

**STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION**

**STATE COMPLIANCE EXAMINATION**

**For the Two Years Ended June 30, 2021**

**STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021**

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**STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021**

**COMMISSION OFFICIALS**

Executive Director (12/20/19 – Present)	Ms. Michelle Casey
Interim Executive Director (10/18/19 – 12/19/19)	Ms. Michelle Casey
Executive Director (07/01/19 – 10/15/19)	Mr. Chad Fornoff
Chief Administrative Officer and Senior Counsel* (11/1/22 – Present)	Mr. Nathan Rice
General Counsel	Mr. Stephen Rotello
Chief Financial Officer (10/16/22 – Present)	Mr. Oliver Brooks
Chief Financial Officer (09/30/22 – 10/15/22)	Vacant
Acting Chief Financial Officer (05/31/22 – 09/29/22)	Mr. Harold Wilson
Chief Financial Officer (05/17/22 – 05/30/22)	Vacant
Chief Financial Officer (09/16/21 – 05/16/22)	Ms. Aliceber Rivera
Chief Financial Officer (03/01/19 – 09/15/21)	Ms. Amy Adams

**COMMISSION OFFICERS**

Chair of the Board (07/01/22 – Present)	Ms. Teresa Bartels
Chair of the Board (07/01/20 – 06/30/22)	Ms. Amalia Rioja
Chair of the Board (07/01/19 – 06/30/20)	Ms. Chasity Boyce
Vice-Chair of the Board (07/01/22 – Present)	Ms. Cynthia Ervin
Vice-Chair of the Board (07/01/20 – 06/30/22)	Ms. Teresa Bartels
Vice-Chair of the Board (09/16/19 – 06/30/20)	Ms. Amalia Rioja
Vice-Chair of the Board (08/19/19 – 09/15/19)	Vacant
Vice-Chair of the Board (07/01/19 – 08/18/19)	Mr. Ryan Ruskin
Secretary of the Board (07/01/22 – Present)	Ms. Patricia Schuh
Secretary of the Board (07/01/20 – 06/30/22)	Ms. Cynthia Ervin
Secretary of the Board (09/16/19 – 06/30/20)	Ms. Teresa Bartels
Secretary of the Board (07/01/19 – 09/15/19)	Vacant

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EXECUTIVE ETHICS COMMISSION  
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**GOVERNING BOARD MEMBERS**

Commissioner	Ms. Amalia Rioja
Commissioner	Ms. Teresa Bartels
Commissioner (08/23/19 – Present) Commissioner (07/01/19 – 08/22/19)	Ms. Cynthia Ervin Mr. Andrew Volpert
Commissioner (03/07/22 – Present) Commissioner (10/23/21 – 03/06/22) Commissioner (07/01/19 – 10/22/21)	Ms. Allison Powers Vacant Ms. Chasity Boyce
Commissioner (12/01/22 – Present) Commissioner (08/23/19 – 11/30/22) Commissioner (07/01/19 – 08/22/19)	Vacant Ms. Cara Hendrickson Mr. James Schink
Commissioner	Ms. Maria Kuzas
Commissioner (07/15/20 – Present) Commissioner (07/01/19 – 7/14/20)	Ms. Patricia A. Schuh Mr. Shawn W. Denney
Commissioner	Mr. Walter P. Turner III
Commissioner (08/19/19 – Present) Commissioner (07/01/19 – 08/18/19)	Ms. Patricia Yadgir Mr. Ryan Ruskin

\*Position was newly created effective November 1, 2022.

**COMMISSION OFFICE**

The Executive Ethics Commission's primary administrative office is located at:

William G. Stratton Building  
401 S. Spring Street, Room 513  
Springfield, Illinois 62706

April 13, 2023

*Sent via electronic mail*

**MANAGEMENT ASSERTION LETTER**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois  
740 East Ash Street  
Springfield, Illinois 62703-3154

Auditor General Mautino:

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, Executive Ethics Commission (Commission). 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 Commission's compliance with the following specified requirements during the two-year period ended June 30, 2021. Based on this evaluation, we assert that during the years ended June 30, 2020, and June 30, 2021, the Commission has materially complied with the specified requirements listed below.

- A. The Commission 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 Commission 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 Commission 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 Commission 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.

