



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF INSURANCE

State Compliance Examination
For the Two Years Ended June 30, 2024

Release Date: July 15, 2025

FINDINGS THIS AUDIT: 13				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	5	6	2022	3, 4, 5	10, 11, 12	
Category 2:	1	6	7	2020	1		
Category 3:	0	0	0	2018	2	7, 9	
TOTAL	2	11	13	2014		8	
FINDINGS LAST AUDIT: 19							

SYNOPSIS

- (24-01) The Department of Insurance (Department) did not have adequate controls over the collection of its accounts receivable.
- (24-02) The Department did not timely submit its vouchers for payment to the Office of Comptroller and had processing weaknesses during the examination period.
- (24-03) The Department failed to implement adequate internal controls over users' access to its applications and data.

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

INADEQUATE CONTROLS OVER ACCOUNTS RECEIVABLES

The Department of Insurance (Department) did not have adequate internal controls over the collection of its accounts receivables.

During testing of 40 accounts receivable balances as of June 30, 2024, we noted:

Account receivable balances that were not placed in the Comptroller's Offset System or referred to the Department of Revenue Debt Collection Bureau

- Six (15%) account receivable balances tested, aged between 149 and 3,698 days and totaling \$17,166, were not placed in the Comptroller's Offset System or referred to the Department of Revenue Debt Collection Bureau.

Account receivable balances were not certified as uncollectible with the Comptroller

- Eight (20%) long outstanding account receivable balances tested under \$1,000, aged between 1,186 and 5,185 days and totaling \$3,147, were not certified as uncollectible with the Comptroller.

Account receivable balances were not certified as uncollectible with the Office of the Attorney General.

- Twenty (50%) long outstanding account receivable balances tested of \$1,000 or more, aged between 1,419 and 5,015 days and totaling \$156,281, were not certified as uncollectible with the Office of the Attorney General. (Finding 1, Page 10-11). **This finding has been reported since 2020.**

We recommended the Department strengthen its internal controls over collection of accounts receivable. Additionally, we recommended the Department properly place past due debt in the Comptroller's Offset System or refer past due debt to the Debt Collection Bureau. Further, we recommended the Department certify debt as uncollectible with the Comptroller or request the Attorney General to certify accounts receivable as uncollectible when appropriate.

Department agreed

Department management agreed with this finding.

FAILURE TO IMPLEMENT ADEQUATE CONTROLS OVER USER ACCESS

The Department failed to implement adequate internal controls over users' access to its applications and data.

As part of our examination, we requested the Department provide populations of users with access to the applications tested. The Department was able to provide complete and accurate populations for all applications, except for one application. When the population of active users for this

application was reviewed, the Department stated 10 of 22 (45%) users identified as active by the Department and included in our sample did not have user access and should therefore not be considered active. As such, we determined the Department's population of active application users was not sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants.

Even given the population limitation noted above, we selected a sample of users from all applications, including the application described above, to test user access controls. During our testing, we noted:

Failure to remove access for separated employees

- Nine of 14 (64%) separate users tested still had access to the applicable systems after separation. Access was still active from 90 to 594 days between the dates of separation and June 30, 2024.

Active user with access to systems that do not require it

- Twenty-one of 85 (25%) active users tested did not require access to the applicable systems.

Users with administrative access that do not require it

- Seven of 19 (37%) users tested with administrative access did not require administrative access. (Finding 3, pages 15-17). **This finding has been reported since 2022.**

We recommended the Department maintain a complete and accurate list of users for all applications used by the Department. We also recommended the Department strengthen internal controls over access removal for employees no longer requiring access. Finally, we recommended the Department perform, and document, annual user access reviews, including the periodic review of mainframe user access and Active Directory accounts.

Department agreed

Department management agreed with this finding.

OTHER FINDINGS

The remaining findings are reportedly being given attention by the Department. We will review the Department'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 Department for the two years ended June 30, 2024, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2024-001 through 2024-006. Except for the noncompliance described in these findings, the accountants stated the Department complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Sikich CPA LLC.

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COURTNEY DZIERWA
Division Director

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

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FRANK J. MAUTINO
Auditor General

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