



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF THE SECRETARY OF STATE

Compliance Examination
 For the Two Years Ended June 30, 2023

Release Date: April 25, 2024

FINDINGS THIS AUDIT: 12				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>
				2021		23-05, 23-06, 23-08, 23-12	
Category 1:	0	0	0	2020		23-01	
Category 2:	4	8	12	2019		23-04, 23-07	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>	2013		23-09	
TOTAL	4	8	12				
FINDINGS LAST AUDIT: 15							

INTRODUCTION

This digest covers the Office of the Secretary of State’s (Office) compliance examination for the two-years ended June 30, 2023. A separate digest covering the Office’s financial audit as of and for the year ending June 30, 2023 was released under a separate cover. In total, this report contains twelve findings, one of which was reported in the Financial Audit.

SYNOPSIS

- (23-03) The Office did not implement an electronic lien and title system.
- (23-04) The Office did not demonstrate adequate control over property and equipment.

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**

NONCOMPLIANCE WITH VEHICLE CODE

**Not in compliance with Illinois
Vehicle Code**

The Office of the Illinois Secretary of State (Office) has not implemented an electronic lien and title (ELT) system under the provisions of the Illinois Vehicle Code (625 ILCS 5/3 100.1 thru 5/3-100.2) (Code).

Failed to implement ELT system

During the engagement period, the Office had not yet implemented the ELT system. Office management indicated all standards and procedures for the establishment of operation of the ELT system are currently in development, but have not yet been solidified and not yet adopted in administrative rule. The Code required the Office to implement, manage, and administer an ELT system no later than July 1, 2022. (Finding 3, pages 16-17)

We recommended the Office comply with the requirements of the Code and ensure the ELT system is developed and implanted promptly.

Office agreed

The Office agreed with the recommendation and has taken steps to launch the program this year.

**WEAKNESS RELATED TO PROPERTY AND
EQUIPMENT**

The Office did not demonstrate adequate control over property and equipment during the engagement period. Specific deficiencies noted as a result of our testing are described below:

**Items not added to property records
timely**

- Nine of forty (23%) items, totaling \$339,957, of property and equipment tested were not added to property acquisition records in a timely manner as required by the Illinois Administrative Code (44 Ill. Adm. Code 5010.400). The assets were added 20 to 581 days late.

**Item on property records not located
during site visit**

- During testing of property inventory at twelve site visits at the Office's drivers' facilities, one of 120 items (1%) that was listed on the Office's property records was unable to be located physically at one of the facilities. The item was a Verifone Credit Card Reader.

Errors noted on C-15 reports.

- During testing of the Office's preparation of the Agency Report of State Property (C-15), we noted various errors in four of eight (50%) quarters tested. (Finding 4, pages 18-20) **This finding has been reported since 2019.**

We recommended the Office implement controls and procedures to ensure its property and equipment is reported and accounted for in a manner which complies with State statutes and the Illinois Administrative Code.

Office agreed with recommendation. Office officials agreed with the recommendation and stated the Office has since overhauled the Office's policies and procedures.

OTHER FINDINGS

The remaining compliance findings pertain to inaccurate census data, computing environment weaknesses, noncompliance with various statutory mandates, and weaknesses related to service providers, user access, Payment Card Industry Data Security Standards, vehicle stickers and administration, and cybersecurity programs. We will review the Office's progress towards the implementation of our recommendations in our next compliance examination.

AUDITOR'S OPINION

The financial audit report was released under a separate cover. The auditors stated the financial statements of the Office as of and for the year ended June 30, 2023, are fairly stated in all material respects.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the Office for the two-years ended June 30, 2023, as required by the Illinois State Auditing Act. The accountants stated the Office complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Sikich, LLP.

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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

FRANK J. MAUTINO
Auditor General

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