



State of Illinois
ILLINOIS COMMERCE COMMISSION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2023

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

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2023

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**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION
STATE COMPLIANCE EXAMINATION
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COMMISSION OFFICIALS

Executive Director (01/01/24 – Present)	Mr. Jonathan Feipel
Executive Director (Interim) (04/04/23 – 12/31/23)	Mr. Jeffrey Crabtree
Executive Director (07/01/21 – 04/03/23)	Mr. Michael Merchant
Deputy Executive Director – Administration (01/03/22 – Present)	Mr. Jeffrey Crabtree
Deputy Executive Director – Administration (07/01/21 – 01/02/22)	Vacant
Deputy Executive Director – Policy (Interim) (07/01/22 – Present)	Mr. Jeffrey Crabtree
Deputy Executive Director – Policy (07/01/21 – 06/30/22)	Ms. Katie Papadimitriou
Bureau Chief – Administrative Law Judges	Ms. Sonya Teague-Kingsley
Bureau Chief – General Counsel	Ms. Natalia Delgado
Bureau Chief – Public Utilities	Mr. Jim Zolnierak
Bureau Chief – Transportation	Ms. Shauna Kelley
Director – Administrative Services (03/16/22 – Present)	Mr. Mark Lewis
Director – Administrative Services (02/16/22 – 03/15/22)	Vacant
Director – Administrative Services (07/01/21 – 02/15/22)	Ms. Kiersten Neswick
Chief Internal Auditor (11/16/21 – Present)	Ms. Libby Jackson
Chief Internal Auditor (07/01/21 – 11/15/21)	Vacant

COMMISSION MEMBERS

Chairman & Commissioner (Acting) (06/17/23 – Present)	Mr. Doug Scott
Chairman & Commissioner (07/01/21 – 06/16/23)	Ms. Carrie Zalewski
Commissioner (Acting) (04/03/23 – Present)	Ms. Stacey Paradis
Commissioner (07/08/22 – 04/02/23)	Vacant
Commissioner (07/01/21 – 07/07/22)	Ms. Maria Bocanegra
Commissioner (Acting) (03/13/23 – Present)	Mr. Conrad Reddick
Commissioner (03/11/23 – 03/12/23)	Vacant
Commissioner (07/01/21 – 03/10/23)	Mr. D. Ethan Kimbrel
Commissioner (Confirmed) (03/09/23 – Present)	Ms. Ann McCabe
Commissioner (Acting) (02/01/22 – 03/08/23)	Ms. Ann McCabe
Commissioner (07/01/21 – 01/31/22)	Vacant
Commissioner (Confirmed) (09/13/21 – Present)	Mr. Michael Carrigan
Commissioner (Acting) (07/01/21 – 09/12/21)	Mr. Michael Carrigan

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION
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COMMISSION OFFICES

The Commission's administrative offices are located at:

Leland Building
527 East Capitol Avenue
Springfield, Illinois 62701

Michael A. Bilandic Building
160 North LaSalle Street, Suite C-800
Chicago, Illinois 60601

The Commission's police station is located at:

Compliance Office
9511 West Harrison Street
Des Plaines, Illinois 60016



State of Illinois
Illinois Commerce Commission

Jonathan Feipel
Executive Director

527 East Capitol Avenue
Springfield, Illinois 62701

MANAGEMENT ASSERTION LETTER

April 9, 2024

Adelfia LLC
400 E. Randolph Street, Suite 700
Chicago, Illinois 60601

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, Illinois Commerce Commission (Commission). 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 Commission's compliance with the following specified requirements during the two-year period ended June 30, 2023. Based on this evaluation, we assert that during the years ended June 30, 2022, and June 30, 2023, the Commission has materially complied with the specified requirements listed below.

- A. The Commission 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 Commission 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 has been previously disclosed and reported in the Schedule of Findings, the Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. Other than what has been previously disclosed and reported in the Schedule of Findings, state revenues and receipts collected by the Commission 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 Commission on behalf of the State or held in trust by the Commission have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, Illinois Commerce Commission

SIGNED ORIGINAL ON FILE

Jonathan Feipel
Executive Director

SIGNED ORIGINAL ON FILE

Mark Lewis
Director – Administrative Services

SIGNED ORIGINAL ON FILE

Natalia Delgado
General Counsel

**STATE OF ILLINOIS
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STATE COMPLIANCE REPORT

SUMMARY

The State compliance testing performed during this 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*.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance 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

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	10	9
Repeated Findings	7	7
Prior Recommendations Implemented or Not Repeated	2	2

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Report</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2023-001	11	New	Voucher Processing Internal Controls Not Operating Effectively	Material Weakness and Material Noncompliance
2023-002	13	2021/2019	Inadequate Controls over Receipts	Material Weakness and Material Noncompliance
2023-003	17	2021/2013	Inadequate Controls over Accounts Receivable	Significant Deficiency and Noncompliance
2023-004	19	2021/2019	Inadequate Controls over Personal Services	Significant Deficiency and Noncompliance
2023-005	24	2021/2019	Inadequate Controls over Monthly Reconciliations	Significant Deficiency and Noncompliance

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SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Report</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings (Continued)				
2023-006	26	2021/2015	Inadequate Controls over State Vehicles	Significant Deficiency and Noncompliance
2023-007	28	New	Untimely Submission of Reports by Public Utilities	Significant Deficiency and Noncompliance
2023-008	30	2021/2021	Failure to Provide Proper Notification of Impending Expiration of Licenses and Recovery Permits	Significant Deficiency and Noncompliance
2023-009	32	2021/2021	Failure to Ensure Reports Filed as Required	Significant Deficiency and Noncompliance
2023-010	34	New	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
Prior Findings Not Repeated				
A	36	2021/2019	Noncompliance with the Public Utilities Act	
B	36	2021/2019	Noncompliance with the Collateral Recovery Act	

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EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Commission personnel at an exit conference on April 2, 2024.