In addition, we are aware of noncompliance matters which occurred during the period subsequent to June 30, 2021, which requires disclosure by management under the attestation standards established by the American Institute of Certified Public Accountants (AT-C § 205.49). These matters have been previously communicated to the auditors in writing.

Yours truly,

State of Illinois, Executive Ethics Commission

**SIGNED ORIGINAL ON FILE**

\_\_\_\_\_  
Michelle Casey, Executive Director

**SIGNED ORIGINAL ON FILE**

\_\_\_\_\_  
Nathan Rice, Chief Administrative Officer  
and Senior Legal Counsel

**SIGNED ORIGINAL ON FILE**

\_\_\_\_\_  
Stephen Rotello, General Counsel

**STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
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**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 a material weakness over internal control over compliance.

**SUMMARY OF FINDINGS**

<b>Number of</b>	<b><u>Current Report</u></b>	<b><u>Prior Report</u></b>
Findings	6	0
Repeated Findings	0	0
Prior Recommendations Implemented or Not Repeated	0	0

**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>				
2021-001	10	New	Inadequate Control over Personal Services	Material Weakness and Material Noncompliance
2021-002	14	New	Inadequate Controls over Voucher Processing	Significant Deficiency and Noncompliance
2021-003	17	New	Inadequate Controls over Equipment and Related Records	Significant Deficiency and Noncompliance
2021-004	19	New	Inadequate Controls over Reconciliations	Significant Deficiency and Noncompliance

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**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</b>				
2021-005	21	New	Noncompliance with Identity Protection Act	Significant Deficiency and Noncompliance
2021-006	23	New	Lack of Independent Internal Control Review over Service Providers	Significant Deficiency and Noncompliance

**EXIT CONFERENCE**

The Commission waived an exit conference in a correspondence from Nathan Rice, Chief Administrative Officer and Senior Legal Counsel, on April 6, 2023. The responses to the recommendations were provided by Stephen Rotello, General Counsel, in a correspondence dated April 13, 2023.

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OFFICE OF THE AUDITOR GENERAL  
FRANK J. MAUTINO

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Governing Board  
State of Illinois, Executive Ethics Commission

**Report on State Compliance**

We have examined compliance by the State of Illinois, Executive Ethics Commission (Commission) 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, 2021. Management of the Commission is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Commission's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Commission 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 Commission 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 Commission 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 Commission 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.

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 Commission complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Commission 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 Commission's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Commission during the two years ended June 30, 2021. As described in the accompanying Schedule of Findings as item 2021-001, the Commission had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Commission complied with the specified requirements during the two years ended June 30, 2021, 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 2021-002 through 2021-006.

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

Our consideration of internal control was for the limited purpose described 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 a material weakness 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 a 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 item 2021-001 to be a material weakness.

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 2021-002 through 2021-006 to be significant deficiencies.

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

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

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JANE CLARK, CPA  
Director of Financial and Compliance Audits

Springfield, Illinois  
April 13, 2023

**STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
SCHEDULE OF FINDINGS  
For the Two Years Ended June 30, 2021**

2021-001. **FINDING** (Inadequate Control over Personal Services)

The Executive Ethics Commission (Commission) did not maintain adequate controls over personal services.

During our testing of Employment Eligibility Verification Forms (Form I-9) for six employees, we noted the following:

- Two (33%) employees tested did not sign Section 1 of the Form I-9 by the end of their first day of employment. The employees signed 3 and 31 days late.
- For one (17%) employee tested, Section 2 of the Form I-9 was not completed.
- For one (17%) employee tested, Section 2 of the Form I-9 was signed by the Commission 38 days after the first day of employment.

The Immigration Reform and Control Act of 1986 (8 U.S. Code § 1324a) requires an entity hiring an individual for employment in the United States to attest, under penalty of perjury and on a form designated or established by the Attorney General by regulation, that it has verified the individual is not an unauthorized alien. Such attestation is required to be made by completing Form I-9. Per the instructions for Form I-9, newly hired employees must complete and sign Section 1 of Form I-9 no later than the first day of employment. In addition, the instructions specify the employer must complete and sign Section 2 within 3 business days of the employee's first day of employment, attesting they physically examined the documents presented by the employee, the document(s) reasonably appear to be genuine and relate to the employee named, the employee is authorized to work in the United States, and the information entered in Section 2 is complete, true, and correct. The employer is responsible for ensuring all parts of Form I-9 are properly completed. Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure the employer verification procedures of the Form I-9 are completed within the required timeframe.

