 3/31/2022)	Michael Morthland
Chief Financial Officer	S. Thanh Melick
General Counsel (6/21/2021 – Present)	Dina Torrisi Martin
General Counsel (Acting) (5/03/2021 – 6/20/2021)	Beth Compton
General Counsel (5/01/2021 -5/02/2021)	Vacant
General Counsel (Through 4/30/2021)	C. Hunter Wiggins
Senior Deputy General Counsel (1/17/2023 – present)	Jennifer Heydemann
Senior Deputy General Counsel (12/10/2022 – 1/16/2023)	Vacant
Senior Deputy General Counsel (4/18/2022 – 12/09/2022)	Brad E. Karlin
Senior Deputy General Counsel (2/10/2022 – 4/17/2022)	Vacant
Senior Deputy General Counsel (Through 2/09/2022)	Beth Compton
Director of Administrative Services (12/16/2021 – Present)	Amanda Phelps
Director of Administrative Services (Through 12/15/2021)	Vacant
Director Legislative Affairs (2/16/2022 – Present)	Ciara Wagner
Director Legislative Affairs (9/04/2021 – 2/15/2022)	Vacant
Director Legislative Affairs (Through 9/03/2021)	Robert Dixon
Director Division of Professional Regulation	Cecilia Abundis
Director Division of Financial Institutions	Francisco Menchaca
Director Division of Banking	Chasse Rehwinkel
Director Division of Real Estate (4/1/2021 – Present)	Laurie Murphy
Director Division of Real Estate (Through 3/31/2021)	Mario Treto, Jr.

STATE OF ILLINOIS  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022

Cannabis Regulation Oversight Officer (11/28/2022 – Present)	Erin Johnson
Cannabis Regulation Oversight Officer (Acting) (5/25/2022 – 11/27/2022)	Paul Isaac
Cannabis Regulation Oversight Officer (5/14/2022 – 5/24/2022)	Vacant
Cannabis Regulation Oversight Officer (8/10/2020 – 5/13/2022)	Danielle Perry
Cannabis Regulation Oversight Officer (7/01/2020 – 8/09/2020)	Vacant

Department Offices are located at:

Springfield Headquarters  
Bicentennial Building  
320 West Washington Street 3rd Floor  
Springfield, IL 62786

Chicago Headquarters  
555 West Monroe Street, 5th Floor  
Chicago, IL 60661

Des Plaines Headquarters  
9511 Harrison Street, Suite LL50  
Des Plaines, IL 60016



**IDFPR**  
**Illinois Department of**  
**Financial and Professional Regulation**  
Office of the Secretary

[www.idfpr.illinois.gov](http://www.idfpr.illinois.gov)

**JB PRITZKER**  
Governor

**MARIO TRETO, JR.**  
Secretary

**MANAGEMENT ASSERTION LETTER**

March 23, 2023

Sikich LLP  
3051 Hollis Drive, 3<sup>rd</sup> Floor  
Springfield, IL 62704

Ladies and 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, Department of Financial and Professional Regulation (Department). 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 Department's compliance with the following specified requirements during the two-year period ended June 30, 2022. Based on this evaluation, we assert that during the years ended June 30, 2021, and June 30, 2022, the Department has materially complied with the specified requirements listed below.

- A. The Department 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 Department 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 Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. Other than what has been previously disclosed and reported in the Schedule of Findings, State revenues and receipts collected by the Department 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.

- E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

No known instances of noncompliance have occurred subsequent to the period for which compliance is being audited.

Yours truly,

State of Illinois, Department of Financial and Professional Regulation

**SIGNED ORIGINAL ON FILE**

\_\_\_\_\_  
Mario Treto, Jr., Secretary

**SIGNED ORIGINAL ON FILE**

\_\_\_\_\_  
S. Thanh Melick, Chief Fiscal Officer

**SIGNED ORIGINAL ON FILE**

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Dina Torrisi Martin, General Counsel

STATE OF ILLINOIS  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
 COMPLIANCE EXAMINATION  
 For the Two Years Ended June 30, 2022

**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**

<b>Number of</b>	<b><u>Current Report</u></b>	<b><u>Prior Reports</u></b>
Findings	15	14
Repeated Findings	9	6
Prior Recommendations Implemented or Not Repeated	5	8

**SCHEDULE OF FINDINGS**

<b><u>Item No.</u></b>	<b><u>Page</u></b>	<b><u>Last/First Reported</u></b>	<b><u>Description</u></b>	<b><u>Finding Type</u></b>
<b>Current Findings</b>				
2022-001	12	2020/ 2018	Inadequate Internal Audit Function	Material Weakness and Material Noncompliance
2022-002	15	2020/ 2004	Department Boards and Committees not Fully Staffed	Significant Deficiency and Noncompliance
2022-003	20	2020/ 2020	Inadequate Controls over Preparing and Submitting Agency Workforce Reports	Significant Deficiency and Noncompliance
2022-004	22	2020/ 1993	Employee Performance Evaluations Not Timely Completed	Significant Deficiency and Noncompliance
2022-005	23	New	Noncompliance with State Employment Plans	Significant Deficiency and Noncompliance

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022

**SCHEDULE OF FINDINGS (Continued)**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings (Continued)</b>				
2022-006	24	New	Inadequate Controls Over Census Data	Significant Deficiency and Noncompliance
2022-007	26	New	Voucher Processing Internal Controls Not Operating Effectively	Material Weakness and Material Noncompliance
2022-008	28	2020/ 2018	Weaknesses in Internal Control over Travel	Significant Deficiency and Noncompliance
2022-009	30	New	Failure to Deposit Refunds in a Timely Manner	Significant Deficiency and Noncompliance
2022-010	31	New	Inadequate Controls Over Accounts Receivable	Material Weakness and Material Noncompliance
2022-011	32	2020/ 2020	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2022-012	35	2020/ 2020	Failure to Perform Reviews of User Access	Significant Deficiency and Noncompliance
2022-013	37	2020/ 2020	Lack of Adequate Controls Over the Review of Internal Controls Over Service Providers	Significant Deficiency and Noncompliance
2022-014	39	2020/ 2020	Weaknesses in Change Management of Computer Systems	Material Weakness and Material Noncompliance
2022-015	40	New	Disaster Recovery Plan Weaknesses	Significant Deficiency and Noncompliance

