



**STATE OF ILLINOIS
STATE BOARD OF ELECTIONS**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2019

**Performed as Special Assistant Auditors
For the Auditor General, State of Illinois**



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STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

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BOARD OFFICIALS

Executive Director	Steven Sandvoss
Chief Fiscal Officer	Jeremy Kirk
General Counsel	Ken Menzel
Director of Administrative Services	Jeremy Kirk

Board offices located at:

2329 South MacArthur Blvd.
Springfield, IL 62704

James R. Thompson Center
100 West Randolph Street, Suite 14-100
Chicago, IL 60601

STATE BOARD OF ELECTIONS
STATE OF ILLINOIS

2329 S. MacArthur Blvd.
Springfield, Illinois 62704-4503
217/782-4141
Fax: 217/782-5959

James R. Thompson Center
100 W. Randolph St., Ste. 14-100
Chicago, Illinois 60601-3232
312/814-6440
Fax: 312/814-6485



EXECUTIVE DIRECTOR
Steven S. Sandvoss

BOARD MEMBERS
Charles W. Scholz, Chair
Ian K. Linnabary, Vice Chair
William J. Cadigan
Laura K. Donahue
William R. Haine
William M. McGuffage
Katherine S. O'Brien
Casandra B. Watson

MANAGEMENT ASSERTION LETTER

December 19th, 2019

Sikich LLP
3201 W. White Oaks Drive, Suite 102
Springfield, IL 62704

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, State Board of Elections (Board). 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 Board's compliance with the following specified requirements during the two-year period ended June 30, 2019. Based on this evaluation, we assert that during the years ended June 30, 2018 and June 30, 2019, the Board has materially complied with the specified requirements listed below.

- A. The Board 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 Board 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. Other than what was previously disclosed, the Board 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 Board 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 Board on behalf of the State or held in trust by the Board have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

Illinois State Board of Elections

SIGNED ORIGINAL ON FILE

Steven Sandvoss, Executive Director

SIGNED ORIGINAL ON FILE

Jeremy Kirk, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Bernadette Matthews, Acting General Counsel

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COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and the Illinois State Auditing Act.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	Report	Report
Findings	8	4
Repeated findings	2	0
Prior recommendations implemented or not repeated	2	3

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)				
2019-001	9	NEW	Weaknesses in cybersecurity programs and practices	Material Noncompliance and Material Weakness
2019-002	11	2017	Noncompliance with Election Code	Noncompliance and Significant Deficiency
2019-003	13	2017	Noncompliance with Raffles and Poker Runs Act	Noncompliance and Significant Deficiency
2019-004	15	NEW	Weaknesses in controls over State property	Noncompliance and Significant Deficiency
2019-005	17	NEW	Failure to enter into agreement with other state agencies for the transmission of registration member data	Noncompliance and Significant Deficiency

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SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE) (Continued)				
2019-006	18	NEW	Lack of formal change management process	Noncompliance and Significant Deficiency
2019-007	20	NEW	Inadequate disaster recovery planning	Noncompliance and Significant Deficiency
2019-008	22	NEW	Lack of system development documentation	Noncompliance and Significant Deficiency

PRIOR FINDINGS NOT REPEATED

A	24	2017	Inadequate controls over grant agreements
B	24	2017	Untimely performance evaluations

EXIT CONFERENCE

The Board waived an exit conference in correspondence from Jeremy Kirk, Director of Administrative Services, on December 10, 2019. The responses to the recommendations were provided by Jeremy Kirk, Director of Administrative services, in a correspondence dated December 19, 2019.

3201 W. White Oaks Dr., Suite 102
Springfield, IL 62704
217.793.3363

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INDEPENDENT ACCOUNTANT’S REPORT
ON STATE COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE, AND
ON SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, State Board of Elections

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, State Board of Elections (Board) 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, 2019. Management of the Board is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Board’s compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Board 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 Board 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 Board 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 Board 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 Board on behalf of the State or held in trust by the Board 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 Board complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Board 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 modified opinion.

Our examination does not provide a legal determination on the Board's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Board during the two years ended June 30, 2019. As described in the accompanying Schedule of Findings as item 2019-001, the Board had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material deviation from the specified requirements described in the preceding paragraph, the Board complied with the specified requirements during the two years ended June 30, 2019, in all material respects. However, the results of our procedures disclosed other instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2019-002 through 2019-008.

The Board's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on them.

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.

Internal Control Over Compliance

Management of the Board 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 Board's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Board's compliance with the specified requirements and to test and report on the Board's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

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* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as item 2019-001 to be a material weakness.

A significant deficiency 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. We consider the deficiencies described in the accompanying Schedule of Findings as items 2019-002 through 2019-008 to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Board's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on them.

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.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on the Board's compliance with the specified requirements. The accompanying supplementary information for the years ended June 30, 2018 and June 30, 2019 in Schedules 1 through 5 and the Analysis of Operations Section are presented for purposes of additional analysis. Such information is the responsibility of Board management. We have applied certain limited procedures as prescribed by the *Audit Guide* to the accompanying supplementary information for the years ended June 30, 2018, and June 30, 2019, in Schedules 1 through 5. We have not applied procedures to the accompanying supplementary information for the year ended June 30, 2017, in Schedules 3 through 5 and in the Analysis of Operations Section. We do not express an opinion, a conclusion, nor provide any assurance on the accompanying supplementary information in Schedules 1 through 5 or the Analysis of Operations Section.

SIGNED ORIGINAL ON FILE

Springfield, Illinois
December 19, 2019

STATE OF ILLINOIS
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SCHEDULE OF FINDINGS

CURRENT FINDINGS – State Compliance

2019-001. FINDING (Weaknesses in cybersecurity programs and practices)

The State Board of Elections (Board) had not implemented adequate internal controls related to cybersecurity programs and practices.