During our testing of the Commission's Fiscal Year 2019 and Fiscal Year 2020 *Agency Workforce Reports* (Reports), we noted the following:

- Two of 2 (100%) Reports were not timely submitted to the Governor. The Reports were submitted 1 and 47 days late.

The State Employment Records Act (5 ILCS 410/20) requires the Commission to file an annual *Agency Workforce Report* with the Governor by January 1.

- The Commission reported amounts on its Fiscal Year 2019 and Fiscal Year 2020 Reports which did not agree to Commission provided supporting documentation. We

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noted differences ranging from an overstatement of 3 employees to an understatement of 6 employees in 32 categories.

The State Employment Records Act (5 ILCS 410/20) requires State agencies to collect, classify, maintain, and report all information required by this Act on a fiscal year basis. In addition, 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 for the preparation of reliable financial and statistical reports.

During our testing of 21 personnel files, we noted the following:

- Three (14%) personnel files selected for testing did not contain the employee's resume, which is utilized by the Commission as an application for employment.
- Four (19%) personnel files selected for testing did not contain documentation to support the employee's current, or ending, gross pay.
- In addition, we noted many documents required to perform testing were not maintained in the employee personnel files selected for testing, including 18 of 42 (43%) performance evaluations and 2 of 21 (10%) resumes. Documents were later provided to the auditors and were tested at that time.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure documentation is added to personnel files in a timely manner. In addition, the State Records Act (5 ILCS 160/8) requires the Commission to cause to be made and preserved records containing adequate and proper documentation of the Commission's essential transactions designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

During our review of accumulated leave time for 21 employees, we noted the following:

- Two (10%) employees tested did not receive the correct number of personal time hours, resulting in shortages of 3.75 hours and 7.5 hours.

The Commission's Policy Manual indicates employees will receive three personal days per calendar year. In addition, if an employee uses 16 hours or less of the previous calendar year sick leave, one additional personal day will be given. Further, the Policy Manual states an employee who enters service during the year shall be given credit for such leave at the rate of one-half day for each two months of service for that calendar year.

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- For one (5%) employee tested, the incorrect amount of unused vacation time was forfeited, resulting in a 15 hour variance.

The Commission's Policy Manual indicates an employee may accumulate vacation leave. However, vacation leave that is not used within 24 months of the calendar year in which it is earned will be forfeited.

- Vacation time used and vacation time earned for one (5%) employee tested was inaccurate, resulting in a shortage of 10 hours of vacation time to the employee.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure leave time is accurately and timely recorded. In addition, the Commission's Policy Manual indicates an employee must be in paid status at least one-half of the workdays in a month to earn vacation leave for the month.

We also noted the following:

- During our testing of 28 employees required to file Economic Interest Statements, we noted one (4%) employee selected for testing did not file an Economic Interest Statement for Fiscal Year 2020. The Illinois Governmental Ethics Act (5 ILCS 420/4A-105) requires any person who takes office or otherwise becomes required to file a statement of economic interests within 30 days prior to May 1 of any year to file his or her statement at any time on or before May 31 without penalty.
- During our testing of performance evaluations, we noted evaluations were not performed or documented for 5 of 13 (38%) employees selected for testing. The Commission's Policy Manual requires performance evaluations to be completed at least once every fiscal year.
- During our testing of training completed by 14 procurement employees, we noted 3 (21%) procurement employees tested did not complete the required 12 hours of training per fiscal year. Employees were short between 6 and 12 hours. The Commission's Chief Procurement Office's Training Plan, effective in Fiscal Year 2018, requires each Chief Procurement Officer, State Procurement Officer, and Procurement Compliance Monitor to complete 12 hours of continuing education.

Commission management indicated the deficiencies related to Form I-9s and the backlog of filing were the result of mandated remote work due to COVID-19 safety protocols and employee turnover. Commission management indicated the errors relating to vacation time forfeiture were the result of an issue with the Central Time and Attendance System. Commission management stated the remaining issues noted were due to management oversight, employee error, and employee turnover.