Attending were:

Illinois Commerce Commission

Jonathan Feipel, Executive Director
Jeffrey Crabtree, Deputy Executive Director
Mark Lewis, Director – Administrative Services
Jeremy Zemaitis, Director – Information Technology
John Klint, Assistant Director – Administrative Services
Karen Rieken, Director – Human Resources
Jim Zolnierrek, Bureau Chief – Public Utilities
Libby Jackson, Chief Internal Auditor
Jodie Hovey, Public Service Administrator
Natalia Delgado, Bureau Chief – General Counsel
Phillip Kosanovich, Director – Office of Ethics and Accountability
Sonya Teague Kingsley, Bureau Chief – Administrative Law Judges
Tanya Capellan, Director – Office of Retail Market Development

Office of the Auditor General

Sara Metzger, Assistant Director

Adelfia LLC

Gilda Priebe, Partner
Carl Ong, Manager
Lira Mendoza, Senior

The responses to the recommendations were provided by Libby Jackson, Chief Internal Auditor, in a correspondence dated April 8, 2024.



INDEPENDENT ACCOUNTANT’S REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Illinois Commerce Commission

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Illinois Commerce Commission (Commission) 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, 2023. Management of the Commission is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Commission’s compliance with the specified requirements based on our examination.

The specified requirements are:

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

Our examination disclosed material noncompliance with the following specified requirements applicable to the Commission during the two years ended June 30, 2023. As described in the accompanying Schedule of Findings as item 2023-001, the Commission had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. As described in the accompanying Schedule of Findings as item 2023-002, the Commission had not ensured the State revenues and receipts collected by the Commission were in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts was fair, accurate, and in accordance with law.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Commission complied with the specified requirements during the two years ended June 30, 2023, in all material respects. However, the results of our procedures disclosed 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 2023-003 through 2023-010.

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

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.

Report on Internal Control Over Compliance

Management of the Commission 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 Commission's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Commission's compliance with the specified requirements and to test and report on the Commission's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 material weaknesses 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 in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2023-001 and 2023-002 to be material weaknesses.

A significant deficiency in internal control 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 2023-003 through 2023-010 to be significant deficiencies.

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

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

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.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
April 9, 2024

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023

2023-001. **FINDING** (Voucher Processing Internal Controls Not Operating Effectively)

The Illinois Commerce Commission’s (Commission) internal controls over its voucher processing function were not operating effectively during the examination period.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), we were able to limit our voucher testing at the Commission to determine whether certain key attributes were properly entered by the Commission’s staff into the ERP. In order to determine the operating effectiveness of the Commission’s internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State’s ERP System based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

Our testing noted 8 of 140 (6%) attributes were not properly entered into the ERP System, specifically for attribute 4 pertaining to proper receipt date. Therefore, the Commission’s internal controls over voucher processing were not operating effectively.

The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) requires the Commission to, after receipt of goods or services, verify the goods or services received met the stated specifications and prepare a voucher for submission to the Comptroller’s Office to pay the vendor, including providing vendor information, the amount expended, and object(s) of expenditure. Further, the Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.30) requires the Commission to maintain records which reflect the date goods were received and accepted, the date services were rendered, and the proper bill date. Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance expenditures are properly recorded and accounted for to maintain accountability over the State’s resources.

Due to this condition, we qualified our opinion because we determined the Commission had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Even given the limitations noted above, we conducted an analysis of the Commission’s expenditures data for Fiscal Years 2022 and 2023 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Code (74 Ill. Admin. Code 900.70).

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We noted the Commission did not timely approve 357 of 4,942 (7%) vouchers processed during the examination period, totaling \$423,041. We noted these late vouchers were submitted by the Commission to the Comptroller's Office between 1 and 70 days late.

The Code (74 Ill. Admin. Code 900.70) requires the Commission to timely review each vendor's invoice and approve proper bills within 30 days after receipt.

Commission officials indicated the issues noted were due to inconsistent billing dates entered into the ERP system and oversight.

Failure to properly enter the key attributes into the State's ERP when processing a voucher for payment hinders the reliability and usefulness of data extracted from the ERP, which can result in improper interest calculations and expenditures. Further, failure to timely process proper bills represents noncompliance with the Code and the Act. (Finding Code No. 2023-001)

RECOMMENDATION

We recommend the Commission design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate. Further, we recommend the Commission approve proper bills within 30 days of receipt.

COMMISSION RESPONSE

The Commission agrees with the finding. The Commission will review its processes to ensure (and affirm with staff the importance of) proper controls over data entry and voucher processing.