As a result of the Board’s mission to administer the State of Illinois’ election laws and campaign laws, the Board maintains computer systems that contain large volumes of confidential or personal information such as names, addresses, and Social Security numbers of the citizens of the State.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During our examination of the Board’s cybersecurity program, practices, and control of confidential information, we noted the Board:

- Had not classified its data to identify and ensure adequate protection of information (i.e. confidential or personal information) most susceptible to attack.
- Had not evaluated and implemented appropriate controls to reduce the risk of attack.
- Had not ensured all staff members completed cybersecurity training upon employment and annually thereafter.
- Had not developed a formal, comprehensive, adequate, and communicated security program (policies, procedures, and processes) to manage and monitor the regulatory, legal, environmental and operational requirements. Although the Board’s Policy Manual included minimum requirements for acceptable usage of information technology, the Policy Manual did not address access provisioning requirements, security awareness and training, and data maintenance and destruction.

The Data Security on State Computers Act (20 ILCS 450/25) requires every employee to annually undergo training by the Department of Innovation and Technology concerning cybersecurity.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State’s resources.

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Furthermore, generally accepted information technology guidance, including the National Institute of Standards and Technology, endorses the development of well-designed and well-managed controls to protect computer systems and data.

Board management indicated the lack of staffing and resources contributed to the delay in implementing a cybersecurity program.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the Board's volumes of personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2019-001)

RECOMMENDATION

The Board has the ultimate responsibility for ensuring confidential information is protected from accidental or unauthorized disclosure. Specifically, we recommend the Board:

Perform an assessment to identify and classify data to ensure adequate protection of confidential or personal information most susceptible to attack.

Evaluate identified risks and implement appropriate controls to reduce the risk.

Ensure all staff members annually complete cybersecurity training as outlined in the Data Security on State Computers Act.

Establish and communicate the Board's security program (formal and comprehensive policies, procedures and processes) to manage and monitor the regulatory, legal, environmental and operational requirements.

BOARD RESPONSE

The Board agrees with the first and fourth bullet point of the finding. The Board will analyze and classify its data and create and implement a comprehensive security program.

The Board partially agrees with the second and third bullet point of the finding. The Board has evaluated and implemented several technical security controls that have significantly increased the Board's security posture and reduced our threat attack surface. However, the Board agrees that formalizing internal policies, procedures and practices further reduces the risk of attack. Regarding cybersecurity training, the Board believes we are/were in compliance with statutory requirements requiring annual cybersecurity training by staff. The Board does recognize the importance of timely training new staff and will implement a more comprehensive training program for staff.

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2019-002. FINDING (Noncompliance with Election Code)

The State Board of Elections (Board) did not comply with certain requirements of the Election Code (10 ILCS 5) (Code) during the examination period.

During our testing, we noted the following:

- Section 9-35(e) of the Code states the Board shall impose a civil penalty of \$1,000 per business day for failure to update a registration by a business entity as required by Section 20-160 of the Illinois Procurement Code. As of the end of fieldwork, the Board had not established monitoring mechanisms to determine whether business entities were updating their registrations as needed, therefore, it was not assessing the requisite civil penalty.

During the prior engagement period, Board management stated no procedures had been implemented for imposing penalties of this section of the Code as Board management believed it would be virtually impossible for the Board to monitor and enforce this section of the Code. Board management stated the current engagement period's condition resulted from the ongoing impossibility of the Board being able to monitor and enforce this provision. Board management stated the Board is continuing to pursue a legislative change to remove or modify this requirement, but has been unsuccessful in this effort to date.

- Section 9-23.5 of the Code requires the Board to update its online database of all complaints filed with the Board within five business days after action is taken or a penalty is imposed on a complaint. We tested nine Board actions and penalties from the examination period. Of the nine tested, one (11%) was entered on the Board's online database 617 days beyond the five business days after action was taken or the penalty was imposed on the complaint. In addition, three (33%) had no documentation supporting the date the Board's online database was updated after action/penalty was imposed.

During the prior engagement period, Board management stated that human error resulted in some deadlines for updates being missed. Board management stated the current engagement period's condition resulted from two different issues. The first issue was due to the change in Board policy implemented in May 2018 after receipt of the Finding 2017-001. The new procedures implemented only applied to cases occurring after the new policy was in effect (May 2018). The complaint entered into the database 617 days after Board action occurred on October 18, 2017, prior to the implementation of the Board's new policy and therefore was not initially included in the database. Regarding the other three complaints mentioned, Board management stated the issue was due to the database system only creating a timestamp record of when the initial entry is made. The database system does not create a timestamp record of when the document is updated.

Failure to comply with the specific elements of the Code represents statutory noncompliance. (Finding Code No. 2019-002, 2017-001)

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RECOMMENDATION

We recommend the Board comply with the requirements of the Election Code. If the requirements of the Code require monitoring or enforcement resources beyond the present capabilities of the Board, we recommend the Board seek assistance from outside parties to perform these duties as presently prescribed in the Election Code. Otherwise, we suggest the Board seek legislative remedies from the requirements. In addition, we recommend the Board update the capabilities of its online database to ensure the Board's actions and penalties are entered and documented into its online database within five business days after action is taken or a penalty is imposed on a complaint.

BOARD RESPONSE

The Board partially agrees with this finding as it relates to Section 9-35(e). The Board agrees that we are not enforcing this section, but disagree that we have the ability to do so. Monitoring the timeliness and completeness of all business entity registrations is beyond the Board's capabilities and resources. This would require complete and constantly-updated personnel information for more than 20-thousand registered businesses. The Board will continue to pursue a legislative remedy to this requirement.

The Board disagrees with this finding as it relates to Section 9-23.5. Following the prior engagement period, the Board implemented new procedures and protocols to ensure the database is updated in a timely fashion. However, we did not apply these changes retroactively, so one of the complaints tested occurred prior to the changes and was not updated. In addition, the Board maintains that the database is being updated timely and in accordance with Section 9-23.5. However, our current system lacks the means to provide documentation verifying existing records are subsequently updated. The time stamp for records in the database only reflect the date the original entry was made, not the updates. The Board will determine if a change to the system is feasible or practical to address future requests from auditors.