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022

**SCHEDULE OF FINDINGS (Continued)**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Prior Findings Not Repeated</b>				
A	41	2020/ 2016	Noncompliance with Savings Bank Act and Illinois Banking Act	
B	41	2020/ 2020	Terminated Employee Lump Sum Payment Incorrectly Computed	
C	41	2020/ 2020	Failure to Prepare Contract Reconciliations Timely	
D	41	2020/ 2018	Deficiencies Identified in its Management of Returned Checks	
E	41	2020/ 2020	Weaknesses Over ERP Implementation	

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on March 13, 2023.

Attending were:

Department of Financial and Professional Regulation

Mario Treto, Jr., Secretary

Paul Isaac, Deputy Secretary

Kristin DiCenso, Chief of Staff

Brandon Purcell, Chief Operating Officer and Agency Purchasing Officer

Charli Malmkar, Executive Assistant to Secretary

Sikich LLP

Amy L. Sherwood, Partner

Danielle Caldwell, Senior Manager

Samantha Bugg, Senior Manager

Office of the Auditor General

Kathy Lovejoy, Principal of IS Audits

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022

**EXIT CONFERENCE (Continued)**

The responses to these recommendations were provided by Brandon Purcell, Chief Operating Officer and Agency Purchasing Officer, in a correspondence dated March 14, 2023.

3051 Hollis Drive, 3<sup>rd</sup> Floor  
Springfield, IL 62704  
217.793.3363

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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, Department of Financial and Professional Regulation (Department) 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, 2022. Management of the Department is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Department’s compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Department 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 Department 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 Department 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 Department 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.
- E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, 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 Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department 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 Department's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Department during the two years ended June 30, 2022. As described in the accompanying Schedule of Findings as items 2022-001, 2022-007, and 2022-014, the Department had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. Also, as described in the accompanying Schedule of Findings as item 2022-010, the Department had not ensured the State revenues and receipts collected by the Department were in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts was fair, accurate, and in accordance with law.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Department complied with the specified requirements during the two years ended June 30, 2022, 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 2022-002 through 2022-006; 2022-008 through 2022-009; 2022-011 through 2022-013, and 2022-015.

The Department's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Department'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 Department 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 Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

Our consideration of internal control was for the limited purpose 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 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 2022-001, 2022-007, 2022-010, and 2022-014 to be 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 2022-002 through 2022-006; 2022-008 through 2022-009; 2022-011 through 2022-013, and 2022-015 to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Department's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Department'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**

Springfield, Illinois  
March 23, 2023

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-001. **FINDING** (Inadequate Internal Audit Function)

The Department of Financial and Professional Regulation (Department) failed to adhere to provisions of the Fiscal Control and Internal Auditing Act (Act).

The Act (30 ILCS 10/2001(a)) requires each designated State agency to maintain a full-time program of internal auditing. The Department, as a Department of State government created in the Civil Administrative Code (Code) (20 ILCS 5/5-15), is a designated State agency required to maintain a full-time program of internal auditing. The Act (30 ILCS 10/2001 (b)) also states “[a]gencies which do not have full-time internal audit programs may have internal audits performed by the Department of Central Management Services”.

The Act was originally a Legislative Audit Commission initiative designed to address deficiencies noted in a May 1988 management audit of Illinois’ State Programs of Internal Auditing. The audit report’s conclusions and recommendations and the legislation that became the Act (House Bill 2031 of the 86<sup>th</sup> General Assembly which was signed into law as P.A. 86-936) demonstrated an understanding that agencies which are not required to have their own full-time program of internal auditing could obtain internal auditing assistance from an agency such as the Department of Central Management Services (CMS). In other words, each designated State agency must have a full-time program of internal auditing and each State agency that is not so designated is not required to have a full-time program of internal auditing but may receive internal audit services from CMS.

In 2003, by Executive Order (2003-10) the Governor transferred the internal auditors from the various State agencies and consolidated them into a bureau at CMS. In 2009, the General Assembly unanimously rejected this consolidation of internal audit authority in CMS and directed that the internal auditors and their functions be returned to their respective designated State agencies (P.A. 96-795, effective July 1, 2010).

On April 1, 2018, the Department and CMS entered into an intergovernmental agreement for CMS to provide all internal audit functions for the Department.

On August 9, 2019, the Attorney General issued an opinion stating multiple State agencies may not appoint the same individual as their chief internal auditor through an intergovernmental agreement. Should designated State agencies desire to consolidate or combine their internal audit functions, they must either seek authorizing legislation from the General Assembly or follow the process for reassigning functions among or reorganizing executive agencies which are directly responsible to the Governor as established by article V, section 11, of the Illinois Constitution of 1970, and the Executive Reorganization Implementation Act.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-001. **FINDING** (Inadequate Internal Audit Function) (Continued)

During testing, we noted the following:

- The Department’s Secretary had not appointed an individual to fill the Department’s chief internal auditor position or posted the vacant position. This position was vacated on July 1, 2016, 2,190 days prior to the end of the examination period on June 30, 2022.

The Act (30 ILCS 10/2002(a)) requires the Director to appoint a chief internal auditor.

- The Department and CMS did not obtain the Governor’s approval for CMS to provide professional internal auditing services to the Department.

The Code (20 ILCS 405/405-293(a)) states CMS “is responsible for providing professional services for or on behalf of State agencies for all functions transferred to the Department by Executive Order No. 2003-10. . .” Since the part of Executive Order 2003-10 related to internal audit was reversed by P.A. 96-795 this portion of the Section is not applicable in the circumstances. The Section goes on to state CMS may “with the approval of the Governor, provide additional services to or on behalf of State agencies.” “Additional services” is not defined and no approval for CMS to provide internal auditing services specifically to the Department, a designated State agency under the Act, was obtained from the Governor.

