

**STATE OF ILLINOIS
ILLINOIS STATE POLICE AND
ILLINOIS COMMERCE COMMISSION**

**STATEWIDE 9-1-1 FUND AND
WIRELESS CARRIER REIMBURSEMENT FUND
LIMITED SCOPE COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2022

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



**STATE OF ILLINOIS
ILLINOIS STATE POLICE AND ILLINOIS COMMERCE COMMISSION
STATEWIDE 9-1-1 FUND AND WIRELESS CARRIER REIMBURSEMENT FUND
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2022**

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**STATE OF ILLINOIS
ILLINOIS STATE POLICE
STATEWIDE 9-1-1 FUND AND WIRELESS CARRIER REIMBURSEMENT FUND
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2022**

ILLINOIS STATE POLICE OFFICIALS

Director	Mr. Brendan F. Kelly
First Deputy Director	Mr. Matt Davis
Chief Financial Officer (11/01/21 – Present)	Mr. Benjamin Dieterich
Chief Financial Officer (07/01/20 – 10/31/21)	Mr. Michael Yokley
Chief Legal Counsel (06/04/22 – Present)	Ms. Kelly Griffith
Chief Legal Counsel (06/01/21 – 06/03/22)	Ms. Maureen McCurry
Chief Legal Counsel (07/01/20 – 05/31/21)	Ms. Yvette Loizon
Chief Internal Auditor (11/01/20 – Present)	Ms. Denise K. Caldwell
Chief Internal Auditor (07/01/20 – 10/31/20)	Vacant

ILLINOIS STATE POLICE OFFICE

The Illinois State Police's primary administrative office is located at:
801 South Seventh Street
Springfield, IL 62703

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION
STATEWIDE 9-1-1 FUND AND WIRELESS CARRIER REIMBURSEMENT FUND
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2022

ILLINOIS COMMERCE COMMISSION OFFICIALS

Executive Director (03/16/21 – Present)	Mr. Michael Merchant
Executive Director (Interim) (02/16/21 – 03/15/21)	Mr. Jim Zolnierek
Executive Director (07/01/20 – 02/15/21)	Ms. Christy George
Deputy Executive Director (01/01/22 – Present)	Mr. Jeffrey Crabtree
Deputy Executive Director (07/01/20 – 12/31/21)	Vacant
Chief Fiscal Officer and Director of Administrative Services (03/16/22 – Present)	Mark Lewis
Chief Fiscal Officer and Director of Administrative Services (02/16/22 – 03/15/22)	Vacant
Chief Fiscal Officer and Director of Administrative Services (07/01/20 – 02/15/22)	Ms. Kiersten Neswick
Assistant Director of Administrative Services	Mr. John Klint
Fiscal Manager	Ms. Deborah Stoneburner
General Counsel (05/01/21 – Present)	Ms. Natalia Delgado
General Counsel (07/01/20 – 04/30/21)	Mr. Phil Kosanovich
Chief Internal Auditor (11/16/21 – Present)	Ms. Libby Jackson
Chief Internal Auditor (06/16/21 – 11/15/21)	Vacant
Chief Internal Auditor (07/01/20 – 06/15/21)	Mr. Aaron Rife

ILLINOIS COMMERCE COMMISSION OFFICER

Chairman	Ms. Carrie Zalewski
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ILLINOIS COMMERCE COMMISSION MEMBERS

Commissioner	Mr. D. Ethan Kimbrel
Commissioner (Acting) (02/01/22 – Present)	Ms. Ann McCabe
Commissioner (05/04/21 – 01/31/22)	Vacant
Commissioner (07/01/20 – 05/03/21)	Ms. Sadzi Martha Oliva
Commissioner	Ms. Maria Bocanegra
Commissioner (Confirmed) (09/13/21 – Present)	Mr. Michael Carrigan
Commissioner (Acting) (07/01/20 – 09/12/21)	Mr. Michael Carrigan

ILLINOIS COMMERCE COMMISSION OFFICES

The Illinois Commerce Commission's primary administrative offices are located at:

527 East Capitol Avenue
Springfield, Illinois 62701

160 North LaSalle Street
Suite C-800
Chicago, Illinois 60601



ILLINOIS STATE POLICE
Office of the Director

JB Pritzker
Governor

Brendan F. Kelly
Director

MANAGEMENT ASSERTION LETTER

March 23, 2023

West & Company, LLC
Certified Public Accountants
919 East Harris Avenue
Greenville, IL 62246

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, Illinois State Police (Department). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements, for transactions within the Statewide 9-1-1 Fund (Fund 612) and the Wireless Carrier Reimbursement Fund (Fund 613). 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 Fund 612 and Fund 613 in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law, including the Emergency Telephone System Act (ETSA).
- B. Other than what has been previously disclosed and reported in the Schedule of Findings, the Department has obligated, expended, received, and used public funds of Fund 612 and Fund 613 in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law, including ETSA, 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 ETSA and 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 for Fund 612 and Fund 613 are in accordance with applicable laws and regulations, including ETSA, and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Administrative costs charged to Fund 612 and Fund 613 are reasonable, documented, and in accordance with applicable laws and regulations, including ETSA.

801 South Seventh Street □ Suite 1100-S
Springfield, Illinois 62703-2487
(217) 782-7263 (Voice) □ (800) 255-3323 (TDD)
www.illinois.gov □ www.isp.state.il.us

- F. The Department has maintained up-to-date documentation on the status of the implementation of 9-1-1 service and Next Generation 9-1-1 service across the State.

Yours truly,

Illinois State Police

SIGNATURE ON FILE

Brendan F. Kelly, Director

SIGNATURE ON FILE

Benjamin Dieterich, Chief Fiscal Officer

SIGNATURE ON FILE

Kelly Griffith, Acting Chief Legal Counsel



STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Michael Merchant
Executive Director

527 East Capitol Ave.
Springfield, Illinois 62701

MANAGEMENT ASSERTION LETTER

March 23, 2023

West & Company, LLC
Certified Public Accountants
919 East Harris Avenue
Greenville, IL 62246

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, Illinois Commerce Commission (Commission). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements, for transactions within the Wireless Carrier Reimbursement Fund (Fund 613). We have performed an evaluation of the Commission'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 Commission has materially complied with the specified requirements listed below.

- A. The Commission has obligated, expended, received, and used public funds of Fund 613 in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law, including the Emergency Telephone System Act (ETSA).
- B. The Commission has obligated, expended, received, and used public funds of Fund 613 in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law, including ETSA, upon such obligation, expenditure, receipt, or use.
- C. The Commission has complied, in all material respects, with applicable laws and regulations, including ETSA and the State uniform accounting system, in its financial and fiscal operations.
- D. Administrative costs charged to Fund 613 are reasonable, documented, and in accordance with applicable laws and regulations, including ETSA

Yours truly,

Illinois Commerce Commission

SIGNATURE ON FILE

3/23/2023

Michael Merchant, Executive Director

SIGNATURE ON FILE

3/23/2023

Mark Lewis, Chief Fiscal Officer and Director of Administrative Services

SIGNATURE ON FILE

03/23/2023

Natalia Delgado, General Counsel

**STATE OF ILLINOIS
ILLINOIS STATE POLICE
STATEWIDE 9-1-1 FUND AND WIRELESS CARRIER REIMBURSEMENT FUND
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2022**

STATE COMPLIANCE REPORT

SUMMARY

The limited scope compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accounts; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Emergency Telephone System Act; 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 for the responsibilities of the Illinois State Police within the Statewide 9-1-1 Fund and the Wireless Carrier Reimbursement Fund 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

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	2	2
Repeated Findings	1	1
Prior Recommendations Implemented or Not Repeated	1	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2022-001	12	2020/2016	Inadequate Controls Over Receipts and Reconciliations	Material Weakness and Material Noncompliance
2022-002	15	New	Voucher Processing Internal Controls Not Operating Effectively	Material Weakness and Material Noncompliance
Prior Findings Not Repeated				
A	17	2020/2020	Failure to Demonstrate the Completeness and Accuracy of the Report Components	

**STATE OF ILLINOIS
ILLINOIS STATE POLICE
STATEWIDE 9-1-1 FUND AND WIRELESS CARRIER REIMBURSEMENT FUND
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2022**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on March 3, 2023.