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2019-003. FINDING (Noncompliance with Raffles and Poker Runs Act)

The State Board of Elections (Board) could not demonstrate compliance with all restrictions of the Raffles and Poker Runs Act (Act) when granting raffle licenses.

The Act (230 ILCS 15/8.1(c)) restricts the raffle licenses issued by the Board and states the following are ineligible entities for licenses:

- i. Any political committee which has an officer who has been convicted of a felony;
- ii. Any political committee which has an officer who is or has been a professional gambler or gambling promoter;
- iii. Any political committee which has an officer who is not of good moral character;
- iv. Any political committee which has an officer who is also an officer of a firm or corporation in which a person defined in (i), (ii), (iii) has a proprietary, equitable, or credit interest, or in which such a person is active or employed;
- v. Any political committee in which a person defined in (i), (ii) or (iii) is an officer, director, or employee, whether compensated or not;
- vi. Any political committee in which a person defined in (i), (ii) or (iii) is to participate in the management or operation of a raffle as defined in this Section.

We tested 40 raffle applications received from political action committees and acted upon by the Board during the examination period. We were not able to determine whether or not the Board issued raffle licenses during the examination period to entities ineligible for licenses based upon the criteria prescribed in the Act because the Board had not established a monitoring mechanism to vet this information, therefore, no information was available to review.

During the engagement period, the Board supported House Bill 2760 which amended the Act and removed language concerning the ineligibility of certain political committees from receiving a license to conduct raffles. The last action on House Bill 2760 during the engagement period was a re-referral to the House Rules Committee on March 29, 2019.

During the prior engagement period, Board management stated the Board lacked the means to monitor and enforce those provisions and doubted such monitoring and enforcement was realistically possible. Board management stated the current engagement period's condition resulted from the ongoing impossibility of the Board being able to monitor and enforce this provision. The Board stated it is continuing to pursue a legislative change to remove or modify this requirement but has been unsuccessful in this effort to date.

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Failure to comply with all required restrictions when granting raffle licenses is in violation of the Act. (Finding Code No. 2019-003, 2017-002)

RECOMMENDATION

We recommend the Board establish, implement, and document procedures for tracking and monitoring raffle licenses to ensure compliance under the Raffles and Poker Runs Act. If those specific requirements of the Act require monitoring or enforcement resources beyond the present capabilities of the Board, we recommend the Board seek assistance from outside parties to perform these duties as presently prescribed in the Act. Otherwise, we recommend the Board continue its efforts to seek legislative remedies from the requirement.

BOARD RESPONSE

The Board partially agrees with this finding. The Board agrees that we are not enforcing the listed provisions, but disagree that we have the ability to do so. The Board has neither the resources nor the authority to adequately collect the required information or monitor these provisions. The Board will continue to pursue a legislative remedy to this requirement.

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2019-004. FINDING (Weaknesses in controls over State property)

The State Board of Elections (Board) did not have adequate controls over its State property.

During examination of the Board's compliance with State property requirements, auditors noted the following:

- The Board did not include one of the seven (14%) assets tested on its property control records in the quarter that it was purchased for fiscal year 2019. The asset not included was a network device that is part of the Board's new server totaling \$74,500.
- The Board did not record three out of the 40 (8%) additions tested on its property control records in a timely manner. The assets were recorded between 3 to 128 days late. The assets not recorded timely included a component of the Board's new server, a printer, and shelving units, totaling \$27,448.
- The Board misclassified inter-agency transfers as deletions for two out of the eight (25%) quarterly C-15 Reports. The misclassified transfers totaled \$2,240 for quarter one of fiscal year 2018 and \$136,657 for quarter four of fiscal year 2019.

The Board filed an amended C-15 Report in response to the auditor's exception noted for quarter four of fiscal year 2019; however, due to the immateriality of the reclassification for quarter one of fiscal year 2018 the Board passed on submitting an amended C-15 Report for that quarter.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are used efficiently and effectively, and obligations and costs are in compliance with applicable laws.

The Illinois Administrative Code (44 Ill. Admin Code 5010.400) requires agencies to adjust property records within 30 days of acquisition, change or deletion of equipment items (90 days, effective May 3, 2019). Per the Statewide Accounting Management System Manual (SAMS) (Procedure 29.10.30), the Office of the Comptroller has determined that, for purposes of quarterly State property reporting, all assets with an individual value of \$1,000 or greater must be reported.

Board management stated the errors were due to oversight.

Failure to maintain accurate property control records increases the potential for fraud and possible loss or theft of State property. Inaccurate property reporting reduces the reliability of statewide property information. (Finding Code No. 2019-004)

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RECOMMENDATION

We recommend the Board strengthen its controls over state property by ensuring its property is recorded and reported in accordance with the rules outlined in State statute, the Illinois Administrative Code and SAMS.

BOARD RESPONSE

The Board agrees with the finding. The Board has already remedied the conditions found by strengthening internal controls and procedures.

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2019-005. FINDING (Failure to enter into agreement with other state agencies for the transmission of registration member data)

The State Board of Elections (Board) failed to enter into an agreement with other State agencies and provide information necessary to transmit member data under the Electronic Registration Information Center Membership Agreement.

Effective June 1, 2015, the Election Code (10 ILCS 5/1A-45(b-5)) required the Board to enter into an agreement with the Department of Human Services (DHS), the Department of Healthcare and Family Services (HFS), the Department on Aging (DoA), and the Department of Employment Security (IDES) to require each department to provide the Board with any information necessary to transmit member data under the Electronic Registration Information Center Membership Agreement.