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Failure to complete the Form I-9 properly could subject the State to unnecessary legal costs and penalties and represents noncompliance with federal regulations. Failure to accurately report statistical information regarding women, disabled, and minority groups, and file corrected reports limits the usefulness of the Commission's *Agency Workforce Reports* and represents noncompliance with State laws. Failure to maintain required documents in employee personnel files could subject the State to unnecessary legal costs and represents noncompliance with State laws. Failure to timely file required documents in employee personnel files increases the likelihood documents will be misplaced, lost, or accessed by an unauthorized individual. Failure to file Economic Interest Statements could lead to employees making decisions in which they should have been disqualified due to a conflict of interest. Failure to ensure accrued leave balances are properly calculated can result in employees being unable to use benefit time earned or using benefit time they did not earn and reduces the overall reliability of Statewide financial reporting of the compensated absences liability. Employee performance evaluations are a systematic and uniform approach for the development of employees and communication of performance expectations to employees. Employee performance evaluations serve as a foundation and documentation for salary adjustments, promotions, demotions, discharges, layoff, recall, or reinstatement decisions. Failure to perform performance evaluations and complete the required procurement training hours represents noncompliance with the Commission's policies. (Finding Code No. 2021-001)

**RECOMMENDATION**

We recommend the Commission ensure the Form I-9 is properly and timely completed for all newly hired employees and ensure its *Agency Workforce Reports* are accurate and filed timely. We also recommend the Commission ensure personnel files are complete and updated routinely, strengthen its review of employees' accumulated leave time, and ensure performance evaluations are timely performed and appropriately documented in the personnel file. Further, we recommend the Commission ensure all employees required to file Statements of Economic Interests and/or complete procurement training do so.

**COMMISSION RESPONSE**

The Commission accepts the recommendations and has already taken steps to implement them. Human Resources staff has put in place measures to ensure the I-9 form is completed within the required time frame for all new hires and has implemented processes to improve the integrity of data maintained within personnel files and human resources systems.

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2021-002. **FINDING** (Inadequate Controls over Voucher Processing)

The Executive Ethics Commission (Commission) did not exercise adequate control over voucher processing.

During testing, we noted the following:

- Twenty-three of 113 (20%) general, lapse period, and travel vouchers tested, totaling \$1,894,896, were approved for payment 1 to 180 days late.

The Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.70) requires the Commission to review a bill and either deny the bill in whole or in part, ask for more information necessary to review the bill, or approve the bill in whole or in part, within 30 days after physical receipt of the bill.

- Six of 60 (10%) general vouchers tested, totaling \$6,649, were not charged to the correct fiscal year.

The State Finance Act (30 ILCS 105/25) requires that outstanding liabilities as of June 30, payable from appropriations which have otherwise expired, may be out of the expiring appropriation during the 2-month period at the close of business on August 31.

- For 4 of 60 (7%) general vouchers tested, totaling \$652,897, interest totaling \$6,102 was accrued and owed to the vendors, but the Commission either did not pay interest to the vendors or did not pay the correct amount of interest to the vendors. In total, the vendors were underpaid \$6,102 in interest penalties.

The State Prompt Payment Act (30 ILCS 540/3-2(1.05)) requires any bill approved for payment under this Section to be paid, or the payment issued to the payee, within 90 days of receipt of a proper bill or invoice. If payment is not issued to the payee within this 90-day period, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month, or 0.033% of any amount approved and unpaid for each day, after the end of this 90-day period, until final payment is made.

- A new furniture affidavit was not filed for 1 of 60 (2%) general vouchers tested, totaling \$834, where office furniture was purchased.

The State Property Control Act (30 ILCS 605/7a) requires if the Commission desires to purchase new furniture to first check with the Director of the Department of Central Management Services (Director) to determine if any surplus furniture can be used. If no surplus furniture is available, the Commission must file an affidavit to the Director prior to any purchase, specifying the types of new furniture, the cost per type, the total

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cost per category, and why the furniture must be purchased as opposed to obtained from the Director's surplus.

- The voucher amounts for 2 of 77 (3%) general and lapse period vouchers tested, totaling \$9,372, did not mathematically trace to the support provided by the Commission.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

- Four of 53 (8%) lapse period and travel vouchers tested, totaling \$2,071, were not submitted to the Commission within 60 days of the final day of travel. The vouchers were submitted to the Commission 23 to 57 days late.

