

**STATE OF ILLINOIS
LEGISLATIVE INFORMATION SYSTEM
STATE COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2022

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**STATE OF ILLINOIS
LEGISLATIVE INFORMATION SYSTEM
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2022**

AGENCY OFFICIALS

Executive Director (01/16/22 – Present)	Mr. Jarred Sampson
Executive Director (07/1/20 – 01/16/22)	Mr. Mark Wenda
Systems Manager	Mr. Dan Winchester
Administrative Services Manager (08/01/20 – Present)	Ms. Susan D. Hall
Administrative Services Manager (07/01/20 – 07/31/20)	Ms. Pat McLean

GOVERNING BOARD MEMBERS

Board Member (Chairperson 10/01/22 – Present)	Mr. Tim Anderson, Secretary of the Senate
Board Member (Chairperson 10/01/21 – 09/30/22)	Mr. Scott Kaiser, Assistant Secretary of the Senate
Board Member (Chairperson 10/01/20 – 09/30/21)	Mr. Brad Bolin, Assistant Clerk of the House
Board Member (Chairperson 10/01/19 – 09/30/20)	Mr. John Hollman, Clerk of the House

Note: The Legislative Commission Reorganization Act of 1984 (Act) (25 ILCS 130/1-5(b)) requires the Board to consist of the Secretary and Assistant Secretary of the Senate and the Clerk and Assistant Clerk of the House of Representatives. Further, the Act requires the Chairperson of the Board to be the member who is affiliated with the same caucus as the then serving Chairperson of the Joint Committee on Legislative Support Services. The Chairperson of the Joint Committee on Legislative Support Services rotates caucuses annually on October 1, therefore, resulting in an annual rotation of Board Chairperson. The Legislative Information System Governing Board shall continue to consist of the four members with the annual rotation of Chairperson.

AGENCY OFFICE

The System's office is located at:

705 Stratton Office Building
Springfield, Illinois 62706

MANAGEMENT ASSERTION LETTER

September 21, 2023

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, Legislative Information System (System). 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 System'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 System has materially complied with the specified requirements listed below.

- A. The System 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 System 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 System 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 System 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.

Yours truly,

State of Illinois, Legislative Information System

SIGNED ORIGINAL ON FILE

Jarred Sampson, Executive Director

SIGNED ORIGINAL ON FILE

Susan D. Hall, Administrative Services Manager

**STATE OF ILLINOIS
LEGISLATIVE INFORMATION SYSTEM
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2022**

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, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	3	2
Repeated Findings	0	0
Prior Recommendations Implemented or Not Repeated	2	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	9	New	Inadequate Controls over Personal Services	Significant Deficiency and Noncompliance
2022-002	11	New	Inadequate Internal Controls over Census Data	Significant Deficiency and Noncompliance
2022-003	13	New	Inadequate Controls over Reconciliations	Significant Deficiency and Noncompliance

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Prior Findings Not Repeated				
A	15	2020/2020	Procedural Deficiencies	
B	15	2020/2020	Weaknesses in Cybersecurity Programs and Practices	

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with System personnel at an exit conference on September 21, 2023.

Attending were:

Legislative Information System

Jarred Sampson, Executive Director

Susan Hall, Administrative Services Manager

Office of the Auditor General

Stephanie Wildhaber, Audit Manager

Christian Cortes, Audit Supervisor

Leah Borntreger, Staff Auditor

Emily Berger, Staff Auditor

The responses to the recommendations were provided by Susan Hall, Administrative Services Manager, in a correspondence dated September 21, 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

Report on State Compliance

We have examined compliance by the State of Illinois, Legislative Information System (System) 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, 2022. Management of the System is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the System's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The System 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 System 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 System 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 System 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 System complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the System 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 examination does not provide a legal determination on the System's compliance with the specified requirements.

In our opinion, the System complied with the specified requirements during the two years ended June 30, 2022, 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 2022-001 through 2022-003.

The System's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The System'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 System 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 System's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the System's compliance with the specified requirements and to test and report on the System's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 through 2022-003 that we consider to be significant deficiencies.

