

**STATE OF ILLINOIS  
RAILSPLITTER TOBACCO SETTLEMENT AUTHORITY**

**STATE COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2022

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RAILSPLITTER TOBACCO SETTLEMENT AUTHORITY  
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STATE OF ILLINOIS  
**RAILSPLITTER TOBACCO SETTLEMENT AUTHORITY**  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022

**AUTHORITY OFFICERS**

Chairman of the Board	Alexis Sturm
Chief Financial Officer	Paul Chatalas
Secretary (06/24/22 – Present)	Alexander Smith
Secretary (04/01/22 – 06/23/22)	Vacant
Secretary (10/05/21 – 03/31/22)	Cassidy Foley
Secretary (07/01/20 – 10/04/21)	Courtney Peterson

**AUTHORITY MEMBERS**

Board Member	Alexis Sturm
Board Member	Elizabeth Weber
Board Member	William O’Connell

**AUTHORITY OFFICES**

The Railsplitter Tobacco Settlement Authority’s offices are located at:

State of Illinois Building  
555 W. Monroe Street, Suite 1500 S-GOMB  
Chicago, Illinois 60661

603 Stratton Office Building  
401 South Spring St.  
Springfield, Illinois 62706



**RAILSPLITTER TOBACCO SETTLEMENT AUTHORITY**  
**c/o THE GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**

555 W. Monroe St.  
Suite 1500 S-GOMB  
Chicago, IL 60661  
(312) 814-0023  
Fax: (312) 814-5104

MANAGEMENT ASSERTION LETTER

March 23, 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 or contracts that could have a material effect on the operations of the State of Illinois, Railsplitter Tobacco Settlement Authority (Authority). 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 Authority'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 Authority has materially complied with the specified requirements listed below.

- A. The Authority 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 Authority 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 Authority 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 Authority 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.
- E. Money or negotiable securities or similar assets handled by the Authority on behalf of the State or held in trust by the Authority have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.



**RAILSPLITTER TOBACCO SETTLEMENT AUTHORITY**  
**C/O THE GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**

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Chicago, IL 60661  
(312) 814-0023  
Fax: (312) 814-5104

Yours truly,

Railsplitter Tobacco Settlement Authority

**SIGNED ORIGINAL ON FILE**

\_\_\_\_\_  
Alexis Sturm, Chairman

\_\_\_\_\_  
Paul Chatalas, Chief Financial Officer



**RAILSPLITTER TOBACCO SETTLEMENT AUTHORITY**  
**C/O THE GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**

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Chicago, IL 60661  
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Fax: (312) 814-5104

Yours truly,

Railsplitter Tobacco Settlement Authority

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Alexis Sturm, Chairman

**SIGNED ORIGINAL ON FILE**

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Paul Chatalas, Chief Financial Officer

**STATE OF ILLINOIS  
RAILSPLITTER TOBACCO SETTLEMENT AUTHORITY  
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**

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

**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>
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**Current Findings**

None

**Prior Findings Not Repeated**

A	9	2020/2020	Lack of Adequate Controls Over the Review of Internal Controls Over Service Providers	
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**EXIT CONFERENCE**

The Authority waived an exit conference in a correspondence from Alexander Smith, Secretary of the Authority, on March 23, 2023.

SPRINGFIELD OFFICE:

ILES PARK PLAZA  
740 EAST ASH • 62703-3154  
PHONE: 217/782-6046  
FAX: 217/785-8222 • TTY: 888/261-2887  
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MICHAEL A. BILANDIC BLDG. • SUITE S-900  
160 NORTH LASALLE • 60601-3103  
PHONE: 312/814-4000  
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FRAUD HOTLINE: 1-855-217-1895

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, Railsplitter Tobacco Settlement Authority

**Report on State Compliance**

We have examined compliance by the State of Illinois, Railsplitter Tobacco Settlement Authority 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 Authority is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Authority 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 Authority 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 Authority 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 Authority 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.

- E. Money or negotiable securities or similar assets handled by the Authority on behalf of the State or held in trust by the Authority have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, 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 Authority complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Authority 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 Authority's compliance with the specified requirements.

In our opinion, the Authority 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 Authority 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 Authority's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Authority's compliance with the specified requirements and to test and report on the Authority's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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. Given these limitations, during our examination we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies 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.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK, CPA  
Director of Financial and Compliance Audits

Springfield, Illinois  
March 23, 2023

**STATE OF ILLINOIS**  
**RAILSPLITTER TOBACCO SETTLEMENT AUTHORITY**  
**SCHEDULE OF FINDINGS – PRIOR FINDING NOT REPEATED**  
**For the Two Years Ended June 30, 2022**

A. **FINDING** (Lack of Adequate Controls Over the Review of Internal Controls Over Service Providers)

During the prior examination, the Railsplitter Tobacco Settlement Authority (Authority) did not obtain or conduct an independent internal control review over its service provider. Specifically, the Authority did not obtain a System and Organization Control (SOC) report or conduct an independent internal control review of its service provider.

During the current examination, the Authority obtained SOC reports for its service provider and conducted an independent internal control review of the SOC reports. (Finding Code No. 2020-001)