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SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023

2023-002. **FINDING** (Inadequate Controls over Receipts)

The Illinois Commerce Commission (Commission) did not exercise adequate controls over receipts.

According to Commission records, the Commission collected total revenues of \$40.4 million and \$29.2 million which were deposited into six funds during Fiscal Years 2022 and 2023, respectively.

During testing, we noted:

- During our review of receipt account codes used by the Commission, we noted three of 43 (7%) receipt account codes have been inactive or not been used since Fiscal Year 2017 and were not requested for deletion.

The SAMS Manual (Procedure 25.20.30) requires the Commission to initiate a request for deletion of inactive receipt account codes from the Receipts Chart of Accounts through completion and submission of the *Chart of Accounts Maintenance and Inquiry* (Form C-45) to the Office of Comptroller. Good internal controls over receipts include ensuring the Chart of Accounts is accurate and up-to-date.

- For 60 receipts tested during the examination period, we noted the following:
 - Two (3%) receipts tested, totaling \$75,049, the receipt information (check number) from the Commission's records did not agree with the supporting documentation.
 - One (2%) receipt tested, amounting \$2,500, the Receipts Deposit Transmittal (RDT) form was sent to the Office of the Comptroller 33 days after the deposit was made (3 days late).

The Statewide Accounting Management System (SAMS) Manual (Procedure 25.10.30) requires Treasurer's Drafts to be remitted to the Office of Comptroller via the RDT form. Good internal controls require deposits to be processed timely to increase the balance of funds available for expenditure. We determined 30 days to be a reasonable time frame.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission 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 revenues are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the State's resources.

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The Commission is responsible for an adequate system of review of the completeness and accuracy of the agency's financial records. In addition, the State Records Act (5 ILCS 160/9) requires the Commission to establish and maintain a program for agency records management, which shall include effective controls over maintenance of records.

- During our review of the Commission's Agency Fee Imposition Report (Report) for Fiscal Year 2022 and Fiscal Year 2023 we noted the following:
 - For four of 25 (16%) fees tested, the Report did not contain the statutory or other authority for the imposition of the fees, the funds into which the fees are deposited, the information on the use of the funds, if earmarked, and finally, the degree to which the goals of the program are met.
 - The total receipts reported on the Commission's Agency Fee Imposition Report for Fiscal Year 2022 and Fiscal Year 2023 did not agree with the Commission's receipt ledgers. The Fiscal Year 2022 Report was understated by \$209,569 and the Fiscal Year 2023 Report was understated by \$355.
 - The Commission did not include solar installer certification fees in the Fiscal Year 2022 Report which resulted in an understatement of \$21,000. Further, the Commission did not include solar installer certification and miscellaneous Public Utility Fund fees in the Fiscal Year 2023 Report which resulted in an understatement of \$607,000.

The State Comptroller Act (15 ILCS 405/16.2(a)) requires the Commission to file the Agency Fee Imposition Report with the Office of Comptroller. The Illinois State Auditing Act (30 ILCS 5/3-8.5) and SAMS Manual (Procedure 33.16.10) require the Agency Fee Imposition Report Form be used by all State agencies that impose and collect fees to provide for the reporting by State agencies of the following information:

- (1) A list and description of fees imposed by the agency.
- (2) The purpose of the fees.
- (3) The statutory or other authority for the imposition of the fees.
- (4) The amount of revenue generated.
- (5) The general population affected by the fee.
- (6) The funds into which the fees are deposited.
- (7) The use of the funds, if earmarked.
- (8) The cost of administration and the degree to which the goals of the program are met.

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The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the State's resources. In addition, good internal controls require an agency to review all reports prepared from internal records for accuracy before submission.

The SAMS Manual (Procedure 33.16.20) requires the Commission to submit the Report to the Office of the Comptroller and should include fees charged by State agencies to citizens and private organizations which include assessments, fares, fees, levies, licenses, penalties, permits, registrations, tolls, and tuition.

This finding was first noted during the examination of the two years ended June 30, 2019 and Commission officials took steps to implement corrective actions, however, exceptions still persist. In addition, the Commission's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

During the prior examination, Commission officials indicated the deficiencies noted above were the result of employee oversight. In addition, the untimely submission of RDT forms was a result of the pandemic wherein the Commission was operating on a fully remote work status and was unable to complete in-office processes timely. During the current examination, Commission officials indicated the deficiencies noted above were the result of turnover in staff.

Failure to establish and maintain internal controls over receipts and related reporting increases the risk that errors or other irregularities could occur and not be found within the normal course of operations, delays the recognition of available cash within the State Treasury, and represents noncompliance with State laws, rules, and regulations. In addition, inaccurate reporting of fees by the Commission reduces the reliability of the Statewide Report submitted to the General Assembly and represents noncompliance with SAMS. (Finding Code No. 2023-002, 2021-003, 2019-005)

RECOMMENDATION

We recommend the Commission establish adequate controls over the receipts process to ensure RDT forms are prepared timely, and accurate and adequate records of receipts are maintained. We also recommend the Commission ensure Fee Imposition Reports accurately report all pertinent activity.

