



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**DEPARTMENT OF AGRICULTURE**

State Compliance Examination  
 For the Two Years Ended June 30, 2023

Release Date: July 9, 2024

FINDINGS THIS AUDIT: 17				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
<b>Category 1:</b>	<b>0</b>	<b>8</b>	<b>8</b>	2021	<b>3, 12</b>	<b>4, 9, 15, 16</b>	
<b>Category 2:</b>	2	7	9	2019	<b>1, 7</b>	17	
<b>Category 3:</b>	<u>0</u>	<u>0</u>	<u>0</u>	2017	<b>6, 8</b>	14	
<b>TOTAL</b>	<b>2</b>	<b>15</b>	<b>17</b>	2011	<b>2</b>	11	
				2007	<b>5</b>		

**FINDINGS LAST AUDIT: 30**

**SYNOPSIS**

- **(23-02)** The Department of Agriculture (Department) had weaknesses in its administration of locally held funds.
- **(23-05)** The Department did not exercise adequate controls over State property.
- **(23-07)** The Department’s internal controls over its voucher processing function were not operating effectively during the examination period.
- **(23-08)** The Department internal controls over its receipt processing function were not operating effectively during the examination period.

**Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

**Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

**Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**WEAKNESSES IN ADMINISTRATION OF LOCALLY HELD FUNDS**

The Department of Agriculture (Department) had weaknesses in its administration of locally-held funds.

- During our review of the bank reconciliations for the 10 locally-held funds for Fiscal Years 2022 and 2023, we noted the following exceptions:
  - Nine of 300 (3%) bank reconciliations tested were not prepared monthly. This occurred in 9 of 24 (38%) bank reconciliations for the Centennial Farms Signs Fund (Fund 1112).
  - For 78 of 291 (27%) bank reconciliations performed and tested, the reconciliations did not contain the reviewer’s signature and/or signed date; therefore, we were unable to test for timeliness of review.
  - For 33 of 291 (11%) bank reconciliations performed and tested, the reconciliations did not contain the preparer’s signature and/or signed date; therefore, we were either unable to determine proper segregation of duties between preparer and reviewer or determine the bank reconciliation was prepared timely. (Finding 2, pages 15-17) **This finding was first reported in 2011.**

**Bank reconciliations were not prepared timely and accurately**

We recommended the Department ensure reconciliations for locally-held funds are performed monthly and documentation is maintained of preparer and reviewer to ensure an adequate segregation of duties for locally-held funds.

**Department agreed**

The Department agreed with this finding and recommendation.

**INADEQUATE CONTROLS OVER STATE PROPERTY**

The Department of Agriculture (Department) did not exercise adequate controls over State property.

The following exceptions were identified from our detailed testing of the Department’s State property records:

- During our list to floor testing of 60 Department property items, we noted the following:
  - Four (7%) items, totaling \$201,320 were not properly tagged.
  - Two (3%) items, totaling \$30,046, were surplus, but were still on Department records. The items not

**Items were not tagged**

**Items appeared obsolete but remained on inventory listing**

- removed from property records were a copier and printer card.
- Two (3%) items, amounting to \$8,278, appeared obsolete, but remained on the inventory listing and approval had not been requested to dispose of the items.
- One (2%) item (port module), amounting to \$2,510, was not located.

**Items were not tagged**

- During our floor to list testing of 60 Department property items, we noted the following:
  - Seven (12%) items of undetermined value, were not tagged. The items that were not tagged were the following: golf cart, blower, laminator, spectrometer, mower, wood planer, and drill compressor.
  - Two (3%) items of undetermined value, appeared obsolete and not functional. The items found were a wood planer and power sander.
  - Three (5%) items of undetermined value, were physically identified, but not included in the Department's inventory listing. The items that were not added to Department records were a shaker, balance comparator, and washer machine.

**Items were not included on the Department's inventory listing**

**Additions not recorded timely**

- During our testing of 60 property additions, we noted the following:
  - Thirty-three items (55%), totaling \$401,982, were recorded in the Department's property records more than 90 days after acquisition, ranging from 5 to 821 days late.

**Items were not removed timely**

- During our testing of 60 property deletions, we noted the following:
  - For two (3%) items, totaling \$34,255, the purchase price on the deletion form did not match Department records, resulting in a total difference of \$654.
  - Seventeen (28%) items, totaling \$122,381, were removed from Department property records more than 90 days after deletion, ranging from 6 to 744 days late.