IRS Publication 535 requires the Committee's employees to adequately account for their expenses within 60 days after the expenses were paid or incurred.

Commission officials indicated competing priorities and employee oversight contributed to the conditions noted above.

Failure to approve vouchers timely could subject the Commission to unnecessary interest charges and represents noncompliance with the Code. Paying expenditures from the incorrect fiscal year appropriation is a violation of the State Finance Act requirements. Failure to file new furniture affidavits may result in unnecessary purchases of furniture items and represents noncompliance with State statute. Failure to timely approve, accurately enter, and maintain documentation to support the timely approvals, as well as the interest owed and paid, could lead to the misuse of State funds and inaccurate and incomplete expenditure records. (Finding Code No. 2021-002)

**RECOMMENDATION**

We recommend the Commission ensure all vouchers are timely approved for payment and charged to the correct fiscal year. We also recommend the Commission ensure all voucher amounts agree to supporting documentation and ensure any required interest is paid timely. We further recommend the Commission ensure new furniture affidavits are filed when required. Lastly, we recommend the Commission remind travelers of the need to submit travel vouchers timely.

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**COMMISSION RESPONSE**

The Commission accepts the recommendations. Fiscal staff has implemented and documented ongoing practices to ensure adequate control over all voucher processing, including time-stamping vouchers when received, an internal review and approval process for accuracy and documentation, and communication efforts to advise on agency or State policies.

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2021-003. **FINDING** (Inadequate Controls over Equipment and Related Records)

The Executive Ethics Commission (Commission) did not maintain adequate controls over its equipment and related records.

We noted the following:

- During backwards testing, 19 of 40 (48%) items tested, totaling \$12,017, were physically located in a different location than reported on the Commission's property listing.
- During forwards testing, 3 of 40 (8%) items tested, totaling \$7,077, were physically located in a different location than reported on the Commission's property listing.
- During backwards testing, 1 of 40 (3%) items tested was not reported on the Commission's annual inventory certification submitted to the Department of Central Management Services (DCMS), nor was the item located on the Commission's property listing.

The State Property Control Act (Act) (30 ILCS 605/4) requires responsible officers at each State agency to be accountable for the supervision, control, and inventory of property under their jurisdiction. Further, the Statewide Accounting Management System (SAMS) (Procedure 29.10.10) requires the Commission to maintain detailed records of each item, including the item's location. SAMS (Procedure 29.10.10) also requires the Commission to maintain and submit a permanent record of all property to DCMS annually.

- The Commission did not have a written policy to clearly delineate the categories of equipment considered to be subject to theft.

The Code (44 Ill. Admin. Code 5010.210(c)) requires the Commission to adopt a policy or policies clearly delineating categories of equipment considered to be subject to theft.

- During testing of information technology (IT) related equipment items, we were unable to determine if 11 of 11 (100%) IT equipment items tested were disposed of in accordance with the Data Security on State Computers Act (Security Act) due to a lack of documentation substantiating the hard drives had been erased, wiped, sanitized, or destroyed.

The Security Act (20 ILCS 450/20) requires all hard drives of surplus electronic data processing equipment to be erased, wiped, sanitized, or destroyed in a manner that prevents retrieval of sensitive data or software before being sold, donated, or transferred. The State Records Act (5 ILCS 160/8) requires the Commission to make and preserve records containing adequate and proper documentation of the

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Commission's essential transactions designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Commission's activities.

Commission management indicated the deficiencies noted above were a result of employee oversight and competing priorities.

Failure to maintain adequate control over equipment and related property records increases the risk of equipment theft or loss occurring without detection and reduces accuracy of property reporting. Further, failure to substantiate proper disposal of equipment items could result in the improper release of sensitive information. (Finding Code No. 2021-003)

**RECOMMENDATION**

We recommend the Commission improve its controls over equipment to ensure its related property records are accurate and up to date. In addition, we recommend the Commission adopt a written policy delineating categories of equipment considered to be subject to theft. Lastly, we recommend the Commission retain sufficient records to substantiate proper disposal of electronic data processing equipment items.

