



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**SUPREME COURT OF ILLINOIS**

Compliance Examination  
 For the Two Years Ended June 30, 2019

Release Date: February 25, 2020

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>No Repeat Findings</b>			
Category 2:	1	0	1				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>1</b>				
<b>FINDINGS LAST AUDIT: 0</b>							

**INTRODUCTION**

Our compliance examination of the Supreme Court included Appellate Court Districts 1-5 and the Illinois Courts Commission.

**SYNOPSIS**

- (19-01) The Court did not obtain or conduct timely independent internal control reviews over its service providers.

**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.

**SUPREME COURT OF ILLINOIS  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2019**

<b>EXPENDITURE STATISTICS</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total Expenditures.....</b>	<b>\$ 350,902,660</b>	<b>\$ 356,424,808</b>	<b>\$ 351,000,166</b>
OPERATIONS TOTAL.....	\$ 264,771,522	\$ 256,072,501	\$ 243,708,484
% of Total Expenditures.....	75.5%	71.8%	69.4%
Personal Services.....	227,405,324	222,776,126	218,407,123
Other Payroll Costs (FICA, Retirement).....	7,046,634	6,918,359	6,716,150
All Other Operating Expenditures.....	30,319,564	26,378,016	18,585,211
AWARDS AND GRANTS.....	\$ 86,127,861	\$ 100,348,303	\$ 107,161,393
% of Total Expenditures.....	24.5%	28.2%	30.5%
REFUNDS.....	\$ 3,277	\$ 4,004	\$ 130,289
% of Total Expenditures.....	0.0%	0.0%	0.1%
<b>Total Receipts per State Comptroller.....</b>	<b>\$ 11,663,003</b>	<b>\$ 12,051,059</b>	<b>\$ 9,774,407</b>
<b>Average Number of Employees.....</b>	<b>1,552</b>	<b>1,550</b>	<b>1,554</b>

<b>AGENCY DIRECTOR</b>
During Examination Period: Michael J. Tardy (through 7/31/17), Marcia M. Meis (effective 8/1/17) Currently: Marcia M. Meis

## **FINDING, CONCLUSION, AND RECOMMENDATION**

### **LACK OF ADEQUATE CONTROLS OVER THE REVIEW OF INTERNAL CONTROL OVER SERVICE PROVIDERS**

#### **No independent internal control reviews of external service provider**

The Court did not obtain or conduct timely independent internal control reviews over its external service provider. The auditors noted the Court had not:

- Developed a process for identifying all service providers and assessing the effect on internal controls of these services on an annual basis;
- Performed independent reviews of internal controls associated with outsourced systems at least annually or obtained from its third-party service provider its annual Service Organization Control (SOC) report;
- Reviewed the SOC report to determine the impact and whether assurance could be obtained that internal controls being relied upon at the service provider were effectively operating;
- Determined if complementary user entity controls (CUECs) that should be at the Court are in place; and
- Determined if the third-party service provider used subservice organizations. Accordingly, the Court did not obtain and review SOC reports for subservice organizations or perform alternative procedures to determine the impact on its internal control environment.

Additionally, the contract between the Court and the service provider did not contain a requirement for an independent review to be completed. (Finding 1, pages 11-12).

We recommended the Court identify all third party service providers and determine and document if a review of controls is required. If required, the Court should:

- Obtain SOC reports or perform independent reviews of internal controls associated with third party service providers at least annually;
- Document its review of the SOC reports and review all significant issues with service organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Court, and any compensating controls;
- Monitor and document the operation of the CUECs relevant to the Court's operations.
- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment; and

- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

### **Court agrees with auditors**

The Court responded the SOC report for the vendor identified during the audit period was recently obtained and reviewed, and no weaknesses were identified with the third-party service provider affecting the Court's operations. The Court further stated it is implementing procedures for future contracts where SOC reports will be needed.

We will review the Court's progress towards the implementation of our recommendation in our next compliance examination.

### **ACCOUNTANT'S OPINION**

The accountants conducted a compliance examination of the Court for the two years ended June 30, 2019, as required by the Illinois State Auditing Act. The accountants stated the Court complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by Adelfia LLC.

**SIGNED ORIGINAL ON FILE**

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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