

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

Report Required Under  
*Government Auditing Standards*

FOR THE PERIOD  
JULY 1, 2017 – JUNE 30, 2018



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**DEPARTMENT OF CENTRAL MANAGEMENT SERVICES**  
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Director, Acting (7/1/17-3/2/18)

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Chief Internal Auditor

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**DEPARTMENT OF CENTRAL MANAGEMENT SERVICES**  
***GOVERNMENT AUDITING STANDARDS REPORT***

**Government Auditing Report Summary**

The examination of the description of the Department of Central Management Services' maintenance and facility support, control and management of physical security, and human resource functions provided to the Department of Innovation & Technology was performed by the Office of the Auditor General in accordance with *Government Auditing Standards*. Based on their examination, the Service Auditors expressed an adverse opinion on the Department's Description of the IT General Controls and Application Controls for the Department of Innovation & Technology's Information Technology Shared Services System. The Service Organization Control Report was issued under separate cover dated August 8, 2018.

**Summary of Findings**

The Service Auditors identified certain deficiencies in internal control over the description of the Department of Central Management Services' maintenance and facility support, control and management of physical security, and human resource functions provided to the Department of Innovation & Technology that they consider to be material weaknesses, which are described in the accompanying Schedule of Findings on pages 6-8 of this report as Finding 2018-001, *Inaccurate Description of System*, and Finding 2018-002, *Controls Were Not Suitably Designed*.

**Exit Conference**

The Department waived an exit conference.

The responses to the recommendations were provided by Shayne Clennon, Audit Liaison, via email dated August 6, 2018.

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OFFICE OF THE AUDITOR GENERAL  
FRANK J. MAUTINO

**INDEPENDENT SERVICE AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN EXAMINATION OF A SERVICE ORGANIZATION PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

We have examined, in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the State of Illinois, Department of Central Management Services' description of its maintenance and facility support, control and management of physical security, and human resource functions (description) provided to the Department of Innovation & Technology for the information technology environment and applications throughout the period July 1, 2017, through June 30, 2018, and have issued our report thereon under separate cover dated August 8, 2018.

**Internal Control over Reporting**

Management of the State of Illinois, Department of Central Management Services is responsible for establishing and maintaining effective internal control over (1) fairly presenting the State of Illinois, Department of Central Management Services' description of its maintenance and facility support, control and management of physical security, and human resource functions provided to the Department of Innovation & Technology for the information technology general controls and application controls throughout the period July 1, 2017, through June 30, 2018, and (2) establishing and maintaining effective internal control over the suitable design and operating effectiveness of the controls related to the control objectives within the State of Illinois, Department of Central Management Services' description of its maintenance and facility support, control and management of physical security, and human resource functions provided to the Department of Innovation & Technology for the information technology general controls and application controls throughout the period July 1, 2017, through June 30, 2018 (internal control over reporting). In planning and performing our examination, we considered the State of Illinois, Department of Central Management Services' internal control over reporting to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing

our opinion on the State of Illinois, Department of Central Management Services' description of its maintenance and facility support, control and management of physical security, and human resource functions provided to the Department of Innovation & Technology for the information technology general controls and application controls throughout the period July 1, 2017, through June 30, 2018, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Department of Central Management Services' internal control over reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Department of Central Management Services' internal control over reporting.

*A deficiency in internal control over reporting* 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, misstatements on a timely basis. A *material weakness in internal control over reporting* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department's description will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over reporting* 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 over reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2018-001 and 2018-002 that we consider to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State of Illinois, Department of Central Management Services' description of its maintenance and facility support, control and management of physical security, and human resource functions provided to the Department of Innovation & Technology for the information technology general controls and application controls throughout the period July 1, 2017, through June 30, 2018, is fairly presented and the controls related to the control objectives in the State of Illinois, Department of Central Management Services' description of its maintenance and facility support, control and management of physical security, and human resource functions provided to the Department of Innovation & Technology for the information technology general controls and application controls throughout the period July 1, 2017, through June 30, 2018, were suitably designed and operating effectively, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and noncompliance with which could have a direct and material effect on the State of Illinois, Department of Central Management Services' description of its maintenance and facility support, control and management of physical security, and human resource functions provided to the Department of Innovation & Technology for the information technology general controls and application controls throughout the period July 1, 2017, through June 30, 2018. However, providing an opinion on compliance with those provisions was not an objective of our examination and, accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **State of Illinois, Department of Central Management Services' Response to Findings**