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COMMISSION RESPONSE

The Commission agrees with the finding. The Commission will review its processes to ensure (and affirm with staff the importance of) proper controls over receipts and related reporting.

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2023-003. **FINDING** (Inadequate Controls over Accounts Receivable)

The Illinois Commerce Commission (Commission) lacked adequate control over its accounts receivable.

As of June 30, 2023, the Commission reported accounts receivable of \$2.9 million (net of estimated uncollectible accounts, totaling \$0.9 million) to the Office of Comptroller.

Inadequate Collection Attempts

During testing of 60 accounts receivable, we noted the Commission did not make adequate collection attempts. We noted the following:

- 17 (28%) of the tested accounts, totaling \$74,672, were over 90 days past due but not referred to the Department of Revenue’s Debt Collection Bureau.

The Illinois State Collection Act of 1986 (Act) (30 ILCS 210/5(g)) requires the Commission to refer all debt due to the State satisfying the requirements for referral to the Department of Revenue’s Debt Collection Bureau. In addition, the Illinois Administrative Code (74 Ill. Admin. Code 1200.50) defines delinquent debt as any amount owed of \$10 or more that is more than 90 days past due, not subject to further legal action or a payment plan.

- 12 (20%) of the tested accounts, totaling \$68,722, were over 90 days past due but not referred to the Comptroller’s Illinois Debt Recovery Offset Portal (IDROP) system.

The Act (30 ILCS 210/5(c-1)) and the Statewide Accounting Management System (SAMS) Manual (Procedure 26.40.20) require the Commission to place all debts over \$250 and more than 90 days past due into the State Comptroller’s Offset System.

Uncollectible Accounts Not Referred for Write-Off

During testing of 60 accounts receivable, we noted 10 (17%) accounts, totaling \$65,847, appeared to be uncollectible; however, the Commission had not referred these accounts to the Office of the Attorney General for certification the debt was uncollectible.

The Uncollected State Claims Act (30 ILCS 205/2(a)) requires the Commission, when it is unable to collect any claim or account receivable of \$1,000 or more and it has pursued the debt in accordance with State Law, request the Attorney General certify the amount as uncollectible.

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This finding was first noted during the examination of the two years ended June 30, 2013 and Commission officials took steps to implement corrective actions, however, exceptions still persist. In addition, the Commission’s management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

During the prior examination, Commission officials indicated, along with oversight, competing priorities due to the pandemic, namely operating on a fully remote status while maintaining continuity of operations, and continued understaffing precluded staff from ensuring compliance with the issues noted above. During the current examination, Commission officials stated steps towards corrective action has been ongoing. Disposition of accounts receivable is a multi-step process and timely resolution has been hindered by turnover in staff.

Failure to refer receivables to the Department of Revenue’s Debt Collection Bureau and to the State Comptroller’s Offset System increases the likelihood that past due amounts owed to the Commission will not be collected or the collection will be further delayed and represents noncompliance with State laws and regulations. In addition, failure to report uncollectible accounts to the Attorney General results in inaccurate financial reporting and represents noncompliance with the Uncollected State Claims Act. (Finding Code No. 2023-003, 2021-001, 2019-001, 2017-001, 2015-001, 2013-001)

RECOMMENDATION

We recommend the Commission pursue all reasonable and appropriate measures to collect outstanding debts as required by State laws and regulations. Further, we recommend the Commission report uncollectible amounts to the Attorney General.

COMMISSION RESPONSE

The Commission agrees with the finding. The Commission will continue progress towards disposition of all outstanding debts as required.

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023

2023-004. **FINDING** (Inadequate Controls over Personal Services)

The Illinois Commerce Commission (Commission) did not maintain adequate controls over personal services.

- During testing of employee performance evaluations, we noted:
 - For four of 25 (16%) employees tested, six performance evaluations were not completed timely. The employee evaluations were completed between 66 to 258 days late.
 - For five of 25 (20%) employees tested, six performance evaluations were not performed.

The Illinois Administrative Code (80 Ill. Admin. Code 302.270) requires an evaluation of employee performance be prepared by the Commission not less often than annually. In addition, the Commission’s *Employee Manual* states all Commission employees are to be evaluated annually, at a minimum, and provides the date when annual performance evaluations are due. In the absence of other criteria regarding timeliness for the evaluation process, the auditors determined 30 days following the end of the evaluation period to be a reasonable time frame during which an evaluation should be administered.

- During our review of 25 employee personnel files, we noted the Commission did not ensure Employment Eligibility Verification Forms (Form I-9) were properly completed. We noted:
 - Two (8%) employees tested did not sign Section I of the Form I-9.
 - For three (12%) employees tested, Section 2 of the Form I-9 was not signed by the Commission.
 - For two (8%) employees tested, there were no Form I-9 in their personnel files.

The Code of Federal Regulations (Code) (8 C.F.R. § 274a.2(b)(1)(i)(A)) requires each employer to ensure a new employee completes Section 1 on the Form I-9 at the time of hire. The Code (8 C.F.R. § 274a.2(b)(1)(ii)(B)) requires each employer to complete Section 2 on the Form I-9 within three business days after an employee is hired and sign the attestation in the appropriate place.