**COMMISSION RESPONSE**

The Commission accepts the recommendations. The Commission will work to increase the frequency of its internal inventory audits, as well as develop a policy to better define what equipment should be classified as high theft. Further, the Commission has implemented a policy whereby the individual responsible for the disposal of electronic data processing equipment will create a record of the inventory disposed of, the manner of its disposal, and a signature certifying the completion of its disposal.

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2021-004. **FINDING** (Inadequate Controls over Reconciliations)

The Executive Ethics Commission (Commission) did not exercise adequate control over its required monthly reconciliations.

During our review of the Commission's monthly reconciliations, we noted the following:

- We were unable to determine if 1 of 32 (3%) required reconciliations of the Commission's internal expenditure records to the Comptroller's *Monthly Appropriation Status* (SB01) report was completed timely.
- We noted 5 of 32 (16%) reconciliations of the Commission's internal expenditure records to the Comptroller's SB01 reports were approved 10 to 511 days late.
- We were unable to determine if 1 of 24 (4%) required reconciliations of the Commission's internal receipt records to the Comptroller's *Monthly Revenue Status* (SB04) report was completed timely.
- We noted 4 of 24 (17%) reconciliations of the Commission's internal receipt records to the Comptroller's SB04 reports were approved 3 to 512 days late.
- We were unable to determine if 12 of 30 (40%) required reconciliations of the Commission's internal contract records to the Comptroller's *Agency Contract Report* (SC14) or *Obligation Activity Report* (SC15) were completed.
- We noted 6 of 30 (20%) reconciliations of the Commission's internal contract records to the Comptroller's SC14 or SC15 reports were approved 11 to 72 days late.

The Statewide Accounting Management System (SAMS) (Procedure 07.30.20) states, "The effectiveness of any accounting and financial information system is very much dependent on the accuracy of data submitted and the confidence of its users that the system handles that data properly. Agency reconciliation is the primary control that ensures these requirements are being satisfied." As such, SAMS (Procedure 11.40.20, Procedure 25.40.20, and Procedure 15.30.30) requires the Commission to perform a monthly reconciliation of its unexpended budget authority balance and expenditures to the SB01 report, its receipts to the SB04 report, and its contract activity to the SC14 or SC15 reports to ensure timely detection and correction of errors and to notify the Comptroller of any irreconcilable differences so corrective action can be taken to locate the differences and correct the accounting records. These reconciliations must be completed within 60 days of month end. In addition, the State Records Act (5 ILCS 160/8) requires the Commission to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the

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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.

Commission management indicated the deficiencies noted above were a result of employee oversight and competing priorities.

Failure to timely and properly document reconciliations of the Commission's records to the Comptroller's reports hinders the ability of staff to identify and correct errors and represents noncompliance with SAMS. Further, it increases the risk that a theft or loss could occur which would not be detected in a timely manner. (Finding Code No. 2021-004)

**RECOMMENDATION**

We recommend the Commission ensure all reconciliations are completed timely and documented fully, including the date on which the reconciliation was performed.

**COMMISSION RESPONSE**

The Commission accepts the recommendation and has already taken steps to implement it. Fiscal staff has documented and implemented ongoing practices to ensure monthly reconciliations are fully documented, reviewed, and approved in a timely manner and are filed accordingly. These practices include a SharePoint reminder for deadlines and review and approval process by Fiscal staff for accuracy and documentation.

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2021-005. **FINDING** (Noncompliance with Identity Protection Act)

The Executive Ethics Commission (Commission) failed to implement all provisions of the Identity Protection Act (Act).

During our examination, we noted the Commission's Identity Protection Policy (Policy), as adopted on July 1, 2012, included the following requirements of the Act (5 ILCS 179):

- Requires social security numbers requested from an individual to be provided in a manner that makes the social security number easily redacted if required to be released as part of a public records request;
- Requires, when collecting a social security number or upon request by the individual, a statement of the purpose or purposes for which the agency is collecting and using the social security number to be provided; and,
- Requires all employees of the State agency identified as having access to social security numbers in the course of performing their duties to be trained to protect the confidentiality of social security numbers. This training should include instruction on proper handling of information that contains social security numbers from the time of collection through destruction of the information.

However, during testing, we noted the Commission did not ensure employees identified as having access to social security numbers in the course of performing their duties were properly trained to protect the confidentiality of social security numbers. This training should have included instruction on proper handling of information that contains social security numbers from the time of collection through destruction of the information.

