



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEAF AND HARD OF HEARING COMMISSION

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

Release Date: July 9, 2024

FINDINGS THIS AUDIT: 12				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>
Category 1:	0	4	4	2021	1, 4	8, 11	
Category 2:	2	6	8	2019		6, 7, 9	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>	2017	2, 3	5	
TOTAL	2	10	12				
FINDINGS LAST AUDIT: 11							

SYNOPSIS

- **(23-01)** The Deaf and Hard of Hearing Commission (Commission) did not maintain adequate documentation and control over its State property during the examination period.
- **(23-02)** The Commission’s 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**

INADEQUATE CONTROLS OVER STATE PROPERTY

The Commission did not maintain adequate documentation and control over its State property during the examination period.

Property listing could not be reconciled to the reports

During testing, we noted the Commission did not maintain detailed supporting documentation for its quarterly Agency Report of State Property (Form C-15) filed with the Office of Comptroller (Comptroller). As of June 30, 2022 and June 30, 2023, the Commission reported total equipment of \$26,465 and \$26,465, respectively. The property listing provided by the Commission in response to audit requests could not be reconciled with the ending balances reported in the Form C-15 Reports for the fourth quarters ended June 30, 2022 and June 30, 2023 and to the balances reported in the annual inventory certifications submitted to the Department of Central Management Services (CMS).

Due to these conditions, we were unable to conclude whether the Commission's population of property control records were sufficiently precise and detailed under Attestation Standards promulgated by the America Institute of Certified Public Accountants (AT-C & 205.36) to test the Commission's equipment.

We also noted the following:

Item not found in Annual Inventory Certification

Item not included in Form C-15 Report

C-15 filed late

Equipment purchased not found on Commission's property control records

Failure to file New Furniture Affidavits

- One of 25 (4%) equipment items, totaling \$2,606, was not found in the Annual Inventory Certification submitted to CMS for Fiscal Year 2022.
- One of 25 (4%) equipment items, totaling \$3,295, was not included in the Form C-15 Report and in the Annual Inventory Certification submitted to CMS for Fiscal Year 2023.
- One of 8 (13%) Form C-15 Reports was not submitted timely. The Form C-15 Report was submitted one day late.
- Three of 3 (100%) equipment vouchers tested, totaling \$4,680, pertained to purchases of equipment with individual prices of \$500 or more, were not found on the Commission's property control records. Further, one of these vouchers has an individual equipment priced at \$2,500 or more but was not reported to CMS.
- Two of 3 (67%) equipment vouchers tested, totaling \$3,102 pertained to purchases of new furniture of \$500 or more, did not have a New Furniture Affidavit filed with the State Surplus Administrator. (Finding 1, pages 9-11)

We recommended the Commission maintain complete and accurate property records and ensure timely filing of Form C-15 Reports. In addition, we recommended the Commission adopt a policy delineating categories of equipment that are subject to theft.

Commission officials accepted recommendation

The Commission accepted the recommendation and management stated they will review and strengthen internal procedures to ensure adequate controls over its property records, ensure C-15 Reports are submitted timely, and implement an internal property control policy which delineates the categories of equipment considered subject to theft.

RECEIPT PROCESSING INTERNAL CONTROLS NOT OPERATING EFFECTIVELY

The Commission's internal controls over its receipts 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 (ERP) System operated by the Department of Innovation and Technology (DoIT), we were able to limit our receipt testing at the Commission to determine whether certain key attributes were properly entered by the Commission's staff into the ERP System. In order to determine the operating effectiveness of the Commission's internal controls related to receipt processing, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the ERP System based on supporting documentation. The attributes tested were (1) amount, (2) fund being deposited into, (3) date of receipt, (4) date deposited, and (5) SAMS Source Code.

Date of receipt not properly entered into ERP System

Our testing noted 28 of 140 (20%) attributes for receipts testing, specifically the date of receipt, were not properly entered into the ERP System. Therefore, the Commission's internal controls over receipt processing were not operating effectively.

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.

Failure to document the date on which payments were received

Even given the limitations noted above, we conducted an analysis of the Commission's receipts data for fiscal years 2022 and 2023 to determine compliance with the Act. We noted the Commission's receipts data did not document the date on which the payment was received for 113 of 141 (80%) receipts. As such, we were unable to determine if the

Commission deposited the receipts timely. (Finding 2, pages 12-13) **This finding has been reported since 2017.**

We recommended the Commission design and maintain internal controls to provide assurance its data entry of key attributes into the ERP System is complete and accurate.

Commission officials accepted recommendation

The Commission accepted the recommendation and management stated they will review and strengthen its internal controls to ensure receipt processing functions are operating effectively and staff will be provided with additional training as needed.

OTHER FINDINGS

The remaining findings pertain to voucher processing internal controls not operating effectively; weaknesses in cybersecurity programs and practices and disaster recovery planning; inadequate controls over reconciliations, personal services, census data, and travel; statutory noncompliance; failure to submit internal control certifications and lack of adequate controls over the review of internal controls for service providers. 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. The accountants qualified their report on State compliance for Findings 2023-001 through 2023-004. Except for the noncompliance described in these findings, the accountants stated the Commission complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Roth and Company, LLP.

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

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