The Department was first cited for this noncompliance in the compliance examination for the two years ended June 30, 2018. In the years since the finding was first noted, the Department has failed in remediating this finding.

Department management indicated the exceptions noted above were due to the Department being unable to attract qualified candidates for the position of Chief Internal Auditor and internal audit staff.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-001. **FINDING** (Inadequate Internal Audit Function) (Continued)

Failure to establish a full-time internal audit program in accordance with the requirements of the Act – where the chief internal auditor develops a deep understanding of the Department’s functions and processes, oversees, and performs audits of the Department’s major systems of internal accounting and administrative controls on a periodic basis, and oversees implementation and major modifications to information systems weakens the Department’s ability to assess its overall internal control environment and represents noncompliance with State law. Further, the establishment of the Department’s internal audit function by intergovernmental agreement hinders the operational autonomy intended by the General Assembly for internal auditors. Department management cannot terminate an appointed chief internal auditor prior to the conclusion of their term without cause and a hearing before the Executive Ethics Commission, but management can terminate the intergovernmental agreement with CMS at any time for any reason. Failure to obtain the approval of the Governor for expanding the professional services provided to the Department by CMS limits governmental oversight and represents noncompliance with the Code. (Finding Code No. 2022-001, 2020-001, 2018-014)

**RECOMMENDATION**

We recommend the Department’s Secretary post the vacant position and appoint a chief internal auditor to ensure a full-time program of internal auditing is in place and functioning at the Department. We also recommend, if another agency is to be relied upon to supplement internal audit functions at the Department, the Department should obtain written approval of the Governor for these services and ensure such services are provided in accordance with the Act’s requirements.

**DEPARTMENT RESPONSE**

Accepted.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-002. **FINDING** (Department Board and Committees not Fully Staffed)

The Department of Financial and Professional Regulation (Department) did not ensure the appointment of the required number of members to various boards and committees to fill vacancies.

- The Department was not in compliance with the provisions of the Occupational Therapy Practice Act regarding the appointment of members to the Illinois Occupational Therapy Licensure Board (Board). We noted two of seven (29%) positions (public member) had been vacant since January 2020 and occupational therapist in good standing since April 2010. Therefore, the Board did not have four members who were licensed occupational therapists and actively engaged in the practice of occupational therapy in Illinois and a public member as required by the Occupational Therapy Practice Act.

The Department was first cited for this noncompliance in the compliance examination for the two years ended June 30, 2010. In the years since the finding was first noted, the Department has failed to remedy this finding.

The Illinois Occupational Therapy Practice Act (225 ILCS 75/5) requires the Department to appoint the Board consisting of seven members who shall serve in an advisory capacity to the Secretary. The Board shall be composed of four licensed occupational therapists in good standing and actively engaged in the practice of occupational therapy in the State, two licensed occupational therapy assistants in good standing and actively engaged in the practice of occupational therapy in the State and one public member who is not licensed under the Act or a similar act of another jurisdiction and is not a provider of healthcare service.

Department management indicated it had continued challenges in recruiting volunteers willing to donate time to serve on the Board.

- The Department was not in compliance with the provisions of the Perfusionist Practice Act regarding the appointment of members to the Board of Licensing for Perfusionists (Board). We noted two of five (40%) positions have been vacant (public member) since November 2002 and a registered nurse since July 2021. In addition, the Board was not active and did not elect a vice-chairperson in either Fiscal Year 2021 or 2022.

The Department was first cited for this noncompliance in the compliance examination for the two years ended June 30, 2014. In the years since the finding was first noted, the Department has failed to remedy this finding.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-002. **FINDING** (Department Board and Committees not Fully Staffed) (Continued)

The Perfusionist Practice Act (225 ILCS 125/25 (a)) requires the Department to appoint members to the Board of Licensing for Perfusionists which shall serve in an advisory capacity to the Department. The Board shall be comprised of five persons appointed by the Department, of which two members must hold an active license to engage in the practice of perfusion in the State, one member must be a physician licensed under the Medical Practice Act of 1987 who is board certified in and actively engaged in the practice of cardiothoracic surgery, one member must be a licensed registered professional nurse certified by the Association of periOperative Registered Nurses, and one public member who is not licensed under this Act or a similar act of another jurisdiction and who has no connection with the profession. Additionally, the Act (225 ILCS 125/26 (a)) requires the Board to annually elect a chairperson and a vice-chairperson both of which were to be licensed perfusionists.

Department management indicated the Board had not met since 2015 due to lack of business, so the Board had been unable to vote in a new Chairperson. Department management also indicated it continued to have challenges inherent to recruiting individuals willing to volunteer time to serve on various boards and committees.

- The Department was not in compliance with the provisions of the Speech-Language Pathology and Audiology Practice Act (225 ILCS 110/5) regarding the appointment of members to the Speech-Language Pathology and Audiology Board (Board). The Act requires the Board consist of five members. We noted one of five (20%) positions were vacant during the examination period.

The Illinois Speech-Language Pathology and Audiology Practice Act (225 ILCS 110/5) requires the Department to appoint members to the Board of Speech-Language Pathology and Audiology. The Board shall be comprised of five persons appointed by the Department, of which two members must have been licensed speech-language pathologists for a period of five years or more, two members must have been licensed audiologists for a period of five or more years and one public member.

Department management indicated it continued to have challenges recruiting individuals willing to volunteer time to serve on the Board.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-002. **FINDING** (Department Board and Committees not Fully Staffed) (Continued)

- The Department was not in compliance with the provisions of the Veterinary Medicine and Surgery Practice Act of 2004 regarding appointment of members to the Veterinarian Licensing and Disciplinary Board (Board). We noted one of seven (14%) positions was vacant (veterinarian) during the examination period.

