



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF INNOVATION AND TECHNOLOGY
(TECHNOLOGY MANAGEMENT REVOLVING FUND)

Financial Audit
For the Year Ended June 30, 2024

Release Date: April 29, 2025

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2023		24-01	
Category 2:	0	1	1				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 4							

INTRODUCTION

This digest covers the Department of Innovation and Technology's (Department) Financial Audit of the Technology Management and Revolving Fund as of and for the year ended June 30, 2024. A Digest covering the Department's Compliance Examination will be released at a later date.

SYNOPSIS

- (24-01) The Department did not review the billing rates utilized to bill agencies for telecommunication services.

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.

DEPARTMENT OF INNOVATION AND TECHNOLOGY
TECHNOLOGY MANAGEMENT REVOLVING FUND
FINANCIAL AUDIT
For the Year Ended June 30, 2024

STATEMENT OF NET POSITION (in thousands)	June 30, 2024	June 30, 2023
ASSETS		
Cash and cash equivalents.....	\$ 17,379	\$ 14,890
Due from federal government.....	129	151
Due from local government, net.....	744	867
Other receivables, net.....	626	502
Due from other funds.....	146,847	163,279
Due from component unit.....	698	520
Lease receivable.....	580	335
Capital assets, net of accumulated depreciation.....	301,780	239,784
Total assets.....	<u>468,783</u>	<u>420,328</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Accounts Payable and Accrued Liabilities.....	242,179	151,801
Due to Federal Government.....	9,289	8,353
Due to local government.....	107	44
Due to other funds.....	24,672	15,440
Due to component units.....	14	14
Unearned revenue.....	86	95
Leases payable.....	197	840
Compensated absences.....	13,990	11,889
Subscription-based information technology arrangement payable.....	128,149	65,523
Deferred amount on leases.....	4,099	3,787
Total liabilities and deferred inflows of resources.....	<u>422,782</u>	<u>257,786</u>
NET POSITION		
Net investment in capital assets.....	173,434	173,421
Unrestricted (deficit).....	(127,433)	(10,879)
Total net position.....	<u>\$ 46,001</u>	<u>\$ 162,542</u>
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)	FY 2024	FY 2023
OPERATING REVENUES		
Charges for sales and services.....	\$ 537,505	\$ 484,087
Total operating revenues.....	<u>537,505</u>	<u>484,087</u>
OPERATING EXPENSES		
Cost of sales and services.....	595,950	462,294
Depreciation and amortization.....	143,563	96,247
Total operating expenses.....	<u>739,513</u>	<u>558,541</u>
OPERATING INCOME (LOSS).....	<u>(202,008)</u>	<u>(74,454)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income.....	31	3
Other nonoperating revenues.....	1,762	10,754
Interest expense.....	(16,300)	(16,302)
Other nonoperating expenses.....	(40)	(1,446)
Total nonoperating revenues (expenses).....	<u>(14,547)</u>	<u>(6,991)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS.....	<u>(216,555)</u>	<u>(81,445)</u>
Contributions of capital assets.....	14	-
Transfers-in.....	100,000	100,000
CHANGE IN NET POSITION.....	<u>(116,541)</u>	<u>18,555</u>
NET POSITION, BEGINNING OF YEAR.....	<u>162,542</u>	<u>143,987</u>
NET POSITION, END OF YEAR.....	<u>\$ 46,001</u>	<u>\$ 162,542</u>
AGENCY DIRECTOR		
During Audit Period: Sanjay Gupta		
Currently: Brandon Ragle (Acting) (effective 3/21/25)		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE REVIEW OF TELECOMMUNICATION
BILLING RATES**

The Department of Innovation and Technology (Department) did not review the billing rates utilized to bill agencies for telecommunication services.

No mark up methodology

During testing, we noted the Department adds an administrative mark up to the telecommunication rate; however, we noted the Department had not developed a methodology to determine the administrative mark up. (Finding 1, pages 25-26)

We recommended the Department develop a methodology for determining the administrative markup.

Department agreed

The Department accepted the finding and recommendation and stated they will review the existing methodology to better document the administrative mark up for telecommunications.

AUDITOR'S OPINION

The auditors stated the financial statements of the Department's Technology Management Revolving Fund (Fund) as of and for the year ended June 30, 2024, are fairly stated in all material respects.

This financial audit was conducted by Roth & Company LLP.

SIGNED ORIGINAL ON FILE

COURTNEY DZIERWA
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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