

**STATE OF ILLINOIS  
OFFICE OF THE STATE APPELLATE DEFENDER  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022**

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



**STATE OF ILLINOIS**  
**OFFICE OF THE STATE APPELLATE DEFENDER**  
**STATE COMPLIANCE EXAMINATION**  
**For the Two Years Ended June 30, 2022**

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**STATE OF ILLINOIS  
OFFICE OF THE STATE APPELLATE DEFENDER  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022**

**OFFICE OFFICIALS**

State Appellate Defender	James E. Chadd
Deputy State Appellate Defender	Kerry J. Bryson
Deputy State Appellate Defender	Shawn O'Toole
Chief Fiscal Officer/Human Resource Director	Jana Bergschneider

**BOARD OFFICER**

Chairman of the Board (11/10/22 – Present)	Honorable James R. Epstein
Chairman of the Board (07/01/20 – 11/09/22)	Thomas M. Breen

**GOVERNING BOARD MEMBERS**

Commissioner (07/12/22 – Present)	Vacant
Commissioner (07/01/20 – 07/11/22)	Honorable Thomas E. Hoffman
Commissioner (07/22/20 – Present)	Jeff York
Commissioner (07/01/20 – 07/21/20)	Honorable R. Peter Grometer
Commissioner	Honorable James Brusatte
Commissioner	Michelle L. Sanders
Commissioner (07/03/21 – Present)	Honorable Milton S. Wharton
Commissioner (07/01/20 – 07/02/21)	Honorable James Donovan
Commissioner (05/14/21 – Present)	Evan S. Bruno
Commissioner (07/01/20 – 05/13/21)	J. William Lucco
Commissioner	Carol A. Brook
Commissioner (11/18/22 – Present)	Sharone R. Mitchell, Jr.
Commissioner (11/12/21 – 11/17/22)	Vacant
Commissioner (07/01/20 – 11/11/21)	Honorable Abishi C. Cunningham, Jr.

**ADMINISTRATIVE OFFICE**

The Office of the State Appellate Defender's primary administrative office is located at:

400 W. Monroe Street, Suite 202  
Springfield, Illinois 62704



**OFFICE OF THE STATE APPELLATE DEFENDER  
ADMINISTRATIVE OFFICE**

**400 West Monroe • Suite 202  
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**JAMES E. CHADD  
STATE APPELLATE DEFENDER**

**KERRY J. BRYSON  
SHAWN O'TOOLE  
DEPUTY STATE APPELLATE DEFENDER**

**LAURA A. WEILER  
DIRECTOR OF TRAINING**

**AGENCY OFFICES:**

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**MANAGEMENT ASSERTION LETTER**

February 10 , 2023

West & Company, LLC  
Certified Public Accountants  
919 East Harris Avenue  
Greenville, IL 62246

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, Office of the State Appellate Defender (Office). 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 Office's compliance with the following specified requirements during the two year period ended June 30, 2022. Based on this evaluation, we assert that during the years ended June 30, 2021, and June 30, 2022, the Office has materially complied with the specified requirements listed below.

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

Yours truly,

**SIGNATURE ON FILE**

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James E. Chadd, State Appellate Defender

**SIGNATURE ON FILE**

---

Jana Bergschneider, Chief Fiscal Officer

**STATE OF ILLINOIS  
OFFICE OF THE STATE APPELLATE DEFENDER  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022**

**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**

<b>Number of</b>	<b><u>Current Report</u></b>	<b><u>Prior Report</u></b>
Findings	4	1
Repeated Findings	1	0
Prior Recommendations Implemented or Not Repeated	0	0

**SCHEDULE OF FINDINGS**

<b><u>Item No.</u></b>	<b><u>Page</u></b>	<b><u>Last/First Report</u></b>	<b><u>Description</u></b>	<b><u>Finding Type</u></b>
<b>Current Findings</b>				
2022-001	9	New	Voucher Processing Internal Control Not Operating Effectively	Material Weakness and Material Noncompliance
2022-002	11	New	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2022-003	13	2020/2020	Lack of Adequate Controls Over the Review of Internal Controls Over Service Providers	Significant Deficiency and Noncompliance
2022-004	15	New	Failure to Fully Utilize the State’s Enterprise Resources Planning System	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS  
OFFICE OF THE STATE APPELLATE DEFENDER  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2022**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Office personnel at an exit conference on January 31, 2023.

Attending were:

Office of the State Appellate Defender

Mr. James E. Chadd, State Appellate Defender

Ms. Jana Bergschneider, Chief Fiscal Officer/Human Resource Director

Office of the Auditor General

Ms. Jennifer Cicci, Audit Manager

West & Company, LLC – Special Assistant Auditors

Mr. Michael Lawler, Partner

Mr. Brandon Craycroft, Supervisor

The responses to the recommendations were provided by Jana Bergschneider, Chief Fiscal Officer/Human Resource Director, in a correspondence February 8, 2023.



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**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, Office of the State Appellate Defender

**Report on State Compliance**

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Office of the State Appellate Defender (Office) 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, 2022. Management of the Office is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Office's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Office 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 Office 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 Office 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 Office 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.