The Veterinary Medicine and Surgery Practice Act of 2004 (225 ILCS 115/7) requires the Department to appoint members to the Veterinarian Licensing and Disciplinary Board. The Board shall be comprised of seven persons appointed by the Department, of which six members must be licensed veterinarians, in good standing, and are actively engaged in the practice of veterinary medicine and surgery in the State, and one public member.

Department management indicated it continued to have challenges recruiting individuals willing to volunteer time to serve on the Board.

- The Department was not in compliance with the provisions of the Funeral Directors and Embalmers Licensing Code regarding appointments of members to the Funeral Directors and Embalmers Licensing and Disciplinary Board (Board). The Code requires the Board consist of seven members. We noted one of seven (14%) positions was vacant (public member) during the examination period.

The Funeral Directors and Embalmers Licensing Code (225 ILCS 41/15-5) requires the Department to appoint members to the Funeral Directors and Embalmers Licensing and Disciplinary Board. The Board shall be comprised of seven persons appointed by the Department, of which six members must be licensed to practice funeral directing and embalming in this State, and one who is a knowledgeable public member.

Department management indicated it continued to have challenges recruiting individuals willing to volunteer time to serve on the Board.

- The Department was not in compliance with the provisions of the Marriage and Family Therapy Licensing Act regarding appointment of members to the Board of Marriage and Family Therapy Licensing (Board). The Act requires the Board to consist of seven members. We noted three of seven (43%) positions were vacant (two public members and one active practice member) during the examination period. In addition, there was no chairperson named to the Board.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-002. **FINDING** (Department Board and Committees not Fully Staffed) (Continued)

The Marriage and Family Therapy Licensing Act (225 ILCS 55/25) requires the Department to appoint to the Board of Marriage and Family Therapy Licensing which shall serve in an advisory capacity to the Department. The Board shall be composed of seven members. The Board shall be comprised of five persons appointed by the Department who have been active in the practice for at least five years, two public members shall have no direct affiliation or work experience with the practice of marriage and family therapy and who clearly represent consumer interests. The Board shall annually elect a chairperson.

Department management indicated it continued to have challenges recruiting individuals willing to volunteer time to serve on the Board.

- The Department was not in compliance with the provisions of the Clinical Social Work and Social Work Practice Act regarding the elections of a chairperson and vice chairperson of the Social Work Examining and Disciplinary Board. We noted the Social Work Examining and Disciplinary Board (Board) did not annually elect one of its members as chairperson and one as vice chairperson during the examination period.

The Clinical Social Work and Social Work Practice Act (225 ILCS 20/6) states the Board shall annually elect one of its members as chairperson and one as vice chairperson.

Department management indicated no election of officers was held during the April 2021 meeting due to oversight on behalf of the Board members.

- The Department was not in compliance with the provisions of the Orthotics, Prosthetics, and Pedorthics Practice Act regarding appointment of members to the Board of Orthotics, Prosthetics and Pedorthics (Board). The Act requires the Board to be comprised of six members. We noted two of six (33%) members had been vacant (consumer of orthotic, prosthetic or pedorthic professional services (one public member)) since 2020.

The Orthotics, Prosthetics, and Pedorthics Practice Act (225 ILCS 84/25) states the Board shall consist of six voting members appointed by the Department. Three members are to be practicing licensed orthotists, licensed prosthetists, or licensed pedorthists. These members may be licensed in more than one discipline and their appointments must represent all three disciplines. One member shall be a member of the public who is a consumer of orthotic, prosthetic, or pedorthic professional services. One member shall be a public member who is not licensed under the Act or a consumer of services licensed under the Act. One member shall be a licensed physician.

Department management indicated it continued to have challenges recruiting individuals willing to volunteer time to serve on the Board.

STATE OF ILLINOIS  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-002. **FINDING** (Department Board and Committees not Fully Staffed) (Continued)

Failure to appoint board and committee members may prevent the boards and committees from carrying out their mandated duties of regulating these professions in accordance with the acts cited. (Finding Code No. 2022-002, 2020-002, 2018-001, 2016-001, 2014-003, 12-3, 10-9, 08-14, 07-12, 06-28, 05-25, BRE 04-16)

**RECOMMENDATION**

We recommend the Department continuously appoint qualified members to these boards and committees as required by the acts cited.

**DEPARTMENT RESPONSE**

Accepted.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-003. **FINDING** (Inadequate Controls over Preparing and Submitting Agency Workforce Reports)

The Department of Financial and Professional Regulation (Department) had inadequate controls over preparing and submitting Agency Workforce Reports.

During our testing of the Agency Workforce Report, we noted the following:

- The Department did not prepare and submit the Fiscal Year 2020 Agency Workforce Report with the Secretary of State and Governor’s Office. In fact, the Department stated they would not be preparing and submitting the Agency Workforce Report due to the inability to locate the source information.
- The total number of workers with physical disabilities was reported as 20 on the Fiscal Year 2021 Agency Workforce Report. According to supporting documentation, the total number should have been 28.
- The total number of Position Openings was reported as 99 on the Fiscal Year 2021 Agency Workforce Report. According to supporting documentation, the total number should have been 96.

The State Employment Records Act (Act) (5 ILCS 410/20) requires each State agency to collect, classify, maintain, and report accurate data regarding the number of State employees, as required by the Act, on a fiscal year basis. Each agency is also required to file a copy of all reports with the Office of the Secretary of State and submit a copy to the Governor by January 1 each year. Good internal controls require the reports to be filed with correct information.

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

Finally, the Illinois State Auditing Act (30 ILCS 5/3-2.2) requires State agencies to prepare and file corrected workforce reports with the Secretary of State and the Office of the Governor within 30 days of the release of the report.

Department management indicated the noncompliance occurred due to the employee responsible for executing these reports on behalf of the Department retired in June 2021 and did not retain the source materials or copies of the submitted reports. Department management also indicated the remaining exceptions were due to human error.