- During testing of trainings completed for 25 employees, we noted:
 - One (4%) employee tested did not complete the initial ethics training timely. The training was completed 14 days late.

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- One (4%) employee tested did not complete the initial sexual harassment prevention training timely. The training was completed 13 days late.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-10(c)) requires a person who fills a vacancy in an elective or appointed position or is employed in a position requiring ethics training to complete his or her initial ethics training within 30 days after commencement of his or her office or employment. The Act (5 ILCS 430/5-10.5(a-5)) requires each officer, member, and employee to complete his or her initial sexual harassment training program within 30 days after commencement of his or her office or employment.

- During our review of 25 employees' attendance records, we noted the following:
 - One of 11 (9%) vacation leave requests tested were not approved in advance by the employee's immediate supervisor. The documented approval was made 6 days after the vacation date.
 - One of 75 (1%) timesheets tested was not approved by the immediate supervisor.
 - Two of 75 (3%) timesheets tested were not approved timely by the immediate supervisor. The timesheets were approved 40 and 61 days after submission.
 - Four of 8 (50%) overtime requests tested for two employees were not approved in advance. The documented approvals were made one to three days after.
 - In addition, the Commission's Employee Manual is not properly updated with time reporting procedures which are performed through eTime.

The State Officials and Employees Ethics Act (5 ILCS 430/5-5) requires the Commission to adopt and implement personnel policies for all State employees under his, her, or its jurisdiction and control. The policies required shall include policies relating to work time requirements and documentation of time worked.

The Commission's *Employee Manual* states absences, other than for emergency situations, must be scheduled in advance with the immediate supervisor's approval. Further, the *Employee Manual* states that Supervisors are responsible for assuring that time worked, time off, overtime (which must be approved in advance), and leave time are accurately reported by their employees.

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The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires the Commission 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.

- During our review of the State Employees Retirement System (SERS) reconciliations, we noted the following:
 - The Fiscal Year 2021 SERS Census reconciliation was not performed timely. The reconciliation was performed and submitted 28 days late.
 - The Fiscal Year 2022 SERS Census reconciliation was not performed.

For employers where their employees participate in plans with multiple-employer and cost-sharing features, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG-SLG) (§ 13.177 for pensions and §14.180 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§13.185 (A-27)) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year. Based on the Fiscal Year 2021 and 2022 SERS Guidance, the Commission was requested that the reconciliation be performed and submitted prior to September 1, 2021 and November 1, 2022, respectively. Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

This finding was first noted during the examination of the two years ended June 30, 2019 and Commission officials took steps to implement corrective actions, however, exceptions still persist relating to performance evaluations, I-9 Forms, trainings, and vacation leave requests. In addition, the Commission's management

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team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

During the prior examination, Commission officials indicated employee performance evaluations, mandatory trainings, and personnel recordkeeping were untimely or not completed due to communication obstacles, primarily caused by the pandemic. Commission officials added at the time of those incidents, the Commission was transitioning to a fully remote work status while maintaining continuity of operations. During the current examination, Commission officials indicated the issues noted above were due to the persistence of communication obstacles caused by the pandemic. In a few instances, the issues noted were due to oversight.

Employee performance evaluations are a systematic and uniform approach for the development of employees and communication of performance expectations to employees. Employee performance evaluations serve as a foundation and documentation for salary adjustments, promotions, demotions, discharges, layoff, recall, or reinstatement decisions. Failure to complete the Form I-9 properly could subject the State to unnecessary legal costs and penalties and represents noncompliance with federal regulations. Failure to timely complete ethics and sexual harassment prevention training could result in employees not being fully informed about their rights and responsibilities in the workplace, increases the Commission's risk of liability, and represents noncompliance with the Act. Failure to review and approve timesheets in a timely manner may result in inaccurate time reporting by employees. Failure to ensure leave and overtime requests are properly approved in advance undermines accountability controls and may result in unnecessary personal services expenditures. Further, failure to perform and submit the SERS reconciliation in a timely manner hinders the process to ensure census data is accurate to reduce payroll errors and risks of financial misstatements. (Finding Code No. 2023-004, 2021-004, 2019-008)

RECOMMENDATION

We recommend the Commission timely complete performance evaluations, ensure employees complete all required trainings, timesheets are approved timely by the immediate supervisor, and vacation leave and overtime requests are pre-approved in accordance with the Commission's Policy. We also recommend the Commission ensure the Form I-9 is properly completed and maintained for all newly hired employees. Further, we recommend the Commission update the Employee Manual to properly reflect time reporting procedures performed through eTime. Finally, we recommend the Commission ensure the SERS Census reconciliations are performed timely.

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COMMISSION RESPONSE

The Commission agrees with the finding regarding employee performance evaluations, mandatory trainings, I-9 forms, SERS reconciliation, and the Commission's Employee Manual. The Commission will continue to strive to conduct annual performance evaluations timely. The Commission will ensure all required training is completed timely by all employees on an annual basis, as well as, within 30 days of commencing employment for new hires. Additionally, the Commission will ensure that the I-9 Form, Section 1, is completed by the employee on their first date of employment; and HR will complete Section 2 of the I-9 Form within three business days. The Commission is currently updating the Employee Handbook with time reporting procedures which are performed through eTime.