Attending were:

Illinois State Police

Mr. Benjamin Dieterich, Chief Financial Officer
Mr. James Vail, Chief of Staff
Mr. Tim Cray, Assistant Chief Financial Officer
Mr. Matthew Davis, First Deputy Director
Ms. Christi Hustedt, Administrative Assistant, Office of Finance
Ms. Rebecca Hooks, Chief of Staff, Office of the Director

Office of the Auditor General

Ms. Kathy Lovejoy, Principal of IS Audits

West & Company, LLC – Special Assistant Auditors

Mr. Michael Lawler, Partner
Mr. Brandon Craycroft, Supervisor

The responses to the recommendations were provided by Benjamin Dieterich, Chief Financial Officer, in a correspondence dated March 9, 2023.



919 East Harris Avenue
Greenville, Illinois 62246

(618) 664-4848
www.westcpa.com

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, Illinois State Police (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, for transactions within the Statewide 9-1-1 Fund (Fund 612) and the Wireless Carrier Reimbursement Fund (Fund 613) 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 Fund 612 and Fund 613 in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law, including the Emergency Telephone System Act (ETSA).
- B. The Department has obligated, expended, received, and used public funds of Fund 612 and Fund 613 in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law, including ETSA, upon such obligation, expenditure, receipt, or use.
- C. The Department has complied, in all material respects, with applicable laws and regulations, including ETSA and the State uniform accounting system, in its financial and fiscal operations.
- D. State Revenues and receipts collected by the Department for Fund 612 and Fund 613 are in accordance with applicable laws and regulations, including ETSA, and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Administrative costs charged to Fund 612 and Fund 613 are reasonable, documented, and in accordance with applicable laws and regulations, including ETSA.
- F. The Department has maintained up-to-date documentation on the status of the implementation of 9-1-1 service and Next Generation 9-1-1 service across the State.

Our limited scope 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, ETSA, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, ETSA, 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. 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 limited scope examination does not provide a legal determination on the Department's compliance with the specified requirements.

Our limited scope 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 item 2022-001 and 2022-002, the Department had not obligated, expended, received, and used public funds of Fund 612 and Fund 613 in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law, including ETSA, upon such obligation, expenditure, receipt, or use. As described in the accompanying Schedule of Findings as item 2022-001 and 2022-002, the Department had not complied, in all material respects, with applicable laws and regulations, including ETSA and the State uniform accounting system, in its financial and fiscal operations. As described in the accompanying Schedule of Findings as items 2022-001, the Department had not ensured State revenues and receipts collected by the Department for Fund 612 and Fund 613 were in accordance with applicable laws and regulations, including ETSA, 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 deviations from 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.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 and 2022-002, that we consider to be material weaknesses.

There were no immaterial findings that have been excluded from this report.

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.

SIGNATURE ON FILE

Greenville, Illinois
March 23, 2023

STATE OF ILLINOIS
STATEWIDE 9-1-1 FUND AND WIRELESS CARRIER REIMBURSEMENT FUND
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2022

2022-001 **FINDING** (Inadequate Controls Over Receipts and Reconciliations)

The Illinois State Police (Department) did not maintain adequate internal controls over receipts and reconciliations.

Controls over cash receipts

During testing, we requested the Department provide the population of cash receipts received by the Department during Fiscal Years 2021 and 2022 for the Statewide 9-1-1 Fund (Fund 612) and the Wireless Carrier Reimbursement Fund (Fund 613) in order to test compliance applicable to those receipts. In response to our request, the Department provided a listing of cash receipts. We noted the Department's population of cash receipts did not agree to the documentation in the Department's Revenue Status Report (SB04) reconciliations for Fiscal Year 2021 or Fiscal Year 2022.

Due to these conditions, we were unable to conclude the Department'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 Department's compliance relative to cash receipts.

Additionally, we noted the Department did not maintain proper segregation of custody and recordkeeping duties over receipt collection and processing. One employee was responsible for:

- Preparing a log of receipts received;
- Recording receipts in the receipts ledger; and
- Depositing funds into the State Treasury.