Commission management indicated the deficiencies noted above were a result of management oversight.

Failure to implement all provisions of the Act results in noncompliance with the Act, does not promote the security and control of social security numbers, and increases the likelihood of identity theft. (Finding Code No. 2021-005)

**RECOMMENDATION**

We recommend the Commission ensure employees identified as having access to social security numbers in the course of performing their duties are properly trained to protect the confidentiality of social security numbers, including instruction on proper handling of information that contains social security numbers from the time of collection through destruction of the information.

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**COMMISSION RESPONSE**

The Commission accepts the recommendation and will either develop or acquire an appropriate training program.

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2021-006. **FINDING** (Lack of Adequate Independent Internal Control Review over Service Providers)

The Executive Ethics Commission (Commission) did not conduct an adequate independent internal control review over its service providers.

The Commission utilized three service providers for software as a service and hosting services. The service providers are responsible for the maintenance and update of the software along with any major alteration of the data maintained in the software. The data maintained in the software is critical to the Commission's operations and contains confidential information.

During our testing of the three service providers utilized by the Commission, we noted the Commission did not conduct an adequate internal control review of the service provider's System and Organization Control (SOC) report for two of the service providers in Fiscal Year 2020 and one of the service providers in Fiscal Year 2021. The Commission failed to provide documentation indicating the following was performed when reviewing the applicable SOC reports:

- Monitoring and documenting the operation of the Complementary User Entity Controls (CUECs) related to the Commission's operations.
- Either obtaining and reviewing SOC reports for subservice organizations or performing alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.
- Documenting its review of the SOC reports and reviewing all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impact to the Commission, and any compensating controls.

The Commission is responsible for the design, implementation, and maintenance of internal controls related to information systems and transaction processing to assure its critical and confidential data are adequately safeguarded. This responsibility is not limited due to the processes being outsourced.

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 that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations and properly recorded and accounted for to permit the preparation of accounts an reliable financial and statistical reports and to maintain accountability over the State's resources.

The National Institute of Standards and Technology's (NIST) Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth

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Revision), 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 SOC reports or independent reviews.

Commission management indicated the deficiencies noted above were a result of management oversight.

Without adequate reviews of SOC reports or another form of independent internal controls review, the Commission does not have assurance the service providers' internal controls are adequate to ensure proper accounting and safekeeping of assets and data. (Finding Code No. 2021-006)

**RECOMMENDATION**

We recommend the Commission ensure SOC reports are obtained and reviewed for all service providers utilized by the Commission. We also recommend the Commission ensure its evaluation of CUECs is fully documented. We further recommend the Commission ensure SOC reports for all subservice organizations are obtained and reviewed, or alternative procedures are performed and documented to satisfy itself any subservice organizations would not impact the internal control environment.

**COMMISSION RESPONSE**

The Commission accepts the recommendations. The Commission has worked with the Department of Innovation and Technology (DoIT) to develop a new system by which SOC reports are reviewed and will work more closely with vendors to ensure that SOC reports are submitted to the Commission in a timely manner to facilitate their review and the implementation of any internal controls warranted by findings presented in the report.

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**State's Procurement of Inmate Telephone Service Vendors**

In August 2014, the Office of the Auditor General released a management audit of the State's Procurement of Inmate Telephone Service Vendors. The audit contained six recommendations directed at various State agencies, including the Executive Ethics Commission (Commission) with regards to the Chief Procurement Officer (CPO) for General Services.

As part of the compliance examination of the Commission for the two years ended June 30, 2021, auditors followed up on the status of the recommendations related to the CPO for General Services and reported the following:

Recommendation 2            Partially Implemented

**Recommendation 2: The Department of Central Management Services and the Chief Procurement Officer for General Services should ensure that the solicitation document specifies, for procurements that include mandatory site visits, whose attendance is required to meet the mandatory attendance requirement.**

**Partially Implemented:** Effective August 29, 2019, the CPO for General Services issued Notice 2020.03 (Notice), which introduced the use of a sign-in form for all pre-submission conferences. This form is required to be a part of the procurement file and a vendor's representation on this form evidences compliance with a solicitation that requires mandatory attendance requirements. Additionally, the Notice requires agencies to clearly explain the reason for attendance limitations or specifications, if any, within the solicitation document.

