



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF THE GOVERNOR

State Compliance Examination
 For the Two Years Ended June 30, 2021

Release Date: March 17, 2022

FINDINGS THIS AUDIT: 11	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	8	8	2019	1, 6, 8	10	
Category 2:	1	2	3	2017	5, 7		
Category 3:	0	0	0	2011	2		
TOTAL	1	10	11	2007	3, 4, 5	11	
FINDINGS LAST AUDIT: 13							

INTRODUCTION

Because of the significance and pervasiveness of the findings described within the report, we expressed an adverse opinion on the Office of the Governor’s compliance with the specified requirements which comprise a State Compliance Examination. The Codification of Statements on Standards for Attestation Engagements (AT-C §205.72) states a practitioner “should express an adverse opinion when the practitioner, having obtain sufficient appropriate evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the subject matter.”

SYNOPSIS

- **(21-001)** The Office lacked adequate controls over the Illinois Governor’s Mansion property and receipts.
- **(21-002)** The Office did not maintain adequate controls over the recording and reporting of State property.
- **(21-005)** The Office did not maintain adequate controls over receipts processing.

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 THE ILLINOIS
MANSION PROPERTY AND RECEIPTS**

The Office of the Governor (Office) lacked adequate controls over the Illinois Governor’s Mansion (Mansion) property and receipts.

During testing of the Mansion’s property, we noted:

- The Mansion underwent extensive renovations, which were completed in July 2019. The renovations were contracted, overseen, and funded by the Illinois Governor’s Mansion Association (Association), a not-for-profit tax exempt 501(c)(3) organization. As noted in the previous examination, the Office lacked supporting documentation on renovations recorded to fixed assets records and had not performed a reconciliation between the Association’s renovation expenditures and the Office’s additions recorded in the property records or reported on the Office’s quarterly Agency Report of State Property (Form C-15). During the current examination period, we noted:
 - The Office recorded an adjustment, totaling \$145,881 on the June 30, 2020 quarterly Form C-15 to agree the building and building improvement balance to the amount recorded in their property records. However, the Office did not perform an analysis between the Associations expenditures and the Office’s records to determine the correct value of the renovations completed in July 2019.
 - The June 30, 2021 Form C-15 balance of \$8,981 in Site Improvements was not recorded in the Office’s property records.

Lack of reconciliation of Mansion renovation expenditures to property records

Lack of analysis between Association expenditures and Office records

\$8,981 Site Improvements not recorded

Unable to determine total amount of Mansion renovations

As such, we were unable to determine the total amount of renovations completed on the Mansion, which were to be recorded in the Office’s property records and on Form C-15’s.

During testing of the Mansion’s receipts, we noted:

- During Fiscal Years 2020 and 2021, various events were held at the Mansion which were coordinated by the Association. The Office lacked documentation of controls over the charge and collection of fees for usage of the facility in order to ensure all fees were collected for the events held.

Lack documentation of control over charges and fee

- The Office did not maintain an itemized account of all ‘Executive Mansion fees’ received during Fiscal Years 2020 and 2021.
- The Office reported \$9,450 and \$800 in ‘Executive Mansion fees’ collected during Fiscal Years 2020 and 2021, respectively, on its Agency Fee Imposition Report (Report). However, with the lack of controls mentioned above, we were unable to determine if the fees reported were accurate and included all fees charged.

Accountants unable to conclude the Office’s records were sufficiently precise and detailed

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 performed testing of the Office’s property and receipts and noted these matters described in Findings 2021-002 and 2021-005. (Finding 1, pages 10-12)

We recommended the Office:

- Evaluate the procedures and strengthen the controls over property and equipment purchased by the Association and then donated to the State, to ensure accurate record keeping and reporting of all State assets;
- Ensure balances reported on the Form C-15 accurately reflect Office records;
- Maintain adequate records and documentation of Office property activities; and,
- Ensure controls are implemented and documented to ensure all fees collected by the Association on behalf of the Office are remitted.

Office accepted finding

The Office accepted the finding and stated they had put new procedures in place to strengthen fiscal controls and the segregation of duties regarding Mansion inventory and receivables. The Office also stated they will work with the Mansion Association to reconcile the difference between Agency and Mansion Association records and will ensure that all future improvements are accurately recorded.

INADEQUATE CONTROLS OVER STATE PROPERTY

The Office did not maintain adequate controls over the recording and reporting of State property.

Accountants unable to conclude the Office’s records were sufficiently precise and detailed

Due to the process and control deficiencies identified below and as noted in Finding 2021-001, we were unable to conclude whether the Office’s population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) in order to test the Office’s controls over State property and equipment. 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 performed the following tests:

RECORDING AND REPORTING DEFICIENCIES

During testing of the Office's quarterly Agency Report of State Property (Form C-15) we noted inaccurate, unsupported balances, and reporting deficiencies. Specifically:

\$316 unknown difference between Office's property listing and C-15 balance

- We noted an unknown difference, totaling \$316, between the Office's June 30, 2021 property listing and the June 30, 2021 C-15 balance.
- One of 8 (13%) quarterly Form C-15 was filed with the Office of Comptroller four days late.

During testing of property additions and deletions, we noted:

Property additions added late to Office's property records

- Two of 4 (50%) additions tested, totaling \$5,724, were recorded in the Office's property records 296 and 667 days late.
- Four of 60 (7%) deletions tested, totaling \$7,694, the Office did not maintain supporting documentation.

During testing of the Office's annual certification of inventory, we noted the following:

- The Office did not appear to take appropriate measures to verify the property listing was accurate during the Fiscal Year 2020 annual physical inventory. The Office noted zero discrepancies on the certification, however our testing of property items noted instances of un-located property and property which could not be traced to the Office's records.

