



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**PROCUREMENT POLICY BOARD**

State Compliance Examination  
 For the Two Years Ended June 30, 2022

Release Date: March 28, 2024

FINDINGS THIS AUDIT: 8				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
<b>Category 1:</b>	<b>2</b>	<b>1</b>	<b>3</b>	2020		22-5, 22-6	
<b>Category 2:</b>	3	2	5	2018	<b>22-1</b>		
<b>Category 3:</b>	<u>0</u>	<u>0</u>	<u>0</u>				
<b>TOTAL</b>	<b>5</b>	<b>3</b>	<b>8</b>				
<b>FINDINGS LAST AUDIT: 3</b>							

**SYNOPSIS**

- **(22-01)** The Procurement Policy Board’s (Board) internal controls over its voucher processing function were not operating effectively during the examination period.
- **(22-02)** The Board did not exercise adequate controls over the recording and reporting of State Property.

**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 VOUCHER  
PROCESSING**

The Procurement Policy Board's (Board) 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 Board to determine whether certain key attributes were properly entered by the Board's staff into the ERP. In order to determine the operating effectiveness of the Board'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 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.

**ERP attributes not properly entered  
into the system**

Our testing noted 25 of 140 (18%) attributes were not properly entered into the ERP. Therefore, the Board's internal controls over voucher processing **were not operating effectively.**

*Even given the limitations noted above*, we conducted an analysis of the Board's expenditure data for Fiscal Year 2021 and Fiscal Year 2022 and noted the following noncompliance:

**Vouchers approved late**

- The Board did not timely approve 20 of 179 (11%) vouchers processed during the examination period, totaling \$40,741. The vouchers were approved between 2 and 29 days late.

**Vouchers processed with incorrect  
object codes**

- For 4 of 35 (11%) vouchers tested, totaling \$1,542, the Board did not utilize the correct detail expenditure (object) codes for all components of the voucher, resulting in \$610 being allocated to the incorrect code. (Finding 1, pages 8-10) **This finding has been reported since 2018.**

We recommended the Board design and maintain internal controls to provide assurance its data entry of key attributes into the ERP system is complete and accurate. Further, we recommended the Board approve proper bills within 30 days of receipt and utilize appropriate detail expenditure (object) codes.

**The Board accepted the  
recommendation**

The Board agreed with this recommendation.

## INADEQUATE CONTROLS OVER STATE PROPERTY

The Board did not exercise adequate controls over the recording and reporting of State property.

During testing we noted the following:

- Item not timely added to property records**
  - One item purchased during the examination period, totaling \$665, was not added to the Board's property listing or tagged with a State property label.
- Obsolete or unused equipment items not transferred to CMS**
  - Six obsolete or unused equipment item, totaling \$330, had not been transferred to the Department of Central Management Services (CMS).
- Additions recorded at incorrect value on the Board's property records**
  - Six of six (100%) items selected for additions testing, totaling \$4,042, were recorded on the Board's property records at an incorrect value, resulting in an overstatement of \$229.
- Additions not recorded timely**
  - Six of six (100%) items selected for additions testing, totaling \$4,042, were not timely reported on the Board's *Agency Report of State Property* (Form C-15). Items were reported between 168 and 299 days late.
- Lost item included on the annual certification of inventory**
  - The Board included a lost item, totaling \$114, on its annual certifications of inventory filed with CMS during Fiscal Year 2021 and Fiscal Year 2022.
- Redundant use of multiple property tracking systems and failure to update both timely**
  - The Board utilizes two property tracking systems, one in the Enterprise Resource Planning System (ERP) and one in an internal database. The Board failed to update both systems at the same time for one of six (17%) items selected for additions testing. The Board added the item to ERP 76 days after adding the item to its database.
- Lack of policy delineating categories of equipment subject to high theft**
  - The Board failed to adopt a policy that clearly delineates the categories of equipment it considers to be subject to high theft. (Finding 2, pages 11-13)

We recommended the Board strengthen its internal controls over State property by regularly reviewing the Board's property listing, including recent equipment transactions, to ensure it is complete and accurate and by timely recording equipment transactions.

**The Board accepted the recommendation**

The Board agreed with the recommendation.

## **OTHER FINDINGS**

The remaining findings pertain to inadequate controls over population records, cybersecurity, reporting requirements, and census data; noncompliance with Board requirements; and procedural deficiencies. We will review the Board'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 Board for the two years ended June 30, 2022, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2022-001 through 2022-003. Except for the noncompliance described in these findings, the accountants stated the Board complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by the Office of the Auditor General's staff.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK  
Division Director

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

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

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