During testing of procurements requiring a pre-submission conference, we noted discrepancies in the Commission's records. For 3 of 60 (5%) procurements selected for testing, we noted the procurement did not require a pre-submission conference and should not have been included in the population.

Due to this condition, we were unable to conclude whether the Commission's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C 205.36) to test the Commission's procurements.

**Even given the population limitations noted above which hindered our ability to conclude whether selected samples were representative of the population as a whole, we selected a sample of 60 procurements and noted 12 (20%) of these procurements did not have a pre-solicitation conference sign-in form completed.**

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**State's Leasing Decision**

In May 2018, the Office of the Auditor General released a management audit of the State's Leasing Decision. The audit contained 10 recommendations directed at various State agencies, including the Executive Ethics Commission (Commission) with regards to the Chief Procurement Officer (CPO) for General Services.

As part of the compliance examination of the Commission for the two years ended June 30, 2021, auditors followed up on the status of the three recommendations related to the CPO for General Services and reported the following:

Recommendation #1	Implemented
Recommendation #8	Implemented
Recommendation #9	Implemented

**Recommendation #1 – Awarding Leases to Qualified Respondents**

*The Department of Central Management Services and the Chief Procurement Office for General Services should put procedures in place to ensure that leases are awarded only to qualified respondents who submitted bids meeting the original lease specifications.*

**Implemented:** Since the recommendation was made, the CPO for General Services implemented new leasing procedures through the issue of CPO Notice 2018-08, which requires additional documentation of real property and capital improvements to be maintained in the State's procurement system. In addition, the procedures require documented review by the State Purchasing Officer (SPO) on a standard form to identify whether responses meet minimum criteria. Further, the SPO assigned to the Department of Central Management Services (Department) leasing is now headquartered within the Department's leasing office to promote open and frequent communication. Finally, the Request for Information procurement document was updated to include additional required information critical to making leasing decisions. All of these procedures are designed to ensure leases are awarded only to qualified respondents who submit bids which meet the original lease specifications.

During testing of leases related to real property and capital improvements, we noted the procedures put in place by the CPO for General Services were properly followed for the sample of leases selected. Therefore, all tested leases were awarded to qualified respondents who submitted bids meeting the original lease specifications.

**Recommendation #8 – Procurement Bulletin Postings**

*The Chief Procurement Office for General Services should put procedures in place to ensure all required information is included in postings to the Illinois Procurement Bulletin.*

**Implemented:** Since the recommendation was made, the Illinois Procurement Bulletin was replaced by a more modern electronic procurement system. The new system has fields for all of the required information to be entered. In addition, the CPO for General Services put new

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procedures in place with the issuance of CPO Notice 2018-08 to ensure all procurement information for the leasing of real property and capital improvements are maintained in the State's procurement system.

During testing of leases related to real property and capital improvements, we noted all required fields were completed in the Illinois Procurement Bulletin and the procedures put in place by the CPO for General Services were properly followed for the sample of leases tested. Therefore, all required information for the sample selected was included in the postings to the Illinois Procurement Bulletin.

**Recommendation #9 – State Purchasing Officer Written Determination and Approval**

*The Chief Procurement Office for General Services should put procedures in place to ensure that:*

- *A State Purchasing Officer makes a written determination identifying responses that meet the minimum criteria in the request for information as required by the Illinois Procurement Code; and,*
- *Comments and approvals of the procurement steps are documented.*

**Implemented:** Since the recommendation was made, the CPO for General Services issued CPO Notice 2018-08 requiring documented review by the SPO on a standard form to identify whether responses in the Request for Information meet minimum criteria as required by the Illinois Procurement Code. SPO comments and approvals are documented within the State's procurement system, which also prevents a procurement from moving forward without the SPO's approval. The CPO for General Services provided approval training for the SPOs within the State's procurement system.

During our sample testing of leases related to real property and capital improvements, we noted the SPO performed a documented review on a standard form which identify whether responses in the Request for Information met the minimum criteria for the procurement. These documented reviews were maintained within the State's procurement system. Therefore, the SPO made a written determination identifying responses that met the minimum criteria in the request for information as required by the Illinois Procurement Code and theses comments and approvals are documented.