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

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

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
September 21, 2023

**STATE OF ILLINOIS
LEGISLATIVE INFORMATION SYSTEM
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2022**

2022-001. **FINDING** (Inadequate Controls over Personal Services)

The Legislative Information System (System) did not have adequate controls over personal services.

During testing of seven employees, we noted the following:

- For seven (100%) employees tested, we noted 41 instances where leave requests were not approved by the employee’s supervisor prior to the employee’s absence. The leave requests were approved between 1 and 34 days after the absence.

The System’s Policy over Employee Work Hours, Work Schedules, Work Site and Attendance and Timekeeping (Policy) indicates vacation, personal and compensatory time should be pre-approved by the employee’s supervisor.

- For six (86%) employees tested, we noted 29 instances where weekly timesheets were not submitted timely. The timesheets were submitted between 1 and 61 days late. We deemed 1 week after the end of the week being reported as timely.

The System’s Policy indicates at the completion of the week, the employee shall review their time and submit a weekly timesheet.

- For three (43%) employees tested, we noted 14 instances where leave requests were not submitted to the employee’s supervisor prior to the employee’s absence. The leave requests were submitted between 1 and 11 days late.

The System’s Policy indicates vacation, personal and compensatory time should be pre-approved by the employee’s supervisor. Since the leave requests were not submitted prior to the employee’s absence, the supervisor could not pre-approve the absence.

- For one (14%) employee tested, we noted their taxable life insurance withholding amount did not agree to our calculated amount.

The Statewide Accounting Management Systems (SAMS) (Procedure 23.10.30) states the System is responsible for accurately completing payroll vouchers, including attesting to the accuracy of each employee’s gross earnings, deductions, net pay, and other data reported on the payroll voucher.

System official indicated the issues noted were due to oversight and a conflicting definition of timeliness. The System determined two weeks to be timely for submission of weekly timesheets.

Failure to establish and maintain adequate fiscal and administrative controls over personal services represents noncompliance with laws, rules, and regulations and could result in

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For the Two Years Ended June 30, 2022**

inaccurate payroll expenditures and unnecessary legal risks and administrative complications due to incomplete withholding from an employee's pay. (Finding Code No. 2022-001)

RECOMMENDATION

We recommend the System improve controls to ensure leave requests are submitted and approved prior to employee absences, timesheets are submitted timely, and life insurance withholding amounts are calculated accurately. Additionally, we recommend the System update their Policy to define timeliness for submission of weekly timesheets.

SYSTEM RESPONSE

The System partially agrees with the recommendations. The inconsistencies referenced occurred during the previous administration and controls have been put in place to prevent these discrepancies in the future. The System disagrees with the recommendation that it is their responsibility to verify the calculations for taxable life insurance withholding as this is a function performed by an agency outside of the System.

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SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2022

2022-002. **FINDING** (Inadequate Internal Controls over Census Data)

The Legislative Information System (System) did not maintain adequate controls over their census data reconciliations.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or other postemployment benefit (OPEB) plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the System's employees are members of both the State Employees' Retirement System of Illinois (SERS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Finally, we noted CMS' actuaries use SERS' census data records to prepare the OPEB actuarial valuation.

During testing, we noted the System did not maintain documentation to support the completion of the reconciliation of its census data recorded by SERS to its internal records for Fiscal Year 2021 and Fiscal Year 2022. Due to the lack of documentation, we were unable to determine the information submitted was accurate.

For employers participating in plans with multiple-employer and cost-sharing characteristics, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

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Further, the State Records Act (5 ILCS 160/8) requires the System to make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the System's activities.

Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the System to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

System officials indicated they were unaware that the data needed to be retained since there were no issues or differences identified in the reconciliation process.

Failure to retain support for the reconciliation of active members' census data reported to and held by SERS to the System's records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the State's pension and OPEB balances, which may result in a misstatement of these amounts and represents noncompliance with State law. (Finding Code No. 2022-002)

RECOMMENDATION

We recommend the System retain documentation to support the completion of future reconciliations of its census data as recorded by SERS to its internal records.