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 Office complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Office 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 Office's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Office during the two years ended June 30, 2022. As described in the accompanying Schedule of Findings as item 2022-001, the Office had not 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. As described in the accompanying Schedule of Findings as item 2022-001, the Office 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 noncompliance with the specified requirements described in the preceding paragraph, the Office complied with the specified requirements during the two years ended June 30, 2022, 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 2022-002 through 2022-004.

The Office's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Office'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 Office 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 Office's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Office's compliance with the specified requirements and to test and report on the Office's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office'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 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 item 2022-001 to be a material weakness.

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 2022-002 through 2022-004 to be significant deficiencies.

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

The Office's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Office'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.

**SIGNATURE ON FILE**

Greenville, Illinois  
February 10, 2023

**STATE OF ILLINOIS**  
**OFFICE OF THE STATE APPELLATE DEFENDER**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2022**

2022-001     **FINDING**     (Voucher Processing Internal Control Not Operating Effectively)

The Office of the State Appellate Defender’s (Office) 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 Office to determine whether certain key attributes were properly entered by the Office’s staff into the ERP. In order to determine the operating effectiveness of the Office’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 three of 140 (2%) attributes were not properly entered into the ERP System. Therefore, the Office’s internal controls over voucher processing **were not operating effectively.**

The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) requires the Office 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 Office 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 Office 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 Office 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 give the limitations noted above, we conducted an analysis of the Office’s expenditures data for fiscal years 2021 and 2022 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Code (74 Ill. Admin. Code 900.70). We noted the following noncompliance:

- The Office owed three vendors interest totaling \$38 in fiscal years 2021 and 2022; however, the Office had not approved these vouchers for payment to the vendors.

The Act (30 ILCS 540) requires agencies to pay vendors who had not been paid within 90 days of receipt of a proper bill or invoice interest.

**STATE OF ILLINOIS**  
**OFFICE OF THE STATE APPELLATE DEFENDER**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2022**

2022-001      **FINDING**      (Voucher Processing Internal Control Not Operating Effectively) -  
Continued

- The Office did not timely approve 48 of 3,716 (1%) vouchers processed during the examination period, totaling \$175,383. We noted these late vouchers were submitted by the Office to the Comptroller’s Office between 2 and 172 days late.

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

Office management indicated the cause to be data entry errors and management 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 and approve vouchers for payment of interest due represents noncompliance with the Code and the Act. (Finding Code No. 2022-001)

**RECOMMENDATION**

We recommend the Office design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate. Further, we recommend the Office process proper bills within 30 days of receipt and approve vouchers for payment of interest due to vendors.

**OFFICE RESPONSE**

The Office accepts the recommendation. Management will work to strengthen these controls. We will ensure that dates entered into the system properly reflect when vouchers can be processed. Vouchers will continue to be processed within 30 days and utilize the correct baseline date.

**STATE OF ILLINOIS**  
**OFFICE OF THE STATE APPELLATE DEFENDER**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2022**

2022-002      **FINDING**      (Weaknesses in Cybersecurity Programs and Practices)

The Office of the State Appellate Defender (Office) did not maintain adequate internal controls related to its cybersecurity programs and practices.

The Office’s primary purpose is to represent indigent persons on appeal in criminal cases when appointed by the Illinois Supreme Court, the Appellate Court or the Circuit Court. The Office utilized the Department of Innovation and Technology (DoIT) and other service providers’ applications, which contain confidential or personal data.

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 Office’s cybersecurity programs and practices, we noted the Office had not:

- Developed a formal, comprehensive, adequate, and communicated security program (including policies, procedures, and processes over the security of computer programs and data) to manage and monitor the regulatory, legal, environmental and operational requirements.
- Developed a risk management methodology, conducted a comprehensive risk assessment, or implemented risk-reducing controls.
- Classified its data to identify and ensure adequate protection of information.

Furthermore, the Office did not have a cybersecurity training program in place during the examination period.

*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 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 mission. Furthermore, 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 States resources.

Office management stated the lack of an adequate security program, comprehensive risk assessment, and formal data classification were not necessary given the small amount of confidential data maintained within their information systems environment. In addition, Office management stated they did not believe a formal training program was necessary or required.

**STATE OF ILLINOIS**  
**OFFICE OF THE STATE APPELLATE DEFENDER**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2022**

2022-002      **FINDING**      (Weaknesses in Cybersecurity Programs and Practices) - Continued

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the Office’s confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2022-002)

**RECOMMENDATION**

We recommend the Office develop a formal, comprehensive, adequate, and communicated security program, develop a risk management methodology, conduct a comprehensive risk assessment, implement risk-reducing controls, and classify its data to identify and ensure adequate protection of information. In addition, we recommend the Office develop policies and procedures to ensure all employees receive annual cybersecurity and awareness training.

**OFFICE RESPONSE**

The Office accepts the recommendations. The Office has a Cybersecurity Policy and Security Policy currently in place. These policies were transmitted to the auditors. Management is in the process of creating a formal mandatory cybersecurity training program for all Office employees. New employees will undertake the training at the start of their tenure with the Office. Existing employees will need to take the training annually. All employees must sign a document confirming that they have completed this training and the confirmation documents will be retained by the Information Technology Director. The training materials will be annually reviewed and modified as necessary. Additional cybersecurity information will be communicated to all staff via email and postings within the Office's intranet. A formal written policy is being created to codify the process. Training will begin in Fiscal Year 2023.