Property expenditure vouchers not properly added to property records, totaling \$10,902

During testing of the Office's expenditure vouchers, we noted two of 10 (20%) vouchers for equipment items were not properly added to property records. One equipment voucher, totaling \$7,000, was not added to the property records. The other voucher for furniture, totaling \$3,902 was added to the property records twice.

Additionally, the Office failed to implement a policy delineating the categories of equipment considered subject to theft.

We obtained a listing of electronic storage media items disposed during the examination period noting 69 items on the listing that were identified as electronic media. We requested documentation in order to determine if the Office had ensured and documented the items were properly erased, wiped, sanitized, or destroyed in accordance with the destruction process required by the State of Illinois, Department of

Innovation & Technology, Enterprise Information Security Policy, Media Protection Policy (Policy). However, the Office did not provide supporting documentation.

PROPERTY OBSERVATION

The Office did not ensure the physical locations of property items were accurate based on the Office's property listing. Specifically, during our inspection of 60 property items, we noted:

Property items location were not accurate

- Two (3%) property items were not tagged. The items consisted of furniture totaling \$9,800.
- Eight (13%) property items, totaling \$13,728, were not located at the Office. We determined four of the items were previously disposed and not removed from Office property records. The items included a grill, floor scrubber, ice maker, and whiteboard. The other four missing items consisted of office furniture and equipment, including two computers. Additionally, the Office was unable to provide documentation to determine if an assessment had been completed to conclude if the computers contained confidential information.
- Three (5%) property items selected at the Office were not located in the property records. The items consisted of furniture and office equipment.

PROPERTY LEASES

The Office failed to maintain adequate controls over equipment leases. We tested 48 monthly lease payments for a sample of two agreements, noting:

Monthly lease payments lacked support

- Three (6%) monthly lease payments, totaling \$472, lacked a supporting invoice.
- One (2%) monthly lease payment, totaling \$150 was paid twice. (Finding 2, pages 13-16)

Monthly lease payment made twice

This finding has been repeated since 2011.

We recommended the Office:

- Properly review and monitor the submission of the Form C-15 to the Office of Comptroller to ensure compliance with the requirements of SAMS.
- Evaluate the procedures and strengthen the controls over property, equipment, and leases to ensure proper safekeeping and accurate and timely recordkeeping of all assets.
- Strengthen the controls over reporting the Office's annual certification of inventory.
- Implement a policy clearly delineating the categories of equipment considered subject to theft.

- Ensure and document electronic data processing equipment is properly erased, wiped, sanitized, or destroyed before removal from property control.
- Maintain adequate records and proper documentation of the Office capital asset activities.

Office accepted finding

The Office accepted the finding and stated they would ensure that all inventory certifications and inventory transactions are completed in a timely and accurate manner and that they have put new procedures in place to ensure that all electronic media is erased and/or destroyed according to DoIT policy. The Office also stated they have added additional training and procedures to ensure that all invoices are paid timely and with supporting documentation attached and that they will implement a formal written policy stating what items are considered to be high theft.

INADEQUATE CONTROLS OVER RECIEPTS PROCESSING

The Office did not maintain adequate controls over receipts processing.

Accountants unable to conclude the Office’s records were sufficiently precise and detailed

Due to the following process and control deficiencies identified below and as noted in 2021-001, we were unable to conclude whether the Office’s population records were sufficiently precise and detailed under the Attestation standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Office’s control over receipts.

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 performed the following tests of receipts and noted:

Inadequate segregation of duties

- The Office did not maintain adequate segregation of duties over cash receipts during Fiscal Years 2020 and 2021. One employee had the authority to receive revenues, make deposits and maintain the cash receipts listing.
- The Office did not maintain a detailed itemized account of all moneys received during Fiscal Year 2021. The Office’s detailed itemized account of all moneys received during Fiscal Year 2020 did not contain all of the money received and omitted the dates of receipt and payer information on the money received. The Office of Comptroller’s records documented receipts totaling \$126,983 and \$17,246 for Fiscal Year 2021 and 2020, respectively.
- Three of 6 (50%) receipts tested, totaling \$2,000 were deposited between 4 and 60 days late.

Lacked detailed itemized account of moneys received

- One of 4 (25%) refunds, totaling \$84, did not have documentation to demonstrate monies received were deposited timely.
- One of 4 (25%) refunds, totaling \$106, was deposited 5 days late. (Finding 5, pages 24-25)

This finding has been repeated since 2017.

We recommended the Office allocate sufficient personnel in order to maintain effective internal control over the authorization, custody, and record keeping over receipts. In addition, we recommended the Office maintain detailed itemized records of its receipts and supporting documentation and deposit receipts and refunds timely in accordance with the State Officers and Employees Money Disposition Act.

Office accepted finding

The Office accepted the finding and stated additional policies have been developed to further strengthen segregation of duties in the receipt process and additional staff has been hired and trained to ensure that receipts and refunds are deposited timely and accurately. The Office also stated they have initiated a formal check deposit register to allow for proper documentation of all receipts.

OTHER FINDINGS

The remaining findings pertain to appointments, mandated responsibilities, reconciliations, voucher processing, personal services functions, cybersecurity, and interagency agreements. We will review the Office'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 Office for the two years ended June 30, 2021, as required by the Illinois State Auditing Act. Because of the effect of noncompliance described in Findings 2021-001 through 2021-008, the accountants stated the Office did not materially comply with the requirements described in the report.

The compliance examination was conducted by West & Company, LLC.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

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

SIGNED ORIGINAL ON FILE _____

FRANK J. MAUTINO
Auditor General

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