



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

State Compliance Examination  
 For the Two Years Ended June 30, 2024

Release Date: May 6, 2025

FINDINGS THIS AUDIT: 16				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<b>0</b>	<b>3</b>	<b>3</b>	2022	<b>24-13, 24-14</b>	24-02, 24-16	
Category 2:	5	8	13	2020		24-01, 24-03, 24-04, 24-07	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>	2018	<b>24-06</b>		
<b>TOTAL</b>	<b>5</b>	<b>11</b>	<b>16</b>	2004		24-12	
				1993		24-08	
<b>FINDINGS LAST AUDIT: 15</b>							

**SYNOPSIS**

- **(24-13)** The Department did not maintain adequate internal controls over its accounts receivable and non-sufficient funds checks during the examination period.
- **(24-14)** The Department’s internal controls over its voucher processing function were not operating effectively during the examination period.

**Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

**Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

**Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER ACCOUNTS RECEIVABLE AND NON-SUFFICIENT FUNDS CHECKS**

The Department did not maintain adequate internal controls over its accounts receivable and non-sufficient funds (NSF) checks during the examination period.

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

**Past due accounts receivable not posted to IDROP system**

**\$410,127 not referred to Attorney General for write-off certification**

**\$414,504 not referred to Debt Collection Bureau**

- Twenty-six of 33 (79%) accounts receivable with balances greater than \$250 and more than 90 days past due, totaling \$424,920, had not been posted to the Office of Comptroller's Illinois Debt Recovery Offset Portal (IDROP) system.
- Fourteen of 22 (64%) accounts receivable which were 360 days past due, with balances greater than or equal to \$1,000, totaling \$410,127, had not been referred to the Attorney General for write-off certification.
- Eight of 22 (36%) accounts receivable which were 360 days past due, with balances less than \$1,000, totaling \$4,377, had not been certified by the Department for write-off.
- All 22 (100%) accounts receivables where were 360 days past due, totaling \$414,504, had not been referred to the Department of Revenue's Debt Collection Bureau.

During our testing of 40 NSF checks, we noted the following:

**Applicants not notified when NSF checks were received**

**Licenses not cancelled for non-payment**

- In 26 (65%) NSF checks, totaling \$67,076, applicants were not notified when the check had been determined as insufficient.
- In 14 (35%) NSF checks, totaling \$12,303, applicants were notified beyond 359 days after the check had been determined as insufficient. In addition, 2 of the 14 (14%) applicants had active licenses during the examination period despite no alternative payments received. (Finding 13, pages 41-43)

We recommended the Department establish and implement standardized accounts receivable collection and write-off policies and address staffing shortages to ensure timely referral, certification, and write-off of past due accounts in compliance with statutory requirements. Additionally, we recommended the Department ensure timely follow-up actions are taken and proper procedures are consistently followed over its NSF checks.

**Department accepted**

The Department accepted the finding.

## **VOUCHER PROCESSING INTERNAL CONTROLS NOT OPERATING EFFECTIVELY**

The Department's internal controls over its voucher processing function were not operating effectively during the examination period.

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.

During testing, we noted the following:

- Four of 140 (3%) attributes were not properly entered into the ERP System. Therefore, the Department's internal controls over voucher processing were not operating effectively.
- The Department owed three vendors interest totaling \$348 in Fiscal Year 2023; however, the Department had not approved these vouchers for payment to the vendors.
- The Department did not timely approve 3,341 of 7,412 (45%) vouchers processed during the examination period, totaling \$19,336,638. We noted these vouchers were approved between 1 and 555 days late.
- One of 25 (4%) refund expenditure vouchers tested was not coded with the correct detail object code.
- Two of 2 (100%) vouchers for furniture purchases tested, totaling \$79,849, the Department failed to provide the State Property Surplus – New Furniture Purchase Form. (Finding 14, pages 44-47)

**Interest payments not approved**

**45% of vouchers not approved  
timely**

We recommended the Department:

- Designed and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate.
- Approve proper bills within 30 days of receipt and approve vouchers for payment of interest due to vendors.
- Utilize correct SAMS detail object codes in coding expenditures.
- Adhere to the State Property Control Act by ensuring the proper affidavit is filed before purchasing new furniture

**Department accepted**

The Department accepted the finding.

## **OTHER FINDINGS**

The remaining findings are reportedly being given attention by Department personnel. We will review the Department's progress towards the implementation of our recommendations in our next State compliance examination.

## **ACCOUNTANT'S OPINION**

The accountants conducted a State compliance examination of the Department for the two years ended June 30, 2024, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings, 2024-006, 2024-013, and 2024-014. Except for the noncompliance described in these findings, the accountants stated the Department complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Adelfia, LLC.

**SIGNED ORIGINAL ON FILE**

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COURTNEY DZIERWA  
Division Director

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

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

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