During our testing, the auditors noted the Board did not enter into an agreement with the required agencies. Specifically with regards to IDES, the Board exchanged draft agreements with IDES but a final agreement had not been signed by June 30, 2019. With regards to DoA, DoA management notified the Board it would be unable to participate. With regards to DHS and HFS, the Board reached out to them last in March 8, 2016, but the Board had not heard back from them as of June 30, 2019.

Board management stated they were unaware of the responsibility to continually contact the agencies mentioned after having provided the technical specifications as well as a draft data sharing agreement for consideration.

Failure to enter into an agreement with the other State agencies represents noncompliance with the Election Code and inhibits the transmission of crucial member data as required by the Electronic Registration Information Center Membership Agreement. (Finding Code No. 2019-005)

RECOMMENDATION

We recommend the Board comply with the Election Code or seek a legislative remedy.

BOARD RESPONSE

The Board agrees with the finding. The Board anticipates finalizing an agreement with the Department of Employment Security in the near future. In addition, since being made aware of this finding, the Board has contacted the remaining agencies that have not entered into a data sharing agreement with the Board. The Board will continue to seek data sharing agreements with these agencies and/or legislative remedies, if appropriate.

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2019-006. FINDING (Lack of formal change management process)

The State Board of Elections (Board) had not developed a change management process.

As a result of the Board's mission to administer the State of Illinois' election laws and campaign laws, the Board maintained several critical, confidential, and/or financial applications. For example, the Voter Registration System (IVRS) and the eCanvass Website (precinct upload election data to website) all contain information critical to the operation of the Board.

The Board had not developed comprehensive change management policies and procedures to control changes to their applications and data. The Board utilized the Production Push Request form to obtain approval for movement of changes to the production environment. However, the form did not document user approval, a description and results of the testing conducted, as well as who developed the change, and who moved the change to the production environment. During the examination period, the Board made changes to four applications.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

Additionally, generally accepted information technology guidance endorses the implementation of suitable change management procedures to control changes to computer systems. Effective change management procedures reduce the risk of unauthorized, improper, or erroneous changes to computer systems.

Board management indicated they believed the Production Push Request form was sufficient.

The lack of change management controls, could lead to unauthorized, improper, or erroneous changes to the Board's environment, applications and data. (Finding Code No. 2019-006)

RECOMMENDATION

We recommend the Board develop and implement formal change management policies and procedures which document management and user authorization, the programmer completing the change, the testing conducted and results, the approval to move into production environment as well as who completed the move to the production environment.

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For the Two Years Ended June 30, 2019

BOARD RESPONSE

The Board agrees with the finding. The Board implemented a ticketing system during September of 2019 that tracks application changes and approvals. This system provides for tracking the development, development testing, production approval, and production push phases of the application change process. In addition, the Board will develop formal policies and procedures in accordance with the auditor's recommendation.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

2019-007. FINDING (Inadequate disaster recovery planning)

The State Board of Elections (Board) did not have an adequate disaster recovery plan and had not conducted testing.

As a result of the Board's mission to administer the State of Illinois' election laws and campaign laws, the Board maintains computer systems that contain large volumes of confidential or personal information such as names, addresses, and Social Security numbers of the citizens of the State.

During our examination of the Board's Disaster Recovery Policy, we noted it did not document:

- Prioritized listing of applications,
- Detailed recovery scripts for each application,
- Recovery time objectives for each application,
- Roles and responsibilities, and
- Contact information.

In addition, the Board had not conducted recovery testing during the examination period.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

Additionally, generally accepted information technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorses the formal development and testing of disaster recovery plans. Tests of disaster recovery plans (and the associated documentation of the test results) verify that the plan, procedures, and resources provide the capability to recover critical systems within the required timeframe.

Board management indicated the lack of IT staff and resources resulted in the lack of testing. Additionally, the Board believed the Disaster Recovery Policy was sufficient.

Without an adequately documented and tested disaster recovery plan, the recovery of the Board's applications may not be able to be recovered within an acceptable time period. (Finding Code No. 2019-007)

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

RECOMMENDATION

We recommend the Board update its disaster recovery policy to include:

- Prioritized listing of applications,
- Detailed recovery scripts for each application,
- Recovery time objectives for the applications,
- Roles and responsibilities, and
- Contact information.

Additionally, the Board should conduct recovery testing of its applications and data at least annually.

BOARD RESPONSE

The Board agrees with the finding. The Board will amend its current Disaster Recovery Policy to incorporate the auditor's recommendations. In addition, the Board will develop formal policies and procedures regarding disaster recovery testing and ensure testing is performed annually.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

2019-008. FINDING (Lack of system development documentation)

The State Board of Elections (Board) did not have documentation to ensure system developments were adequately planned, developed, tested, documented, approved and implemented.

As a result of the Board's mission to administer the State of Illinois' election laws and campaign laws, the Board maintained several applications which they deemed confidential, critical and/or financially sensitive during the examination period. For example, the electronic filing of campaign contributions system (IDIS3), the Campaign Disclosure system, and the Voter Registration Services (IVRS) all contain information critical to the operation of the Board.

The Board had not developed a comprehensive system development methodology to ensure system developments were properly completed, documented and properly approved. During the examination period, the Board was also in the process of two development projects to rewrite the Voter Registration System, and the Agencies Voter Registration System, along with the creation of a new website.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

Generally accepted information technology guidance endorses the implementation of system development standards that require new system developments and modifications to existing systems be properly approved, thoroughly tested, and consistently documented.

Board management indicated the lack of a system development methodology was due to limited IT staff and resources.

The lack of a comprehensive system development methodology could result in system developments failing to meet the Board's expectations and requirements, resulting in additional costs. (Finding Code No. 2019-008)

RECOMMENDATION

We recommend the Board develop and implement a comprehensive system development methodology which ensures system development projects are adequately planned, developed, tested, documented, approved and implemented.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

BOARD RESPONSE

The Board agrees with the finding. The Board will develop and implement a comprehensive system development methodology that ensures system development projects are adequately planned, developed, tested, documented, approved, and implemented.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

PRIOR FINDINGS NOT REPEATED

A. **FINDING** (Inadequate controls over grant agreements)

During the previous examination, the State Board of Elections (Board) did not maintain adequate controls over grant agreements. During testing, we noted 39 of 137 grant agreements tested were not signed by all parties prior to the date funds were distributed.