The Commission respectfully disagrees with the portion of this finding regarding untimely approvals for overtime and leave requests. The Commission's Employee Handbook does not require pre-approval of vacation leave requests to be in writing. A supervisory approval encompasses the employee's request (written or verbal), as well as, the time itself. The Commission has since begun utilizing the eTime system for overtime and vacation requests.

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2023-005. **FINDING** (Inadequate Controls over Monthly Reconciliations)

The Illinois Commerce Commission (Commission) did not maintain adequate controls over monthly reconciliations.

The Commission expended \$44.8 million and \$49.4 million from five funds in Fiscal Years 2022 and 2023, respectively. The Commission collected total revenues of \$40.4 million and \$29.2 million which were deposited into six funds in Fiscal Years 2022 and 2023, respectively.

During testing of the Commission's monthly reconciliations, we noted the following:

- For 37 of 117 (32%) monthly reconciliations for six funds, the Commission's internal records were reconciled to the Office of Comptroller's *Cash Report* (SB05) between 7 to 230 days late. The late reconciliations were for FY2022.
- One monthly reconciliation of the Commission's internal records to the Office of Comptroller's SB05 (for one fund for FY2022) was not initialed and dated. As a result, we were unable to determine whether the reconciliation was timely performed.

This finding was first noted during the examination of the two years ended June 30, 2019 and Commission officials took substantive steps to implement corrective actions. However, exceptions on monthly SB05 reconciliations still persist.

The Statewide Accounting Management System (SAMS) Manual (Procedures 07.30.20) requires the Commission to perform monthly reconciliations of the Office of Comptroller's SB05 to its internal records within 60 days of month end to ensure the early detection and correction of errors.

During the prior examination, Commission officials indicated the issues noted were due to timing of the completion of the prior compliance examination and actions to correct these issues could not fully be implemented until Fiscal Year 2021. During the current examination, Commission officials indicated that implementing corrective action in response to the prior report was precluded by turnover in staff and competing priorities.

Failure to timely and properly document reconciliations of the Commission's records to the Office of Comptroller's reports hinders the ability of staff to identify and correct errors which could result in incomplete and inaccurate financial information and represents noncompliance with SAMS Manual. (Finding Code No. 2023-005, 2021-002, 2019-003)

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RECOMMENDATION

We recommend the Commission ensure all required monthly reconciliations are performed, documented, and reviewed timely.

COMMISSION RESPONSE

The Commission agrees with the finding. As of Fiscal Year 2023, all monthly reconciliations are being performed as required.

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2023-006. **FINDING** (Inadequate Controls over State Vehicles)

The Illinois Commerce Commission (Commission) did not maintain adequate controls over its State vehicles.

As of June 30, 2023, the Commission had a total of 50 State vehicles (44 individually-assigned and six pool or back up vehicles).

During testing, we noted the Commission did not ensure its vehicles were properly maintained during the examination period. We reviewed the maintenance records for six State vehicles, noting the following:

- Three (50%) State vehicles tested did not have routine oil changes performed on a timely basis within the allotted mileage requirement ranging from 32 to 1,751 miles overdue (after considering the Department of Central Management Services 500-mile grace period for the oil change intervals).
- Two (33%) State vehicles tested did not receive tire rotations at the required interval.

This finding was first noted during the examination of the two years ended June 30, 2015 and Commission officials took substantive steps to implement corrective actions, however, exceptions still persist.

The Illinois Vehicle Code (Code) (44 Ill. Admin. Code 5040.400) requires the Commission to ensure its owned or leased vehicles undergo regular service and/or repair to maintain the vehicle in a road worthy, safe operating condition and in an appropriate cosmetic condition. In addition, the Commission's Vehicle Use Policy and the Department of Central Management Services (DCMS) Vehicle Usage Policy require oil changes on vehicles 10 years or older every 3,000 miles or 12 months, whichever comes first. Vehicles nine years and newer must receive an oil change every 5,000 miles or 12 months, whichever comes first, and a tire rotation every other oil change. The CMS Vehicle Usage Program, effective July 1, 2012, requires agencies to follow prescribed maintenance intervals to keep fleet costs down.

During the prior examination, Commission officials indicated the issues noted were due to oversight, competing priorities due to the pandemic, namely operating on a fully remote status while maintaining continuity of operations, and continued understaffing. During the current examination, Commission officials indicated the issues noted were due to vehicle driver's oversight (i.e. lack of awareness of or attention to maintenance requirements).

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Failure to adequately maintain vehicles may cost the State significant amounts in future years through additional repair bills and shortened useful lives for vehicles. Further, failure to timely perform routine maintenance is considered noncompliance with State laws and regulations. (Finding Code No. 2023-006, 2021-005, 2019-007, 2017-003, 2015-004)

RECOMMENDATION

We recommend the Commission ensure proper maintenance is performed for each vehicle.

COMMISSION RESPONSE

The Commission agrees with the finding. Additional controls are being considered to ensure the drivers in the Commission's fleet are in compliance with the Illinois Vehicle Code.

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2023-007. **FINDING** (Untimely Submission of Reports by Public Utilities)

The Illinois Commerce Commission (Commission) did not ensure the monthly and annual disconnection and credit and collections reports by public utilities were timely submitted in accordance with the Public Utilities Act (Act).