STATE OF ILLINOIS  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-003. **FINDING** (Inadequate Controls over Preparing and Submitting Agency Workforce Reports)  
(Continued)

Failure to provide complete and accurate reports prevents fulfillment of the purpose of the State Employment Records Act, which is to provide information to help guide efforts to achieve a more diversified State work force. Failure to retain records supporting the Department’s submission of the reports to the Office of the Secretary of State represents noncompliance with the State Records Act. (Finding Code No. 2022-003, 2020-004)

**RECOMMENDATION**

We recommend the Department complete internal reviews to ensure accurate Agency Workforce Reports are prepared and adequate documentation is maintained. We also recommend the Department file amended reports with the Office of the Secretary of State and the Office of the Governor within 30 days of the release of the report as required by the Illinois State Auditing Act.

**DEPARTMENT RESPONSE**

Accepted.

STATE OF ILLINOIS  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-004. **FINDING** (Employee Performance Evaluations Not Timely Completed)

The Department of Financial and Professional Regulation (Department) did not timely complete employee performance evaluations.

During our testing of 40 employee personnel files, we noted evaluations were not performed on a timely basis for 20 (50%) employees. The evaluations were performed from four to 378 days late.

The Department was first cited for this noncompliance in the compliance examination for the two years ended June 30, 1993. In the years since the finding was first noted, the Department has not been successful in implementing corrective action to rectify this finding.

The Illinois Administrative Code (80 Ill. Admin. Code 302.270(d)) requires performance evaluations to be completed not less often than annually.

Department management indicated it dealt with a large amount of staffing issues throughout the examination period. Due to these issues, they were unable to perform all employee evaluations timely.

Performance evaluations are a necessary and beneficial process used for the development of employees and communication of performance expectations to employees. Failure to complete performance evaluations timely inhibits the Department in providing timely feedback on employees' performance and areas for improvements. Further, performance evaluations provide systematic judgment to support salary increases, promotions, transfers, demotions, and terminations. (Finding Code No. 2022-004, 2020-005, 2018-012, 2016-003, 2014-005, 12-7, 10-5, 08-9, 07-7, 06-12, 05-13, DPR 04-6, 03-4, 01-4, 99-17, 97-20, 95-17, 93-26, BRE 04-9)

**RECOMMENDATION**

We recommend the Department evaluate its procedures for monitoring performance evaluations to ensure completion on a timely basis.

**DEPARTMENT RESPONSE**

Accepted.

STATE OF ILLINOIS  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-005. **FINDING** (Noncompliance with State Employment Plans)

The Department of Professional and Fiscal Regulation (Department) was unable to provide the Hispanic, Asian-American, African American, and Native American State Employment Plans filed during the examination period and the supporting documentation.

The Department asserted it submitted the required information to be compiled for each State Employment Plans during the examination period. However, the Department was unable to provide the Plans and the related source documents as it was not retained.

The African American Employment Plan Act (20 ILCS 405/405-125) states each State agency shall report annually to the Department of Central Management Services (CMS) and the Department of Human Rights, in a format prescribed by CMS, all of the agency's activities in implementing the State Hispanic Employment Plan, the State Asian-American Employment Plan, and the Native American Employment Plan.

The Civil Administrative Code of Illinois (20 ILCS 30/15) states the Department shall report to the General Assembly by February 1 of each year, beginning with February 1, 2011, each State agency's activities that implement the African American Employment Plan.

The State Record Act (5 ILCS 160/8) states the head of each agency shall cause to be made and preserved 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.

Department management indicated the noncompliance occurred due to the employee responsible for executing these reports on behalf of the Department retired in June 2021 and did not retain the source materials or copies of the submitted reports.

Without maintaining this information, the Department cannot ensure it is properly monitoring and administrating its responsibilities related to the CMS Diversity Enrichment Program. (Finding Code No. 2022-005)

**RECOMMENDATION**

We recommend the Department complete internal reviews to ensure State Employment Plans are prepared and adequate documentation is maintained for submitting the reports to CMS and the Department of Human Rights.

**DEPARTMENT RESPONSE**

Accepted.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-006. **FINDING** (Inadequate Controls Over Census Data)

The Department of Financial and Professional Regulation (Department) did not have a documented reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the Department's employees within the Fund are members of both the State Employees' Retirement System of Illinois (SERS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Finally, we noted CMS' actuaries use SERS' census data records to prepare the OPEB actuarial valuation.

During testing, we noted the following:

- The Department did not send or maintain documentation to support an initial complete reconciliation of its census data recorded by SERS to its internal records to establish a base year of complete and accurate census data had been performed.
- Due to the lack of documentation, we were unable:
  - To determine the information submitted to SERS was accurate.
  - To determine if the Department timely perform an initial complete reconciliation of its census data was completed by the SERS deadline of September 1, 2021.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-006. **FINDING** (Inadequate Controls Over Census Data) (Continued)

For employers participating in plans with multiple-employer and cost-sharing characteristics, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

Further, the State Records Act (5 ILCS 160/8) requires the Department make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Department management indicated the Department inquired with SERS regarding questions they had with completing the census data reconciliation; however, SERS did not respond to the Department's inquiries so the Department could not complete the census data due to no communication returned from SERS.

Failure to ensure complete and accurate records are submitted to SERS could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the State's pension and OPEB balances, which may result in a misstatement of these amounts. (Finding Code No. 2022-006)

**RECOMMENDATION**

We recommend the Department ensure reconciliations are performed over its pension and OPEB census data and adequate documentation is maintained to ensure complete and accurate census is submitted its pension and OPEB plans.

**DEPARTMENT RESPONSE**

Accepted.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-007. **FINDING** (Voucher Processing Internal Controls Not Operating Effectively)

The Department of Financial and Professional Regulation's (Department) 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 Department to determine whether certain key attributes were properly entered by the Department's staff into the ERP System. In order to determine the operating effectiveness of the Department's internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's ERP System based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

Our testing noted 8 of 140 (6%) attributes were not properly entered into the ERP System. Therefore, the Department's internal controls over voucher processing **were not operating effectively**.