The Office has always had a de facto risk assessment process which it followed. We have now developed a formal Risk Assessment Policy which details the procedures and methodology for risk assessment and implemented risk-reducing controls.

The Office has always had a de facto classification understanding of its data types. Management has now created a specific Data Classification of Files Policies and Procedures document which formalizes the Agency's practice.

**STATE OF ILLINOIS**  
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**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2022**

2022-003      **FINDING**      (Lack of Adequate Controls Over the Review of Internal Controls Over Service Providers)

The Office of the State Appellate Defender (Office) did not obtain or conduct an independent internal control review over its service providers.

The Office utilized four service providers for expenditure processing, purchase order requests, time and attendance reporting, and payroll adjustment processing. The data controlled by these service providers is critical to the Office’s operations and contains confidential information.

During our testing, we noted the Office did not obtain a System and Organization Control (SOC) report or conduct an independent internal control review for one of four (25%) service providers utilized.

The Office is responsible for the design, implementation, and maintenance of internal controls related to information systems and transaction processing to assure its critical and confidential data are adequately safeguarded. This responsibility is not limited due to the processes being outsourced.

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 revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State’s resources. The National Institute of Standards and Technology’s (NIST) Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision), Maintenance and System and Service Acquisition sections, requires entities outsourcing their information technology environment or operations to obtain assurance over the entities internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

Office management indicated there was not a SOC report issued for the service provider and therefore believed they were unable to perform any form of internal control review over the service provider.

Without having obtained and reviewed a SOC report or another form of independent internal controls review, the Office does not have assurance the service providers’ internal controls are adequate to ensure proper accounting and safekeeping of assets and data. (Finding Code No. 2022-003, 2020-001)

**RECOMMENDATION**

We recommend the Office obtain a SOC report or conduct an independent internal control review for all service providers utilized by the Office.

**STATE OF ILLINOIS**  
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2022-003      **FINDING**      (Lack of Adequate Controls Over the Review of Internal Controls Over Service Providers) - Continued

**OFFICE RESPONSE**

The Office accepts the recommendation. One of the vendors that the Office utilizes does not perform a SOC 2, Type 2 analysis. The Office has performed a comprehensive oral interview with the Acting Chief Technology Officer of the vendor and has documented this meeting. This document was made available to the auditors, but was not completed until Fiscal Year 2023. We will continue to perform an annual oral interview with the vendor until such time as they undertake a formal SOC 2, Type 2 analysis.

**STATE OF ILLINOIS**  
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**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
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2022-004      **FINDING**      (Failure to Fully Utilize the State’s Enterprise Resources Planning System)

The Office of the State Appellate Defender (Office) did not utilize all capabilities of the State’s Enterprise Resource Planning (ERP) System which resulted in unnecessary inefficiency.

The State’s implementation of an ERP centralized the finance, procurement, grants management, and asset management processes by replacing outdated manual systems and technologies. The ERP can enhance transparency of data, reduce processing time, and improve the timeliness of financial reporting. During the examination period, the ERP’s processing integrity was sufficient to enable reliance upon ERP’s processing of transactions.

For commodities and property inventories, the ERP has several functionalities which reduce the amount of manual transactions and processing time, such as the “shopping cart” feature that creates a purchase order, tracks receipt of the goods or service along with the vendor’s related invoice, helps generate the voucher fields necessary for the processing of payment to the vendor, records inventory and property transactions, and enables financial reporting to the Comptroller’s Office.

During our examination, we noted the Office purchased goods and services from vendors; however, the Office did not fully utilize the Material Management module. Material Management records transactions related to the purchase of goods/services.

*Government Auditing Standards* (§ 1.02) states:

The concept of accountability for use of public resources and government authority is key to our nation’s governing processes. Management and officials entrusted with public resources are responsible for carrying out public functions and providing service to the public effectively, efficiently, economically, and ethically within the context of the statutory boundaries of the specific government program.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable laws. Good internal controls over compliance include ensuring the full capabilities of the ERP are used to efficiently process, record, and report transactions.

Office management stated they were not aware of any requirement to use all components of ERP. The Office utilized a third party software for processing purchase order requests.

Failure to fully utilize the State’s ERP System could result in outdated systems not being supported, untimely financial information and the lack of full transparency and resulted in the inefficient usage of State resources. (Finding Code No. 2022-004)

**STATE OF ILLINOIS**  
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2022-004      **FINDING**      (Failure to Fully Utilize the State’s Enterprise Resources Planning System) - Continued

**RECOMMENDATION**

We recommend the Office to work with the Department of Innovation and Technology to transition and fully utilize the Material Management module of the ERP System.

**OFFICE RESPONSE**

The Office accepts the recommendations. Management will work with the Department of Innovation and Technology and explore the possibility of utilizing the purchase order system of the ERP system if it meets all of our Office’s needs.