SYSTEM RESPONSE

The System accepts the recommendation and will implement changes to address reconciling Census Data.

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SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2022**

2022-003. **FINDING** (Inadequate Controls over Reconciliations)

The Legislative Information System (System) did not maintain adequate controls over its monthly reconciliations.

During testing, we noted the following:

- For 30 of 30 months tested, an individual with the authority to process expenditure transactions prepared timely monthly reconciliations of the System’s contract and expenditure information to the Office of Comptroller’s (Comptroller) *Obligation Activity Report* (SC15). However, because the individual preparing those reconciliations was not independent of the process, we examined the reconciliations for evidence of timely review by an independent person. For 23 of 30 (77%) reconciliations tested, there was no evidence of review by an independent person. For 7 of 30 (23%) reconciliations tested, we did note evidence of an independent review of the prepared reconciliation but could not determine if the review was conducted timely.

Prudent business practice requires proper internal controls, such as timely supervisory reviews and segregation of duties between the preparer and supervisor, be established to ensure the accuracy and reliability of accounting data. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the System establish and maintain a system, or systems, of internal fiscal and administrative controls to provide reasonable assurance revenues, expenditures, and resources applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State’s resources. Moreover, Statewide Accounting Management System (SAMS) Manual (Procedure 02.50.10) promotes timely reviews when it states:

Qualified and continuous supervision must be provided to achieve internal control objectives. This means that supervisors must review and approve the assigned work of their staffs. They must provide necessary guidance and training to their staff to minimize errors, waste, and wrongful acts and to achieve specific management policies and directives.

Furthermore, SAMS (Procedure 15.30.20) requires the System to perform monthly reconciliations of its contract and expenditure records to the SC15 within 60 days of each month’s end.

- For 11 of 30 (37%) months tested, the System did not reconcile their expenditure records to the Comptroller’s *Monthly Appropriation Status Report* (SB01) report timely for one fund tested. The reconciliations were performed 17 to 322 days late.

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SAMS (Procedure 07.30.20) requires the System to reconcile their records to the Comptroller's SB01 within 60 days of each month's end.

- For 3 of 24 (13%) months tested, the System did not reconcile their receipt records to the Comptroller's *Monthly Revenue Status* (SB04) report.

SAMS (Procedure 07.30.20) requires the System to reconcile their records to the Comptroller's SB04 within 60 days of each month's end.

System officials indicated they did not review or document the date of review of monthly SC15 reconciliations, and complete SB01 and SB04 reconciliations, due to employee error.

Failure to properly reconcile the System's records to the Comptroller's records in a timely manner and document when the reconciliations were performed and reviewed represents noncompliance with SAMS and could result in incomplete or inaccurate financial information. (Finding Code No. 2022-003)

RECOMMENDATION

We recommend the System ensure all monthly receipt and expenditure reconciliations are performed timely. We also recommend the System ensure all reconciliations are timely reviewed by a person independent of the expenditure processing process and ensure such review is documented, including the date of performance.

SYSTEM RESPONSE

The System accepts the recommendation and will implement controls to ensure timely reconciliations.

STATE OF ILLINOIS
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SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2022

A. **FINDING** (Procedural Deficiencies)

During the prior examination, the Legislative Information System (System) did not comply with certain procedural requirements established by State laws and regulations. Specifically, the System did not inform the Government Documents Section of the State Library of its person(s) responsible for the distribution of documents annually by January 15 in Fiscal Year 2019, and July 15 in Fiscal Year 2020. In addition, the contact information for the Legislative Ethics Commission (LEC) and Legislative Inspector General (LIG) were not listed on the website, and therefore, not able to be translated with the other offices of the Capitol Complex.

During the current examination, our testing indicated the System timely informed the Government Document Section of the State Library of persons responsible for distributing documents annually. In addition, the System added LEC and LIG under contact information, and it is now able to be translated. (Finding Code No. 2020-001)

B. **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

During the prior examination, the System had not implemented adequate internal controls related to cybersecurity programs and practices.

During the current examination, our testing indicated the System implemented adequate internal controls related to cybersecurity programs and practices. (Finding Code No. 2020-002)