During the current examination, our sample testing indicated the Board distributed grant funds properly after all parties involved signed the grant agreement. As a result, this finding is deemed not repeated. (Finding Code No. 2017-003)

B. **FINDING** (Untimely performance evaluations)

During the previous examination, the Board did not conduct employee performance evaluations on a timely basis.

During the current examination, our sample testing indicated evaluations were performed between 8 and 69 days late during fiscal year 2018. In fiscal year 2019, the Board implemented a new evaluation process to correct the timeliness issue. Our sample testing of evaluations performed in fiscal year 2019 indicated all evaluations were performed timely. As a result, we noted adequate corrective action was implemented prior to the end of the engagement period and we deemed this finding not repeated. (Finding Code No. 2017-004)

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2019

Sixteen Months Ended October 31, 2019

<u>Public Act 100-0586</u>	<u>Appropriations (Net of Transfers)</u>	<u>Expenditures Through June 30, 2019</u>	<u>Lapse Period Expenditures July 1, 2019 to October 30, 2019</u>	<u>Total Expenditures 16 Months Ended October 31, 2019</u>	<u>Balances Lapsed October 31, 2019</u>
Appropriated Funds					
General Revenue Fund - 0001					
Operational expenses	\$ 17,604,000	\$ 13,092,773	\$ 1,421,200	\$ 14,513,973	\$ 3,090,027
Help Illinois Vote Fund - 0206					
Statewide voter registration system	1,348,000	37,508	34,767	72,275	1,275,725
Distribution to local election authorities	1,348,000	-	-	-	1,348,000
Discretionary grants to local election authorities	350,000	68,395	578	68,973	281,027
Election Cyber Security Grant	13,232,300	1,757,386	49,393	1,806,779	11,425,521
Total, Fund 0206	<u>\$ 16,278,300</u>	<u>\$ 1,863,289</u>	<u>\$ 84,738</u>	<u>\$ 1,948,027</u>	<u>\$ 14,330,273</u>
Personal Property Tax Replacement Fund - 0802					
For reimbursement to counties	5,000,000	3,829,575	-	3,829,575	1,170,425
Payment of lump sum awards	799,500	-	782,929	782,929	16,571
Total, Fund 0802	<u>\$ 5,799,500</u>	<u>\$ 3,829,575</u>	<u>\$ 782,929</u>	<u>\$ 4,612,504</u>	<u>\$ 1,186,996</u>
Grand Total All Funds	<u>\$ 39,681,800</u>	<u>\$ 18,785,637</u>	<u>\$ 2,288,867</u>	<u>\$ 21,074,504</u>	<u>\$ 18,607,296</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the Board's records as of October 31, 2019, and have been reconciled to State Comptroller's records.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

Appropriations for Fiscal Year 2018

Sixteen Months Ended October 31, 2018

<u>Public Act 100-0021</u>	Appropriations (Net of Transfers)	Expenditures Through June 30, 2018	Lapse Period Expenditures July 1, 2018 to October 31, 2018	Total Expenditures 16 Months Ended October 31, 2018	Balances Lapsed October 31, 2018
Appropriated Funds					
General Revenue Fund - 0001					
Operational expenses	\$ 13,492,100	\$ 11,111,893	\$ 1,353,560	\$ 12,465,453	\$ 1,026,647
Help Illinois Vote Fund - 0206					
Statewide voter registration system	1,779,700	210,534	79,657	290,191	1,489,509
Distribution to local election authorities	1,779,700	-	-	-	1,779,700
Discretionary grants to local election authorities	414,000	69,587	17,105	86,692	327,308
Total, Fund 0206	<u>\$ 3,973,400</u>	<u>\$ 280,121</u>	<u>\$ 96,762</u>	<u>\$ 376,883</u>	<u>\$ 3,596,517</u>
Personal Property Tax Replacement Fund - 0802					
For reimbursement to counties	2,300,000	1,695,980	(10,440)	1,685,540	614,460
Payment of lump sum awards	799,500	792,911	-	792,911	6,589
Total, Fund 0802	<u>\$ 3,099,500</u>	<u>\$ 2,488,891</u>	<u>\$ (10,440)</u>	<u>\$ 2,478,451</u>	<u>\$ 621,049</u>
Grand Total All Funds	<u>\$ 20,565,000</u>	<u>\$ 13,880,905</u>	<u>\$ 1,439,882</u>	<u>\$ 15,320,787</u>	<u>\$ 5,244,213</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Board records as of October 31, 2018, and have been reconciled to the State Comptroller's records.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

Note 3: Public Act 100-0021 Article 998 authorized the Board to pay fiscal year 2016 and fiscal year 2017 costs using its fiscal year 2018 appropriations.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,
AND LAPSED BALANCES - BY OBJECT**