**109 failed inspection reports**

In addition, we reviewed 215 Office of the State Fire Marshal inspection reports of the Department's buildings and grounds and noted 109 (51%) inspection/reinspection reports indicated a result of "Fail" in one or more circumstances. Examples of failed inspections included, but not limited to, violations of electrical systems, fire alarm systems, replacement of combustible items, portable fire extinguishers, and barn safety. (Finding 5, pages 24-27) **This finding was first reported in 2007**

We recommended the Department strengthen its procedures over property and equipment to ensure accurate and timely recordkeeping and accountability for all State assets. We also recommended the Department work with the Office of the Governor and the Illinois General Assembly to obtain the resources necessary to address the safety conditions noted by the Office of the State Fire Marshal on Departmental grounds.

**Department agreed**

The Department agreed with this finding and recommendation.

### **VOUCHER PROCESSING INTERNAL CONTROLS NOT OPERATING EFFECTIVELY**

The Department's internal controls over its voucher processing function were not operating effectively during the examination period.

**Key attributes not entered properly into ERP**

Our testing noted 3 of 140 (2%) attributes were not properly entered into the ERP System. Therefore, the Department's internal controls over voucher processing were not operating effectively. Due to this condition, we qualified our opinion because we determined the Department had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

**Vouchers not approved timely**

In addition, we noted the Department did not timely approve 771 of 19,559 (4%) vouchers processed during the examination period, totaling \$3,145,358. We noted these vouchers were approved between 1 and 291 days late. (Finding 7, pages 31-32) **This finding was first reported in 2019.**

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

**Department agreed**

The Department agreed with this finding and recommendation.

### **RECEIPT PROCESSING INTERNAL CONTROLS NOT OPERATING EFFECTIVELY**

The Department's internal controls over its receipt processing function were not operating effectively during the examination period. During our testing, we noted the Department does not consistently utilize the ERP fields for receipts and refunds processing across all bureaus. Even with the limitations noted, we selected a sample of receipts and refunds and identified the following:

**Key attributes not entered properly into ERP**

- 34 of 140 (25%) refund attributes tested were not properly entered into the ERP. Therefore, the

**Receipts deposited late**

Department's internal controls over receipt processing were not operating effectively. Due to this condition, we qualified our opinion because we determined the Department had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

- The Department did not deposit 198 receipt items, each exceeding \$10,000, on the same day as received with the 5 day deposit extension.
- The Department did not deposit 12,672 receipt items, \$10,000 or more in totality, within 24 hours.
- The Department did not deposit 643 receipt items, exceeding \$500 but less than \$10,000 in totality, within 48 hours.
- The Department did not deposit 159 receipt items, less than \$500 in totality, when accumulated to \$500 or on the 1<sup>st</sup> or 15<sup>th</sup> of the month, whichever was earlier.
- The Department had 871 receipt items, where the receipt date was later than the deposit date.
- The Department had 1 receipt item, which had an erroneous receipt date entered into the ERP system. (Finding 8, pages 33-35) **This finding was first reported in 2017.**

**Receipt date recorded was later than the deposit date**

We recommended the Department design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate. Further, we recommended the Department accurately record deposit data and timely deposit receipts into the State's treasury.

**Department agreed**

The Department agreed with this finding and recommendation.

**OTHER FINDINGS**

The remaining findings pertain to inadequate internal controls over audit functions, cybersecurity, service providers, reconciliations, state vehicles, employee personnel and payroll files, census data, performance evaluations, employee training, contractual agreements, and noncompliance with the Lawn Care Products and Application Notice Act, and the Egg and Egg Products Act. We will review the Commission's progress towards the implementation of our recommendations in our next State compliance examination.

**ACCOUNTANT'S OPINION**

The accountants conducted a State compliance examination of the Commission for the two years ended June 30, 2023, as required by the Illinois State Auditing Act. Because of the effect of noncompliance described in Findings 2023-001 through 2023-003, 2023-005 through 2023-008, and 2023-012,

the accountants stated the Department had not complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Adelfia LLC.

**SIGNED ORIGINAL ON FILE**

JANE CLARK  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

FJM:emo