Controls over reconciliations

During testing of Fiscal Year 2022 and 2021 reconciliations between the Comptroller's records and the Department's records for Fund 612 and Fund 613, we noted the following:

- Monthly SB04 reconciliations for Fiscal Year ended June 30, 2021 contained unexplained reconciliation discrepancies totaling a net amount of \$276,827 for Fund 612.
- SB04 reconciliations for Fiscal Year 2021 were not reconciled by receipt account; whereby each Fund was reconciled in total.

STATE OF ILLINOIS
STATEWIDE 9-1-1 FUND AND WIRELESS CARRIER REIMBURSEMENT FUND
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2022

2022-001 **FINDING** (Inadequate Controls Over Receipts and Reconciliations) - Continued

- Monthly Appropriation Status Report (SB01) and the Object Expense/Expenditure by Quarter Report (SA02) final lapse period reconciliations for the Fiscal Year Ended June 30, 2021 contained an unexplained and uncorrected reconciling difference between the Comptroller’s records and the Department’s records. The total discrepancy, which was not recorded on the Department’s records at September 30, 2021, totaled \$3,350.
- Five of 29 (17%) monthly SB01 and SA02 reconciliations were not performed within 60 days following the end of the month. The SB01 and SA02 reconciliations were completed 1 to 446 days
- Three of 29 (10%) monthly SB01 and SA02 reconciliations did not have documentation retained to indicate the date prepared and supervisor review of the reconciliation.
- The June 30, 2022 and 2021 Monthly Cash Report (SB05) monthly reconciliation for Fund 612 identified unknown reconciling differences and cash receipts not recorded on the Department’s records totaling \$577,905 and \$3,102,757, respectively.
- Seven of 24 (29%) SB05 reconciliations were not performed within 60 days following the end of the month. The SB05 reconciliations were completed 1 to 82 days late.
- Four of 24 (17%) SB05 reconciliations were not reviewed by a supervisor or an independent person. In addition, one of four (25%) SB05 reconciliations did not indicate when the reconciliation was prepared.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies 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 and revenues are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the State’s resources. The State Records Act (5 ILCS 160/9(1)) requires agencies to provide for effective controls over the creation, maintenance, and use of records in the conduct of current business. Further, the Statewide Accounting Management System (SAMS) (Procedure 25.40.20) requires the Department to perform a monthly reconciliation of each receipt account balance of the SB04 and notify the Comptroller of any irreconcilable differences within 60 days of month end. SAMS (Procedure 11.40.20) requires the SB01 issued by the Comptroller to be reconciled to the Department’s expenditure records within 60 days each month to ensure the early detection and correction of errors. SAMS (Procedure 09.40.10) requires the Department to perform a monthly reconciliation of the SB05.

STATE OF ILLINOIS
STATEWIDE 9-1-1 FUND AND WIRELESS CARRIER REIMBURSEMENT FUND
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2022

2022-001 **FINDING** (Inadequate Controls Over Receipts and Reconciliations) - Continued

Department management indicated the lack of segregation of duties over processing of receipts and the reconciliation items were due to staffing shortages.

This finding was first reported during the examination of the two years ended June 30, 2016. In the subsequent years, the Department has failed to implement corrective actions to remedy the deficiencies.

Failure to maintain proper segregation of duties may result in theft or misappropriation of assets, which may not be prevented or detected. Failure to timely reconcile monthly appropriations, cash receipts, and cash balances in accordance with SAMS could lead to unresolved differences between the Department and Comptroller records, inaccurate financial reporting, and undetected loss or theft. (Finding Code No. 2022-001, 2020-001, 2018-001, 2016-001)

RECOMMENDATION

We recommend the Department establish and document proper segregation of duties over the receipts process, establish internal control to ensure receipts and expenditures are properly reconciled and records are timely corrected, and accurate documentation is maintained to support receipt activities and related reviews performed.

DEPARTMENT RESPONSE

The Department concurs with this finding. Staffing shortages and turnover have been a significant challenge to the timeliness and accuracy of the Department's reconciliations, as have ongoing system errors with the reports produced by the financial system, as noted in the response to findings on the 2022 Department compliance examination.

The Department has made progress in the timeliness of reconciliations between Fiscal Year 2021 and Fiscal Year 2022, however, turnover and system errors remain a barrier. The Department is developing a plan to provide additional support for reconciliations and will continue working with DoIT to address errors in the reports produced by the financial system.