The State of Illinois, Department of Central Management Services' responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The State of Illinois, Department of Central Management Services' responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Illinois, Department of Central Management Services' internal control over reporting or on compliance. This report is an integral part of an examination performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Department of Central Management Services' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

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William J. Sampias, CISA  
Director, Information Systems Audits

**SIGNED ORIGINAL ON FILE**

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Mary Kathryn Lovejoy, CPA, CISA  
Senior Audit Manager

Springfield, Illinois  
August 8, 2018

**DEPARTMENT OF CENTRAL MANAGEMENT SERVICES**  
**CURRENT FINDINGS-GOVERNMENT AUDITING STANDARDS**  
**For the Year Ended June 30, 2018**

**2018-001      Finding      Inaccurate Description of System**

The Department of Central Management Services' (Department) description of its maintenance and facility support, control and management of physical security, and human resource functions (description) contained inaccuracies and omissions.

The Department provided maintenance and facility support, control and management of physical security, and human resource functions to the Department of Innovation & Technology, which have been included in the "Description of the IT General Controls and Application Controls for the Department of Innovation & Technology's Information Technology Shared Services System" for the information technology general controls and application controls throughout the period July 1, 2017, through June 30, 2018. As such, the Department, a subservice provider, provides services which are likely relevant to user agencies' internal control over financial reporting. Therefore, the Department is required to develop an accurate and complete description of its services documenting its internal controls over the services provided.

During the examination of the Department's description, we noted it stated it had entered into preventive maintenance agreements for environmental measures. However, our testing determined a maintenance agreement had not been established for the water detection system.

In addition, our testing noted the Department's description did not contain the process for physical access provisioning of vendor contractors.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources and funds 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.

Department management indicated the errors were due to oversight.

Without an accurate and complete description of the services provided, the user agencies' internal control over financial reporting may have unidentified deficiencies and user agencies' auditors are unable to rely on the internal controls related to the services provided. (Finding Code 2018-001)

**Recommendation**

We recommend the Department review the description of its services to ensure it is complete, accurate, and contains all internal controls over the services provided.

## **Department Response**

The Department agrees with the finding. During the audit period, there were multiple changes throughout the year as roles transitioned from the Department of Central Management Services to the Department of Innovation and Technology. Additionally, this was the first time CMS was included as a sub-provider. Many of the functions managed by the Department of Central Management Services have been transferred to the Department of Innovation and Technology and as such, we believe these issues will not occur in the future.

**DEPARTMENT OF CENTRAL MANAGEMENT SERVICES**  
**CURRENT FINDINGS-GOVERNMENT AUDITING STANDARDS**  
**For the Year Ended June 30, 2018**

**2018-002**      **Finding**      Controls Were Not Suitably Designed

The Department of Central Management Services' (Department) controls related to the control objectives of its maintenance and facility support, control and management of physical security, and human resource functions were not suitably designed to provide reasonable assurance the control objectives would be achieved.

As part of testing to determine if the controls were suitably designed, we requested the Department to provide a population related to the incident reports completed by the security guards. However, the Department did not provide a complete and accurate population. Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 320.30) to test the suitable design of the controls. As such, we could not perform detailed testing.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources and funds 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. Furthermore, the State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of the functions, policies, decisions, procedures, and actions of the Department in order to protect the legal and financial rights of the State.

Department management indicated the errors were due to oversight.

Without controls that are suitably designed at the Department, the user agencies' auditors will be unable to rely on the operating effectiveness of the Department's controls over the user agencies' internal control over financial reporting. (Finding Code 2018-002)

**Recommendation**

We recommend the Department ensure the controls are suitably designed over the services provided.

**Department Response**

The Department agrees with the finding. During the audit period, there were multiple changes as roles transitioned from the Department of Central Management Services to the Department of Innovation and Technology. The incident reports completed by the security was a role that was still in transition. We are working with DoIT to better manage the incident reports in the future.