We tested the monthly and annual reporting of three public utilities during the examination period and noted the following:

- One (33%) public utility did not file its Fiscal Year 2022 annual report.
- Fourteen of 63 (22%) monthly disconnection and credit and collections reports of the three public utilities were not filed timely with the Commission, ranging between one to 185 days late.

The Act (220 ILCS 5/8-201.10) requires the Commission to require all gas, electric, water and sewer public utilities under its authority to submit an annual report by May 1, 2022 and every May 1 thereafter, reporting and making publicly available in executable, electronic spreadsheet format, by zip code, on the number of disconnections for nonpayment and reconnections that occurred in the immediately preceding calendar year. Further, the Act requires each public utility to report to the Commission by the 15th day of each month and make publicly available in executable, electronic spreadsheet format the monthly disconnection and credit and collections information for the immediately preceding month.

Commission officials indicated small utilities have faced challenges such as limited equipment, finances, and staff resources in getting their reports done correctly and filed on time, particularly early in the process. Commission officials added there were also staffing changes at one utility in late 2022 that appear to have had an impact.

Failure to ensure monthly and annual reports are timely submitted by the public utilities prevents the Commission from receiving relevant feedback and monitoring of disconnections, credits and collections. (Finding Code No. 2023-007)

RECOMMENDATION

We recommend the Commission ensure monthly and annual compliance reports are timely submitted by the public utilities.

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COMMISSION RESPONSE

The Commission agrees with the finding. Commission staff continues to work on reporting issues faced by the smaller utilities. For example, the small utility that did not file an annual report in 2022, did so in 2023 (although not yet in the format required given its inability at that time to disaggregate its data by zip code). The other small utility that filed its monthly reports late (due from October 2021 to March 2022) by more than a month, filed such reports only after multiple attempts by staff to get it to comply with the law. The company's monthly filings since then were either on time or late by about 2 weeks. Staff plans to continue to monitor reporting compliance and notify companies when they fail to do so.

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2023-008. **FINDING** (Failure to Provide Proper Notification of Impending Expiration of Licenses and Recovery Permits)

The Illinois Commerce Commission (Commission) did not provide proper notification of the impending expiration of licenses and recovery permits.

During testing, we noted the following:

- For six of 25 (24%) licenses and permits tested, the Commission did not notify for renewal the license or recovery permit holder.
- For four of 25 (16%) licenses and permits tested, the Commission notified for renewal the license or recovery permit holder less than 90 days before the expiration date of such license or permit. Notification for renewal was sent by the Commission ranging 4 to 74 days late.

The Collateral Recovery Act (225 ILCS 422/75(f)) requires the Commission to mail licensees and permit holders the current renewal form prescribed by the Commission at least 90 days prior to the expiration of a license or recovery permit. Further, the State Records Act (5 ILCS 160/8) requires the Commission to preserve adequate and proper documentation of the essential functions, procedures, and transactions of the Commission to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Commission's activities.

During the prior examination, Commission officials indicated the issue noted was due to staff turnover and decentralized record keeping. During the current examination, Commission officials indicated the notification of license and permit renewals was not timely due to staff turnover.

Failure to ensure renewal notices are mailed represents noncompliance with the Act, may result in untimely renewals by licensees and permit holders and delayed recognition of revenues within the State Treasury, and could subject the State to unnecessary legal risks and enforcement difficulties. (Finding Code No. 2023-008, 2021-008)

RECOMMENDATION

We recommend the Commission provide timely notification of the impending expiration of a license or recovery permit and retain documentation to support the notification occurred.

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COMMISSION RESPONSE

The Commission agrees with the finding. The Commission has automated the notification process. Additionally, controls have been implemented to ensure centralized access to records and timely notification of renewals.

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2023-009. **FINDING** (Failure to Ensure Reports Filed as Required)

The Illinois Commerce Commission (Commission) did not ensure the licensed Agents, Brokers, and Consultants (ABC) submitted the required annual compliance reports to the Commission timely.

As of June 30, 2023, there were 358 total active ABCs per Commission records.

During testing, we noted six of 25 (24%) ABCs tested did not submit the annual compliance recertification report to the Commission timely. The required report was submitted between 4 and 25 days late. The Commission did not provide any action or citation to address the late filings of the ABCs.

The Public Utilities Act (Act) (220 ILCS 5/16-115C(f)) requires any person or entity licensed under this section to file with the Commission all of the following information no later than March of each year:

- 1) A verified report detailing any and all contractual relationships that it has with certified electricity suppliers in the State regarding retail electric service in Illinois;
- 2) A verified report detailing the distribution of its customers with the various certified electricity suppliers in Illinois during the prior calendar year. A report under this Section shall not be required to contain customer-identifying information; and
- 3) A verified statement of any changes to the original licensure qualifications and notice of continuing compliance with all requirements.

The Act (220 ILCS 5/16-115C(g)) continues the Commission shall have jurisdiction over disciplinary proceedings and complaints for violations of this Section. The findings of a violation of this Section by the Commission shall result in a progressive disciplinary scale. For a first violation, the Commission may, in its discretion, suspend the license of the person so disciplined for a period of no less than one month. For a second violation within a 5-year period, the Commission shall suspend the license for the person so disciplined for a period of not less than 6 months. For a third or subsequent violation within a 5-year period, the Commission shall suspend the license of the disciplined person for a period of not less than 2 years.