For the Fiscal Years Ended June 30, 2019, 2018, and 2017

	Fiscal Year		
	2019	2018	2017
			P.A. 99-0524 P.A. 100-0021 Court-Ordered Expenditures
	P.A. 100-0586	P.A. 100-0021	
APPROPRIATED FUNDS			
<u>General Revenue Fund - 0001</u>			
Appropriations (net of transfers)	\$ 17,604,000	\$ 13,492,100	\$ 5,450,000
Expenditures			
Ordinary and contingent expenses	-	-	250,000
Operational expenses	14,513,973	12,465,453	4,590,601
Total expenditures	<u>14,513,973</u>	<u>12,465,453</u>	<u>4,840,601</u>
Lapsed balances	<u>\$ 3,090,027</u>	<u>\$ 1,026,647</u>	<u>\$ 609,399</u>
<u>Help Illinois Vote Fund - 0206</u>			
Appropriations (net of transfers)	\$ 16,278,300	\$ 3,973,400	\$ 5,579,800
Expenditures			
Statewide voter registration system	72,275	290,191	390,556
Discretionary grants to local election authorities	68,973	86,692	71,405
Election Cyber Security Grant	1,806,779	-	-
Total expenditures	<u>1,948,027</u>	<u>376,883</u>	<u>461,961</u>
Lapsed balances	<u>\$ 14,330,273</u>	<u>\$ 3,596,517</u>	<u>\$ 5,117,839</u>
<u>Budget Stabilization Fund - 0686</u>			
Appropriations (net of transfers)	\$ -	\$ -	\$ 80,000
Expenditures			
Lump sums and other purposes	-	-	80,000
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This schedule continued on the following page.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,
AND LAPSED BALANCES - BY OBJECT (Continued)**
For the Fiscal Years Ended June 30, 2019, 2018, and 2017

	Fiscal Year		
	2019	2018	2017
			P.A. 99-0524 P.A. 100-0021 Court-Ordered Expenditures
	P.A. 100-0586	P.A. 100-0021	Expenditures
<u>Personal Property Tax Replacement Fund - 0802</u>			
Appropriations (net of transfers)	\$ 5,799,500	\$ 3,099,500	\$ 5,799,500
Expenditures			
For reimbursement to counties	3,829,575	1,685,540	3,410,695
Payment of lump sum awards	782,929	792,911	795,607
Total expenditures	4,612,504	2,478,451	4,206,302
Lapsed balances	\$ 1,186,996	\$ 621,049	\$ 1,593,198
<u>NON-APPROPRIATED FUNDS</u>			
<u>ERIC Operations Trust Fund - 0467</u>			
Awards and grants, lump sums, and other purposes	\$ -	\$ -	\$ 420,377
Grand Total All Funds	\$ 21,074,504	\$ 15,320,787	\$ 10,009,241
<u>STATE OFFICER'S SALARY</u>			
State officer appropriations	\$ 332,100	\$ 332,100	\$ 332,100
State officer expenditures	331,870	331,870	331,871
Lapsed balance	\$ 230	\$ 230	\$ 229

Note 1: Fiscal year 2018 and 2019 appropriations, expenditures, and lapsed balances were obtained from Board records, as of October 31, 2018 and 2019, respectively, and have been reconciled to the State Comptroller's records. Fiscal year 2017 expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records, as of September 30, 2017, and have been reconciled to Board records.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.

Note 3: Public Act 100-0021 Article 998 and Public Act-0524 authorized the Board to pay fiscal year 2016 and fiscal year 2017 costs using its fiscal year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Board management about the number of invoices and total dollar amount of invoices held by the Board submitted against its fiscal year 2018 appropriation.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
RECONCILIATION OF CASH RECEIPTS TO
DEPOSITS REMITTED TO THE STATE COMPTROLLER**
For the Years Ended June 30, 2019, 2018, and 2017

	Fiscal Year		
	2019	2018	2017
General Revenue Fund - 0001			
Sale of voter information tapes	\$ 19,005	\$ 18,355	\$ 16,500
Sale of petition copies	-	41	92
Penalties imposed by the Board	333,272	222,930	251,140
Miscellaneous	117	104	-
System testing	2,350	2,100	-
Total cash receipts per Board	<u>\$ 354,744</u>	<u>\$ 243,530</u>	<u>\$ 267,732</u>
Less - In transit at end of year	(4,971)	(11,668)	(6,846)
Plus - In transit at beginning of year	11,668	6,846	3,203
Total cash receipts per State Comptroller's records	<u><u>\$ 361,441</u></u>	<u><u>\$ 238,708</u></u>	<u><u>\$ 264,089</u></u>
Help Illinois Vote Fund - 0206			
Help America Vote Act	661,615	13,232,290	207,301
Interest	322,099	41,210	16,143
Miscellaneous	-	1,390	2,880
Total cash receipts per Board	<u>\$ 983,714</u>	<u>\$ 13,274,890</u>	<u>\$ 226,324</u>
Adjustments: Less interest in fund	(322,099)	(41,210)	(16,143)
Less - In transit at end of year	-	-	-
Plus - In transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u><u>\$ 661,615</u></u>	<u><u>\$ 13,233,680</u></u>	<u><u>\$ 210,181</u></u>
ERIC Operations Trust Fund - 0467			
PEW Charitable Trust	-	-	420,000
Total cash receipts per Board	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,000</u>
Less - In transit at end of year	-	-	-
Plus - In transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 420,000</u></u>
Grand Total All Funds			
Total cash receipts per Board	\$ 1,338,458	\$ 13,518,420	\$ 914,056
Adjustments: Less interest in fund	(322,099)	(41,210)	(16,143)
Less - In transit at end of year	(4,971)	(11,668)	(6,846)
Plus - In transit at beginning of year	11,668	6,846	3,203
Total cash receipts per State Comptroller's records	<u><u>\$ 1,023,056</u></u>	<u><u>\$ 13,472,388</u></u>	<u><u>\$ 894,270</u></u>

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2019

	<u>Total</u>	<u>Building and Building Improvements</u>	<u>Equipment</u>
Balance at July 1, 2017	\$ 2,419,080	\$ 235,000	\$ 2,184,080
Additions	616,328	-	616,328
Deletions	4,335	-	4,335
Net Transfers	<u>(207,298)</u>	<u>-</u>	<u>(207,298)</u>
Balance at June 30, 2018	<u>\$ 2,823,775</u>	<u>\$ 235,000</u>	<u>\$ 2,588,775</u>
Balance at July 1, 2018	\$ 2,823,775	\$ 235,000	\$ 2,588,775
Additions	584,244	-	584,244
Deletions	193,616	-	193,616
Net Transfers	<u>(136,657)</u>	<u>-</u>	<u>(136,657)</u>
Balance at June 30, 2019	<u>\$ 3,077,746</u>	<u>\$ 235,000</u>	<u>\$ 2,842,746</u>

Note: The Schedule of Changes in State Property was reconciled to the Board's fiscal year 2018 and 2019 quarterly property reports (C-15 Agency Report of State Property).