The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) requires the Department 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 Department 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 Department establish and maintain a system, or systems, 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 Department 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 Department's expenditures data for fiscal years 2021 and 2022 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Code (74 Ill. Admin. Code 900.70). We noted the following noncompliance:

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-007. **FINDING** (Voucher Processing Internal Controls Not Operating Effectively) (Continued)

- The Department owed one vendor interest totaling \$341 in Fiscal Years 2021 and 2022; however, the Department had not approved this voucher for payment to the vendor.

The Act (30 ILCS 540) requires agencies to pay vendors who had not been paid within 90 days of receipt of a proper bill or invoice interest.

- The Department did not timely approve 1,213 of 11,436 (11%) vouchers processed during the examination period, totaling \$8,652,049. We noted these late vouchers were approved between 31 and 414 days late.

The Code (74 Ill. Admin. Code 900.70) requires the Department to timely review each vendor's invoice and approve proper bills within 30 days after receipt.

Department management indicated the weaknesses were caused by human error and turnover in the Department's fiscal division.

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. Further, failure to timely process proper bills and approve vouchers for payment of interest due represents noncompliance with the Code and the Act. (Finding Code No. 2022-007)

**RECOMMENDATION**

We recommend the Department design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate. Further, we recommend the Department approve proper bills within 30 days of receipt and approve vouchers for payment of interest due to vendors.

**DEPARTMENT RESPONSE**

Accepted.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-008. **FINDING** (Weaknesses in Internal Control over Travel)

The Department of Financial and Professional Regulation (Department) did not maintain adequate controls over compliance with travel rules and regulations.

During our testing of 40 travel vouchers, we noted the following:

- Nine (23%) travel vouchers, totaling \$1,256, had errors in regard to the employee's headquarter reported. These travelers listed the hometown/home address as the employee headquarters for the traveler rather than the office location and were not included on the applicable TA-2 Reports. As a result, we could not determine if the nine employees received reimbursement for mileage between their residence and headquarters.

The State Finance Act (Act) (30 ILCS 105/12-3) requires State agencies to file Travel Headquarters Reports with the Legislative Audit Commission for all individuals where official headquarters are located other than where their official duties require them to spend the largest part of their working time.

- One (3%) travel voucher, totaling \$45, had travel reimbursements between the employee's residence and respective Department office which was the employee's headquarters.

The Act (30 ILCS 105/12-3) requires State Agencies to file Travel Headquarters Reports (TA-2 Reports) with the Legislative Audit Commissions for all individuals where official headquarters are located other than where their official duties require them to spend the largest part of their time working. The employees noted above were not listed on any headquarter reports provided to the Legislative Audit Commission.

- One of 40 (3%) traveler vouchers, totaling \$308, had headquarters stated on the travel voucher that did not match the headquarters reported for the traveler on the applicable TA-2 Reports.

The Act (30 ILCS 105/12-3) requires State Agencies to file Travel Headquarters Reports with the Legislative Audit Commissions for all individuals where official headquarters are located other than where their official duties require them to spend the largest part of their time working.

- One (3%) travel voucher, totaling \$245, was not properly completed. The voucher reimbursed the employee for mileage from Springfield to Springfield. The voucher should have listed a trip from Springfield to Des Plaines and Des Plaines to Springfield.

The Statewide Accounting Management System Procedure 17.20.10 states city arrival and city departure destinations should be listed separately on the travel voucher.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-008. **FINDING** (Weaknesses in Internal Control over Travel) (Continued)

- Seven (18%) travel vouchers, totaling \$1,924, were not submitted by the employee to the Department on a timely basis. The vouchers were submitted ten to 254 days late.

IRS Publication 535 states employees should adequately account for their expenses within 60 days after their expenses were paid or incurred.

The Department was first cited for this noncompliance in the compliance examination for the two years ended June 30, 2018. In the years since the finding was first noted, the Department has failed to remedy this finding.

Department management indicated the weaknesses were caused by human error and turnover in the Department's fiscal division.

Failure to ensure compliance with applicable rules and regulation could result in a loss of control over travel expenditures and improper State payments. (Finding Code No. 2022-008, 2020-008, 2018-013)

**RECOMMENDATION**

We recommend the Department strengthen its controls over travel, including the enforcement of applicable rules and regulations related to timely and accurate submission of the TA-2 Report, proper travel voucher completion, and timely submission by the employee.

**DEPARTMENT RESPONSE**

Accepted.

STATE OF ILLINOIS  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-009. **FINDING** (Failure to Deposit Refunds in a Timely Manner)

The Department of Financial and Professional Regulation (Department) failed to deposit refunds on a timely basis.

We noted two of six (33%) refunds totaling \$524 were not deposited on a timely basis. Both refunds were deposited 190 days after receipt.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2(a)) states, “Every officer,...unless a different time of payment is expressly provided by law or by rules or regulations promulgated under subsection (b) of this Section, shall pay 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...”

Department management indicated the weaknesses were caused by human error and turnover in the Department’s fiscal division.

Failure to timely deposit refunds could lead to inaccurate financial reporting and represents noncompliance with State statute. (Finding Code No. 2022-009)

**RECOMMENDATION**

We recommend the Department timely deposit all refunds in accordance with State statute.

**DEPARTMENT RESPONSE**

Accepted.

STATE OF ILLINOIS  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-010. **FINDING** (Inadequate Controls Over Accounts Receivable)

The Department of Financial and Professional Regulation (Department) did not maintain adequate internal controls over its accounts receivable during the examination period.

During our testing of 40 accounts receivables, we noted the following:

- The Department was unable to provide supporting documentation for one (3%) accounts receivable, totaling \$20,000.
- The Department was unable to provide documentation of collection efforts on four (10%) accounts receivable, totaling \$17,425.
- Department could not provide documentation the uncollected accounts receivable had been sent to collections for 15 accounts receivable (38%), totaling \$ 2,968,813.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

The State Records Act (5 ILCS 160/8) requires the Department make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

Department management indicated the weaknesses were caused by human error and turnover in the Department's fiscal division.