During the prior examination, Commission officials indicated action to address the late filings of the ABCs was delayed or not completed due, in part, to the delay in reviewing annual reports as a result of the pandemic. Commission officials added citation filings were put on hold for a period of time and the Commission did not have adequate resources to handle the volume of citation filings. During the current examination, Commission officials indicated action to address the late filings of the ABCs was delayed due to the delay in reviewing annual reports. Commission

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officials also indicated the citation dockets have been delayed due to staff shortage and other dockets with statutory deadlines.

Failure to ensure annual compliance recertification reports are timely submitted by the ABCs may result in untimely suspension or revocation of licenses, could subject the State to unnecessary legal risks and enforcement difficulties, and represents noncompliance with the Act. (Finding Code No. 2023-009, 2021-009)

RECOMMENDATION

We recommend the Commission ensure annual compliance reports are timely submitted by the ABCs and provide timely disciplinary action for those ABCs that file late.

COMMISSION RESPONSE

The Commission agrees with the finding. Commission staff continue to update and improve the process in an effort to increase efficiency and reduce the length of time needed for each citation filing.

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2023-010. **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

The Illinois Commerce Commission (Commission) had not implemented adequate internal controls related to cybersecurity programs, practices, and control of confidential information.

The Commission is responsible for regulating various industries in the State; public utilities, transportation, etc. In order to carry out their mission, the Commission utilizes several IT applications which contains confidential and personal information.

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 Commission’s cybersecurity program, practices, and control of confidential information, we noted the Commission had not:

- Developed a formal, comprehensive, adequate, and communicated security program (including policies, procedures, and processes as well as clearly defined responsibilities over the security of computer programs and data) to manage and monitor the regulatory, legal, environmental, and operational requirements.
- Developed a comprehensive project management framework or system development methodology to ensure new applications were adequately developed and implemented in accordance with management’s expectations.
- Conducted a review of four policies during the examination period. The policies had not been reviewed since 2005, 2006, and 2019.
- Developed a risk assessment methodology, conducted a comprehensive risk assessment, or implemented risk reducing controls.
- Classified its data to identify and ensure adequate protection of information.
- Documented their cybersecurity roles and responsibilities.
- Developed policies and procedures for the reporting of security violations or suspected violations.
- Ensured timely remediation of identified vulnerabilities was taken.

Additionally, our testing noted one of 236 employees and contractors had not completed the annual IT Resource Policy training.

The *Framework for Improving Critical Infrastructure Cybersecurity and the Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST) requires entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data and continued business mission.

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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.

The Commission indicated lack of clarity regarding the roles and responsibilities under the agreement with the Department of Innovation and Technology and oversight resulted in the weaknesses noted.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the Commission’s confidential and personal information being susceptible to cyberattacks and unauthorized disclosure. (Finding Code No. 2023-010)

RECOMMENDATION

We recommend the Commission implement internal controls related to cybersecurity programs, practices, and control of confidential information. Specifically, we recommend the Commission:

- Develop a formal, comprehensive, adequate, and communicated security program to manage and monitor the regulatory, legal, environmental, and operational requirements.
- Develop a comprehensive project management framework and system development methodology to ensure new applications are adequately developed and implemented in accordance with management’s expectations.
- Conduct a review of all policies at least annually.
- Develop a risk assessment methodology, conduct a comprehensive risk assessment, and implement risk reducing controls.
- Classify its data to identify and ensure adequate protection of information.
- Document their cybersecurity roles and responsibilities.
- Develop policies and procedures for the reporting of security violations or suspected violations.
- Ensure timely remediation of identified vulnerabilities is taken.
- Ensure all employees and contractors complete the annual IT Resource Policy training.

COMMISSION RESPONSE

The Commission agrees with the finding. It is the Commission’s intent to review its roles and responsibilities to ensure compliance. The Commission will implement a comprehensive security program, as well as, a comprehensive project management framework.

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A. **FINDING** (Noncompliance with the Public Utilities Act)

During the prior examination, the Illinois Commerce Commission (Commission) failed to determine the projected surplus (deficit) on a budgetary cash basis of the Public Utility Fund (Fund) during the specified timeframe.

During the current examination, the Commission sought legislative changes to modify the timeframe during which the projected surplus (deficit) is to be determined. The modification to the Public Utilities Act (Act) was passed and effective May 27, 2022. As such, the Commission has determined the projected surplus (deficit) on a budgetary cash basis of the Fund during the specified timeframe as required by the Act. (Finding Code No. 2021-006, 2019-004)

B. **FINDING** (Noncompliance with the Collateral Recovery Act)

During the prior examination, the Illinois Commerce Commission (Commission) did not timely notify recovery permit applicants of the Commission's intent to issue or deny a permit as required by the Collateral Recovery Act (Act).

During the current examination, our sample testing indicated the Commission timely notified recovery permit applicants of the Commission's intent to issue or deny a permit as required by the Act. (Finding Code No. 2021-007, 2019-006)