Segregation of duties was established in the fall of 2020, but due to vacancies and high turnover, may not have been maintained, consistently. The Department is prioritizing the filling of vacancies to ensure proper segregation of duties can be maintained.

STATE OF ILLINOIS
STATEWIDE 9-1-1 FUND AND WIRELESS CARRIER REIMBURSEMENT FUND
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2022

2022-002 **FINDING** (Voucher Processing Internal Control Not Operating Effectively)

The Illinois State Police'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. 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 nine 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 Department 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 Code (74 Ill. Admin. Code 900.70). We noted the following noncompliance:

- The Department did not timely approve 1,138 of 10,471 (11%) vouchers processed during the examination period, totaling \$31,599,738. We noted these late vouchers were approved between 1 and 322 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.

STATE OF ILLINOIS
STATEWIDE 9-1-1 FUND AND WIRELESS CARRIER REIMBURSEMENT FUND
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2022

2022-002 **FINDING** (Inadequate Controls Over Receipts and Reconciliations) - Continued

The Department indicated the exceptions noted were for network costs incurred by the State's 911 authorities which are subject to a legislative mandated 30 day review period. In addition, the Department indicated the late approval exceptions were the result of the process for handling different types of vouchers.

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 approve proper bills and approve vouchers represents noncompliance with the Code. (Finding Code No. 2022-002)

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.

DEPARTMENT RESPONSE

The Department concurs with this finding. The Department understands the importance of approving proper bills and vouchers in a timely manner. All exceptions noted, apart from one, were for network costs incurred by the State's 9-1-1 authorities which are subject to a legislatively mandated 30-day review period. To ensure vouchers were not released for payment prior to the legislatively mandated 30-day review period by external 9-1-1 authorities, the Department added 30 days to the invoice receipt date, which resulted in inaccurate information in the financial system. The Department is implementing a process change to ensure the correct invoice date is entered.

Late approvals noted in this finding are a result of distinct processes for handling different types of vouchers. The Department will work to ensure the correct date is entered in the financial system to start the 30-day approval period.

STATE OF ILLINOIS
STATEWIDE 9-1-1 FUND AND WIRELESS CARRIER REIMBURSEMENT FUND
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2022

A. **Finding:** (Failure to Demonstrate the Completeness and Accuracy of the Report Components)

During the prior examination period, the Illinois State Police (Department) did not have adequate internal controls to demonstrate the schedules and components within the Department's Compliance *Examination Report* were complete and accurate.

During the current examination period, the schedules and components within the Department's Compliance *Examination report* were no longer required. (Finding Code No. 2020-002)

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION
WIRELESS CARRIER REIMBURSEMENT FUND
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2022**

COMPLIANCE REPORT

SUMMARY

The limited scope 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 Emergency Telephone System Act; 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 for the responsibilities of the Illinois Commerce Commission within the Wireless Carrier Reimbursement Fund does not contain scope limitations or disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

EXIT CONFERENCE

The State of Illinois, Illinois Commerce Commission waived an exit conference in a correspondence from John Klint, Assistant Director of Administrative Services, on February 23, 2023.



919 East Harris Avenue
Greenville, Illinois 62246

(618) 664-4848
www.westcpa.com

**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, Illinois Commerce Commission

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Illinois Commerce 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, for transactions within the Wireless Carrier Reimbursement Fund (Fund 613) during the two years ended June 30, 2022. 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 Fund 613 in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law, including the Emergency Telephone System Act (ETSA).
- B. The Commission has obligated, expended, received, and used public funds of Fund 613 in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law, including ETSA, upon such obligation, expenditure, receipt, or use.
- C. The Commission has complied, in all material respects, with applicable laws and regulations, including ETSA and the State uniform accounting system, in its financial and fiscal operations.
- D. Administrative costs charged to Fund 613 are reasonable, documented, and in accordance with applicable laws and regulations, including ETSA.

Our limited scope 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, ETSA, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, ETSA, 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 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 limited scope examination does not provide a legal determination on the Commission's compliance with the specified requirements.

In our opinion, the Commission complied with the specified requirements during the two years ended June 30, 2022, in all material respects.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

There were no immaterial findings that have been excluded from this report.

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.

SIGNATURE ON FILE

Greenville, Illinois
March 23, 2023