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2019
(Not Examined)

BOARD FUNCTIONS

In 1973, the 78th General Assembly established the State of Illinois, Board of Elections (Board), which implemented Article III, Section 5 of the Illinois Constitution. The Board is responsible for general supervision over the administration of the registration and election laws throughout the State, which are contained in 10 ILCS 5/et seq. The Board serves as the central authority for all election laws, information and procedures in Illinois.

The Board consists of eight Members. The Board Members as of June 30, 2019 and 2018 were:

- William J. Cadigan, Chair
- John R. Keith, Vice Chair
- Andrew K. Carruthers, Member
- Katherine S. O'Brien, Member
- Charles W. Scholz, Member
- Cassandra B. Watson, Member
- Ian K. Linnabary, Member
- William M. McGuffage, Member

Elections are administered locally by that county or city's responsible election authorities. The Board works closely with these election authorities to assure that elections are conducted in accordance with Illinois law. In addition, part of the Board's mission is to simplify election procedures and bring uniformity to the election process.

The Board also supervises the administration of the Disclosure of Campaign Contributions and Expenditures Act, which requires the disclosure of certain campaign contributions and expenditures. As required by law, candidates and committees complete various reports and forms, which contain financial information and submit them to the Board for audit and review. These disclosure statements are available for public inspection. If suspected violations of the Campaign Finance Act occur, the Board is authorized to hold hearings, levy fines and convey evidence of wrongdoing to local prosecutors.

The Board of Elections also maintains a research library which includes abstracts of primary and general elections, precinct maps and poll lists. The library is to be open to the public during regular business hours.

Two divisions of the Board are responsible for numerous election-related publications. The Elections Operations Division publishes the Board's election calendar, composes uniform forms approved by the Board, and responds to public and election authority inquiries concerning election law and provisions. The Campaign Disclosure Division publications include instruction for candidates and pamphlets explaining the filing requirements of the Illinois Campaign Financing Act.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2019
(Not Examined)

With the passage of the Help America Vote Act of 2002 (HAVA) in October of 2002, the Board is responsible for ensuring the provisions of HAVA are implemented in a proper and timely fashion. Legislation was passed and signed by the Governor to implement provisions under the Help America Vote Act of 2002 on August 21, 2003.

Public Act 93-0574 established the Help Illinois Vote Act fund so that Illinois could receive federal funds; establish new criteria in the Election Code for provisional voting; provide for the definition of a vote for punch card systems, optical scan systems and the Populex system; and authorize the use of direct recording electronic voting systems in Illinois.

In March 2018, the Board received the 2018 HAVA Election Security Grant from the U.S. Election Assistance Commission. The purpose of that grant was/is to improve administration of elections for federal office, including enhancements to election technology and make security improvements to the systems, equipment and processes used in federal elections. In addition, in accordance with State law (P.A. 100-0587), the Board created and implemented a Cyber Navigator Program (Program) to support the efforts of election authorities to defend, detect and recover from cyber-threats. The Program consists of enhancements to infrastructure, a cyber security information sharing program, and Cyber Navigators for the local election authorities.

PLANNING PROGRAM

The Board has adopted a two-year planning program, which lists all of the functions and activities to be performed by the Board during the period. The majority of the goals and objectives established by the Board are concerned with implementing the provisions of the Illinois Election Code and the Help America Vote Act of 2002. The remaining goals and objectives consist of programs and activities that will enhance the efficiency of the Board, such as employee training seminars and public awareness programs.

For implementation of HAVA, a State Plan was developed through a committee of appropriate individuals (State Planning Committee), including the chief election officials of the two most populous jurisdictions, other election officials, stakeholders (such as representatives of groups of individuals with disabilities) and other citizens as well as the Chief Election Official (Executive Director of the State Board of Elections).

The State Plan outlines how the State will distribute and monitor the monies received and how the State is meeting or will meet the requirements of HAVA. The Chief Election Official is responsible for updating the State Plan every year by October 25th of that year. In addition, the Chief Election Official will conduct meetings with the HAVA State Planning Committee and its task forces as necessary to discuss the progress and objectives of the State Plan.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2019
(Not Examined)

The Illinois State Board of Elections' (Board) explanations for significant fluctuations in expenditures as presented in the Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances - by Object (Schedule 3) are detailed below. For the purpose of this analysis, a significant fluctuation is defined as a variation that equaled or exceeded \$20,000 and 20% as compared to the prior year.

General Revenue Fund - 0001

Ordinary and contingent expenses

The decrease in fiscal year 2018 from fiscal year 2017 was due to the Board receiving a stop-gap appropriation in fiscal year 2017 element in Public Act 99-0524.

Operational expenses

The increase in fiscal year 2018 from fiscal year 2017 was due to the Board not receiving enough appropriations in fiscal year 2016 and fiscal year 2017 from the General Revenue Fund for operational expenses. The Board was unable to process payment for expenditures incurred during fiscal year 2016 and fiscal year 2017 until the passage of Public Act 99-0524 and 100-0021. Those costs, as well as those incurred in fiscal year 2018, were paid in fiscal year 2018.

Help Illinois Vote Fund – 0206

Statewide voter registration system

The decrease in fiscal year 2019 from fiscal year 2018 and the decrease in fiscal year 2018 from fiscal year 2017 was due the decrease in the number of contractual service vendors for informational technology services. The Board paid three contractual service vendors in fiscal year 2017 and two contractual services vendors in fiscal year 2018. The Board did not pay any contractual service vendors in fiscal year 2019.