Failure to maintain documentation of accounts receivable could result in inaccurate accounts receivable balances. (Finding Code No. 2022-010)

**RECOMMENDATION**

We recommend the Department maintain complete and accurate documentation of accounts receivable records.

**DEPARTMENT RESPONSE**

Accepted.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-011. **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

The Department of Financial and Professional Regulation (Department) had not implemented adequate internal controls related to cybersecurity programs and practices.

The Department's mission is to serve, safeguard, and promote the health, safety, and welfare of the public by ensuring that licensure qualifications and standards for professional practice are properly evaluated, applied, and enforced. As a result, the Department maintains computer systems that contain large volumes of confidential or personal information such as names, addresses, and Social Security numbers of the citizens of the State.

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 Department's cybersecurity program, practices, and control of confidential information, we noted the Department:

- Relied on the Department of Innovation and Technology's (DoIT) policies and procedures; however, the Department had not conducted an analysis of DoIT's policies and procedures to ensure they met their needs. Additionally, the Department had not established policies and procedures related to:
  - System Development Standards,
  - Backup Verification and Off-Site Storage, and
  - On-boarding Procedures.
- Had not ensured employees and contractors acknowledged receipt and understanding of the policies and procedures.
- Had not developed a data classification methodology or classified its data.
- Had not established a comprehensive cybersecurity plan to address their security program, policies and procedures.
- Had not established a security management structure to assign cybersecurity roles and responsibilities.
- Had relied on the security solution services offered by DoIT; however, had not monitored these solutions.
- Had relied on DoIT's Risk Management Program; however, did not have a Department specific risk management methodology in place to address the Department's controls and risk.
- Had not conducted a risk assessment or implemented risk reducing internal controls.
- Had relied on DoIT for vulnerability monitoring, however, had not reviewed any vulnerability documentation, generated any reports, nor documented security event monitoring.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-011. **FINDING** (Weaknesses in Cybersecurity Programs and Practices) (Continued)

The *Framework for Improving Critical Infrastructure Cybersecurity* and 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 requires entities to consider risk management practices, threat environments, 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 all State agencies 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.

Department management indicated DoIT was responsible for cybersecurity controls and the Department did not have sufficient resources.

Failure to implement internal controls related to cybersecurity programs, practices and control of confidential information could result in unidentified risk and vulnerabilities and ultimately lead to the Department's volumes of personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2022-011, 2020-013)

**RECOMMENDATION**

We recommend the Department work with DoIT to obtain a detailed understanding of each party's responsibilities related to cybersecurity controls. Further, we recommend the Department:

- Conduct an analysis of DoIT's policies to ensure they meet the Department's requirements.
- Develop policies and procedures related to:
  - System Development Standards,
  - Backup Verification and Off-site Storage, and
  - On-boarding Procedures.
- Ensure employees and contractors acknowledge receipt and understanding of policies and procedures.
- Develop a data classification methodology and classify its data.
- Establish a cybersecurity plan describing the security program, policies, and procedures.
- Establish a security management structure.
- Develop a risk management methodology, conduct a comprehensive risk assessment, and implement risk reducing internal controls.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-011. **FINDING** (Weaknesses in Cybersecurity Programs and Practices) (Continued)

In addition, we recommend the Department obtain knowledge on how their assets are monitored, how or if security events are timely detected, and the actions taken in response to a security event.

**DEPARTMENT RESPONSE**

Accepted.

STATE OF ILLINOIS  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-012. **FINDING** (Failure to Perform Reviews of User Access)

The Illinois Department of Financial and Professional Regulation (Department) failed to implement adequate control over user access to their applications and data.

As a result of the Department’s mission to protect the residents of Illinois, to ensure the safety and soundness of financial institutions, to ensure that competent professionals are licensed to provide services to the public, and, to enhance commerce in the State for the benefit of all its residents, the Department maintains a myriad of applications and data.

During our examination of the Department’s user access controls, we selected a sample of 187 users with access to the following Department applications to test whether their user access rights aligned with their job duties:

- State’s Enterprise Resource Planning (ERP) System
- Integrated Licensing Enforcement System (ILES) Application
- Credential Licensing Enforcement and Regulation (CLEAR) Application
- Central Time and Attendance System (CTAS) Application
- eTime Application
- Central Payroll System (CPS)

Our testing noted:

- The Department did not provide documentation of the annual review of the user access rights during the engagement period.
- The Department did not provide documentation to determine if user access rights for 11 (6%) users was appropriate; therefore, we could not determine if access rights were appropriate. In addition, two (1%) users did not respond to multiple inquiries as to how the user utilized the application with the access provided.
- Two (1%) users did not require access to the applicable application.
- 92 (49%) terminated users’ applications accounts were not disabled.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies 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.

The National Institute of Standards and Technology (NIST), Special Publication 800-53, Security and Privacy Controls for Information Systems and Organizations, Access Control section, requires entities to ensure access is appropriate, access is timely terminated and access reviews are conducted periodically.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-012. **FINDING** (Failure to Perform Reviews of User Access) (Continued)

Department management indicated they did not have sufficient staffing resources and relied upon support from the Department of Innovation and Technology (DoIT).

Failure to maintain adequate internal controls over users' access to the applications and data could result in unauthorized access to the Department's data. (Finding Code 2022-012, 2020-010)

**RECOMMENDATION**

We recommend the Department implement controls to ensure access to its applications and data is appropriate. Specifically, we recommend the Department:

- Conduct annual review of users' access rights.
- Maintain documentation of the appropriateness of the users' access rights to applications.
- Ensure access rights are timely terminated.
- Ensure users only have access to applications as required by their job duties.

**DEPARTMENT RESPONSE**

Accepted.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-013. **FINDING** (Lack of Adequate Controls Over the Review of Internal Controls Over Service Providers)

The Department of Financial and Professional Regulation (Department) did not obtain or conduct timely independent internal control reviews over its service providers.

