



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS DEPARTMENT OF VETERANS AFFAIRS

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

Release Date: April 29, 2025

FINDINGS THIS AUDIT: 27				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	1	6	7	2022	5	8, 11, 16, 18, 20, 21, 22, 24, 25	
Category 2:	3	17	20	2020	7	9, 10, 13, 15, 23	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>	2018	2, 3	27	
TOTAL	4	23	27	2016	4	12	
				2008	6	14	
FINDINGS LAST AUDIT: 32							

SYNOPSIS

- **(24-5)** The Illinois Department of Veterans Affairs' (Department) internal controls over its voucher processing function were not operating effectively during the examination period.
- **(24-6)** The Department did not exercise adequate control over the recording, reporting, and inventorying of State property.
- **(24-14)** The Department failed to complete annual performance evaluations timely.

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**

**VOUCHER PROCESSING INTERNAL CONTROLS
NOT OPERATING EFFECTIVELY**

The Illinois Department of Veterans Affairs' (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 (ERP) System 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.

Our testing noted 4 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.

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 given the limitations noted above, we conducted an analysis of the Department's expenditure data for Fiscal Years 2023 and 2024 to determine compliance with the State Prompt Payment Act and the Illinois Administrative Code and noted the following noncompliance:

- The Department owed 27 vendors interest totaling \$5,944 in Fiscal Years 2023 and 2024; however, the Department had not approved these vouchers for payment to the vendors.
- The Department did not timely approve 3,110 of 33,172 (9%) vouchers processed during the examination period, totaling \$14,765,270. These vouchers were approved between 1 and 446 days late. (Finding 5, pages 28-30)

Vouchers not approved timely

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

Department officials agreed

The Department accepted our recommendations.

INADEQUATE CONTROLS OVER THE PURCHASE, RECORDING, AND REPORTING OF STATE PROPERTY

The Department did not exercise adequate control over the recording, reporting, and inventorying of State property.

A few issues we noted during our testing of State property follow:

- Two of 20 (10%) property items tested were assigned tag numbers and included on the Department’s reports to the Department of Central Management Services (CMS), but had previously been sold or replaced. These items were valued at \$222,053.
- During our testing over additions to the Department’s property records, we noted 2 of 40 (5%) assets tested totaling \$8,350 were not added timely to the Department’s property records. These items were added 63 and 3,890 days late.
- Additions and deletions per the Department’s property records did not agree with the additions and deletions per the Department’s C-15 reports. See differences noted for Fiscal Year 2024 in the table below:

Assets not added timely to records

Records did not agree

Transaction	Deletions	Additions
FY24 Q4		
Per Property Records	\$203,552	\$447,411
Per C-15	\$75,929	\$486,132
Difference	\$127,623	\$38,721

(Finding 6, pages 31-34) **This finding has been reported since 2008.**

We recommended the Department strengthen internal controls over the recording and reporting of State property by strengthening its inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements.

Department officials agreed

The Department accepted our recommendation.

EMPLOYEE PERFORMANCE EVALUATIONS NOT PERFORMED TIMELY

The Department failed to complete annual performance evaluations timely.

During our testing of 40 employee personnel files containing 66 evaluations, we noted the following:

Evaluations performed late

- Evaluations were not performed on a timely basis for 19 of 66 (29%) evaluations tested. The evaluations were performed from 2 to 496 days late.
- The Department could not provide evaluations for 12 of 66 (18%) evaluations tested. (Finding 14, pages 49-50) **This finding has been reported since 2008.**

We recommended the Department take appropriate measures to ensure performance evaluations are conducted timely and related documentation is maintained.

Department officials agreed

The Department accepted our recommendation.

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 2024-001 through 2024-007. 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 Sikich CPA LLC.

SIGNED ORIGINAL ON FILE

COURTNEY DZIERWA
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

FJM:dmg