Election Cyber Security Grant

The increase in fiscal year 2019 from fiscal year 2018 was due to the Board receiving a five-year grant from the Federal Election Assistance Commission. The funding associated with the Federal Election Assistance Commission grant was appropriated in fiscal year 2019 and expenditures incurred related to the Cyber Navigator Program.

Budget Stabilization Fund – 0686

Lump sums and other purposes

The Board did not have a Budget Stabilization Fund appropriation in fiscal year 2018. The Board received funding for fiscal year 2017 from this fund as part of the stop-gap appropriation element in Public Act 99-0524.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2019
(Not Examined)

Personal Property Tax Replacement Fund - 0802

For reimbursement to counties

The increase in fiscal year 2019 from fiscal year 2018 and the decrease in fiscal year 2018 from fiscal year 2017 was due to the number of elections held. In fiscal year 2017 and fiscal year 2019, three elections were held. Only one election was held in fiscal year 2018.

ERIC Operations Trust Fund – 0467

Awards and grants, lump sums, and other purposes

The ERIC Operations Trust Fund was established in fiscal year 2017 for the receipt and expenditure of a grant received from the PEW Charitable Trust in connection with the requirements of joining the Elections Registration Information Center (ERIC) as mandated by SB172. This expenditure did not occur in fiscal years 2018 and 2019.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Fiscal Years Ended June 30, 2019
(Not Examined)

The Illinois State Board of Elections' (Board) explanations for significant fluctuations in receipts as presented in the Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller (Schedule 4) are detailed below. The following is a summary of explanations for significant variations in receipts. Variations between fiscal years were considered significant if greater than \$20,000 and 20%.

General Revenue Fund - 0001

Penalties imposed by the Board

An increase in receipts occurred in fiscal year 2019 pertaining to penalties imposed by the Board. More overall fines imposed; less settlements reached in appeals and more fines agreed upon; or more large fines imposed could all impact this receipt category. In fiscal year 2019, the dollar amount of the collection of the individual civil penalty fine was larger.

Help Illinois Vote Fund - 0206

Help America Vote Act

The increase in fiscal year 2018 receipts from fiscal year 2017 was due to the Help America Vote Act Election Security federal grant the Board received in fiscal year 2018. The decrease in fiscal year 2019 from fiscal 2018 is due to the Board only receiving the State matching portion of the federal grant funds in fiscal year 2019 rather than the large federal grant it received in fiscal year 2018.

Interest

The increase in fiscal year 2019 from fiscal year 2018 and the increase in fiscal year 2018 from fiscal year 2017 was due to the compounding interest being earned on the Help America Vote Act funds the Board has received.

ERIC Operations Trust Fund - 0467

PEW Charitable Trust

The non-appropriated fund was established in fiscal year 2017 for the receipt and expenditure of a grant received from the PEW Charitable Trust in connection with the requirements of joining the Elections Registration Information Center (ERIC) as mandated by SB172. This receipt did not occur in fiscal year 2018 or fiscal year 2019.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2019
(Not Examined)

The following is a summary of explanations for significant lapse period spending as presented in the Schedule of Appropriations, Expenditures, and Lapsed Balances for fiscal years 2019 and 2018 (Schedules 1 and 2) are detailed below. For purposes of this analysis, lapse period spending is considered significant if 20% or more of the total expenditures for the fiscal year occurred during the lapse period.

Fiscal Year 2018

<u>Fund, Fund Number, and Explanation</u>	<u>Total Expenditures</u>	<u>Lapse Period Expenditures</u>	<u>Percent</u>
Help Illinois Vote Fund - 0206 <i>The Board received and processed a voucher, totaling \$65,766, during the lapse period for the annual IT contract payment. The Board also received and processed a voucher, totaling \$15,489, during the lapse period for grant reimbursement administrative costs to a local election authority. The services and expenses were prior to June 30.</i>	\$376,883	\$96,702	26%

Fiscal Year 2019

No significant lapse period spending occurred.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
BUDGET IMPASSE DISCLOSURES
For the Two Years Ended June 30, 2019
(Not Examined)

Payment of Prior Year Costs in Future Fiscal Years

Article 998 of Public Act 100-0021 authorized the Board to pay its unpaid fiscal year 2016 and fiscal year 2017 costs using fiscal year 2018 appropriations for non-payroll expenditures. The following chart details the invoices the Board paid using fiscal year 2018 appropriations:

		Fiscal Year 2016 Invoices	
Fund Name	Fund No.	Dollar Value	Number
General Revenue Fund	0001	\$437,539.11	304
		Fiscal Year 2017 Invoices	
Fund Name	Fund No.	Dollar Value	Number
General Revenue Fund	0001	\$723,750.09	344

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
INTEREST COSTS ON INVOICES
For the Two Years Ended June 30, 2019
(Not Examined)

Prompt Payment Interest Costs

The State Board of Elections (Board) calculates and pays prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor's proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during fiscal year 2016 and fiscal year 2017. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) requires interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90th day after a vendor submits an eligible proper bill to the Board.

During fiscal year 2018 the Board paid prompt payment interest, totaling \$167,778, related to fiscal year 2016 and fiscal year 2017 invoices. All interest was incurred and paid from the General Revenue Fund (0001).

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
AVERAGE NUMBER OF EMPLOYEES
For the Fiscal Years Ended June 30, 2019, 2018, and 2017
(Not Examined)

The following table, prepared from Board records, presents the average number of employees for the fiscal years ended June 30, 2019, 2018, and 2017.

<u>Division</u>	Fiscal Year		
	2019	2018	2017
Administrative Services	11	10	12
Campaign Financing	14	14	22
Elections Operations	23	22	13
Information Technology	11	8	4
General Counsel	4	4	9
Voting and Registration Systems	10	9	8
Total average full-time employees	<u>73</u>	<u>67</u>	<u>68</u>