We requested the Department provide the population of service providers utilized in order to determine if the Department had reviewed the internal controls over its service providers. In response to our request, the Department provided a listing of service providers utilized during the examination period. However, during testing, we noted two additional service providers which were not included in the Department's population.

Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36). Even given the population limitations noted above, we performed testing of the seven service providers identified.

These service providers provided:

- Software as a Service
- Database Administration
- IT Hosting

During testing, we noted the Department did not:

- Obtain System and Organization Control (SOC) examination reports for three (43%) service providers.
- Conduct internal reviews of the SOC reports for the seven (100%) service providers.
- Ensure roles and responsibilities of the Department and service providers were documented in the agreements.
- Ensure agreements outlined the security, integrity, availability, confidentiality, and privacy controls over the Department's applications and data.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance the resources and 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.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-013. **FINDING** (Lack of Adequate Controls Over the Review of Internal Controls Over Service Providers) (Continued)

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 (NIST), 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 System and Organization Control reports or independent reviews.

Department management indicated the weaknesses were caused by a significant reduction in the Department's information technology workforce over the past few years.

Without having obtained and reviewed a SOC report or another form of independent internal controls review, the Department does not have assurance the service providers' internal controls are adequate. (Finding Code No. 2022-013, 2020-011)

**RECOMMENDATION**

We recommend the Department strengthen its controls to document and maintain a population of their service providers. In addition, we recommend the Department:

- Obtain and review SOC reports or perform independent reviews of internal controls associated with outsourced systems at least annually.
- Monitor and document the operation of the Complementary User Entity Controls relevant to the Department's operations.
- Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Department, and any compensating controls.
- Ensure the roles and responsibilities of both parties are outlined in the agreements with service providers.
- Ensure agreements outline the security, integrity, availability, confidentiality, and privacy controls over the Department's applications and data.

**DEPARTMENT RESPONSE**

Accepted.

STATE OF ILLINOIS  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-014. **FINDING** (Weaknesses in Change Management of Computer Systems)

The Department of Financial and Professional Regulation (Department) did not have change management policies and procedures.

The Department utilized a myriad of applications to meet its mission and mandates. During our examination, we noted the Department had not established change management policies and procedures to control changes to their applications and data. In addition, the Department could not provide a listing of those with access to the production environment and the ability to implement changes thereto.

*The Framework for Improving Critical Infrastructure and 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, Configuration Management and System and Services Acquisition sections, requires entities to document their controls over changes to applications and data to ensure changes are authorized and reviewed. Additionally, the entities are to ensure proper segregation of duties during the change process.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls.

Department management indicated the weaknesses were due to a significant reduction in the Department's Information Technology workforce over the past few years.

Failure to implement controls over changes to applications and data could result in unauthorized changes being made. (Finding Code No. 2022-014, 2020-012)

**RECOMMENDATION**

We recommend the Department develop and implement change management policies and procedures. In addition, we recommend the Department strengthen its controls in determining who can make changes to their applications and data, to ensure proper segregation of duties.

**DEPARTMENT RESPONSE**

Accepted.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2022

2022-015. **FINDING** (Disaster Recovery Plan Weaknesses)

The Department of Financial and Professional Regulation (Department) did not have adequate internal controls for the planning and recovery of its applications and data.

During our review of the Department’s Continuity of Operations Plan (COOP), we noted it contained the name of several key contacts who were no longer with the Department. Additionally, the Department had not developed a disaster recovery plan. Furthermore, the Department had not conducted disaster recovery testing during the examination period.

The *Contingency Planning Guide for Information Technology Systems* published by the National Institute of Standards and Technology requires entities to have an updated and regularly tested disaster contingency plan to ensure the timely recovery of applications and data.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies 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.

Department management indicated the Department of Innovation and Technology (DoIT) was responsible for recovery efforts.

Failure to adequately plan for the recovery of their applications and data could result in the loss of data and inability to recover within an acceptable time period. (Finding Code No. 2022-015)

**RECOMMENDATION**

We recommend the Department update its COOP to include the current employees and develop a disaster recovery plan. We further recommend the Department conduct detailed recovery testing at least annually.

**DEPARTMENT RESPONSE**

Accepted.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED  
For the Two Years Ended June 30, 2022

A. **FINDING** (Noncompliance with Savings Bank Act and Illinois Banking Act)

During the prior examination, the Department of Financial and Professional Regulation (Department) did not ensure compliance with the Savings Bank Act and the Illinois Banking Act.

During the current examination, the Department adopted the required rules under this Act to ensure consistency and due process of savings and State banks operating under these Acts. (Finding Code No. 2020-003, 2018-003, 2016-008)

B. **FINDING** (Terminated Employee Lump Sum Payment Incorrectly Computed)

During the prior examination, the Department did not review calculations of lump sum payments for terminated employees.

During the current examination, our testing indicated the Department reviewed the calculations of lump sum payments and our sample of terminated employees received the correct lump sum payment from the Department. (Finding Code No. 2020-006)

C. **FINDING** (Failure to Prepare Contract Reconciliations Timely)

During the prior examination, the Department failed to perform a reconciliation of its records to those of the Office of Comptroller as required by the Statewide Accounting Management System (SAMS).

During the current examination, our testing indicated the Department performed timely reconciliations of its records to those of the Office of Comptroller as required by SAMS. (Finding Code No. 2020-007)

D. **FINDING** (Deficiencies Identified in its Management of Returned Checks)

During the prior examination, the Department had deficiencies in its management of returned checks.

During the current examination, our testing indicated the Department demonstrated it had adequate controls over returned checks. (Finding Code No. 2020-009, 2018-011)

E. **FINDING** (Weaknesses Over ERP Implementation)

During the prior examination, the Department did not demonstrate strong internal controls over its ERP implementation.

During the current examination, the Department did not implement any major modifications to its ERP System. (Finding Code No. 2020-014)