

**State of Illinois
Department of
Natural Resources**

**STATE COMPLIANCE
EXAMINATION**

**FOR THE TWO YEARS ENDED
JUNE 30, 2024**

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

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

TABLE OF CONTENTS

<i>State Compliance Examination Report</i>	<u>Page</u>
Department Officials	1
Management Assertion Letter	2
State Compliance Report	
Summary	4
Independent Accountants' Report on State Compliance and on Internal Control over Compliance	10
Schedule of Findings	
Current Findings	14
Prior Findings Not Repeated	96

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

DEPARTMENT OFFICIALS

Director (01/23/23 – Present)	Natalie Phelps Finnie
Director (01/17/23 – 01/22/23)	Vacant
Director (07/01/22 – 01/16/23)	Collen Callahan
Assistant Director (02/04/24 – Present)	Todd Strole
Assistant Director (01/01/24 – 02/03/24)	Vacant
Assistant Director (07/01/22 – 12/31/23)	John Rogner
Deputy Director – Land Management and Realty Capital Planning (02/01/24 – Present)*	Ethan Kimbrel
Deputy Director – Land Management and Realty Capital Planning (05/01/23 – 01/31/24)*	David Palmer
Deputy Director – Mines and Minerals, Oil and Gas, and Strategic Services (05/01/23 – Present)*	Toby Trimmer
Deputy Director (01/23/23 – 04/30/23)	Vacant
Deputy Director (07/01/22 – 01/22/23)	Natalie Phelps Finnie
Chief of Staff (05/16/25 – Present)	Samuel Strain
Chief of Staff (03/29/25 – 05/15/25)	Vacant
Chief of Staff (03/01/23 – 03/28/25)	John Teehey
Chief of Staff (02/16/23 – 02/28/23)	Vacant
Chief of Staff (07/01/22 – 02/15/23)	Kristin DiCenso
General Counsel/Legal	Renee Snow
Chief Fiscal Officer (06/16/23 – Present)	Ellen King
Chief Fiscal Officer, Acting (05/01/23 – 06/15/23)	Robert Todd Miller
Chief Fiscal Officer (07/01/22 – 04/30/23)	Meta Darnell
Chief Internal Auditor (12/16/24 – Present)	Andy Van Leer
Chief Internal Auditor, Acting (04/01/24 – 12/15/24)	Andy Van Leer
Chief Internal Auditor (07/01/22 – 03/31/24)	Jeff Beals
GAAP Coordinator	Rebecca Wilson

**Newly created position due to split of previous single Deputy Director role into two distinct roles.*

DEPARTMENT OFFICE

The Department of Natural Resources' primary administrative office is located at:

One Natural Resources Way
Springfield, Illinois 62702-1271

MANAGEMENT ASSERTION LETTER

June 18, 2025

Roth & Company, LLP
540 W. Madison Street, Suite 2450
Chicago, Illinois 60661

Roth & Company, LLP:

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, Department of Natural Resources. 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 State of Illinois, Department of Natural Resources' compliance with the following specified requirements during the two-year period ended June 30, 2024. Based on this evaluation, we assert that during the years ended June 30, 2023, and June 30, 2024, the State of Illinois, Department of Natural Resources has materially complied with the specified requirements listed below.

- A. The State of Illinois, Department of Natural Resources 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 State of Illinois, Department of Natural Resources 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 State of Illinois, Department of Natural Resources 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, the State revenues and receipts collected by the State of Illinois, Department of Natural Resources 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. Other than what has been previously disclosed and reported in the Schedule of Findings, money or negotiable securities or similar assets handled by the State of Illinois, Department of Natural Resources on behalf of the State or held in trust by the State of Illinois, Department of Natural Resources 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, Department of Natural Resources

SIGNED ORIGINAL ON FILE

Natalie Phelps Finnie
Director

SIGNED ORIGINAL ON FILE

Ellen King
Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Renee Snow
General Counsel/Legal

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

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*.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers, but does contain an adverse opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	39	37
Repeated Findings	33	27
Prior Recommendations Implemented or Not Repeated	4	3

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-001	14	2022/2014	Inadequate Controls over Accounts Receivable	Material Weakness and Material Noncompliance
2024-002	18	2022/2018	Inadequate Controls over Historical Artifacts	Material Weakness and Material Noncompliance
2024-003	20	2022/2016	Inadequate Controls over Preparation of Monthly Reconciliations	Material Weakness and Material Noncompliance
2024-004	22	2022/2018	Inadequate Controls Over Petty Cash	Material Weakness and Material Noncompliance

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

SCHEDULE OF FINDINGS (CONTINUED)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-005	25	2022/2020	Weaknesses over Computer Security	Material Weakness and Material Noncompliance
2024-006	28	2022/2014	Voucher Processing Weaknesses	Material Weakness and Material Noncompliance
2024-007	30	2022/2022	Inadequate Controls over Systems Development and Change Management	Material Weakness and Material Noncompliance
2024-008	32	2022/2022	Inadequate Controls over Service Providers	Material Weakness and Material Noncompliance
2024-009	34	2022/2022	Failure to Comply with the Department of Natural Resources Act	Significant Deficiency and Noncompliance
2024-010	35	2022/2014	Failure to Issue Off Highway Vehicle Usage Stamps	Significant Deficiency and Noncompliance
2024-011	36	2022/2018	Failure to Comply with the Illinois State Agency Historic Resources Preservation Act	Significant Deficiency and Noncompliance
2024-012	38	2022/2022	Inadequate Controls over Census Data	Significant Deficiency and Noncompliance
2024-013	40	New	Failure to Meet Required Representation on Certain Boards and Commissions	Noncompliance
2024-014	42	2022/2022	Inadequate Controls over Telecommunications Devices	Material Weakness and Material Noncompliance
2024-015	45	2022/2014	Internal Audit Deficiencies	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

SCHEDULE OF FINDINGS (CONTINUED)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-016	47	2022/2018	Inadequate Control over Investment of Public Funds	Significant Deficiency and Noncompliance
2024-017	49	New	Inadequate Control over Identification of Leases under Statement No. 87 of the Governmental Accounting Standards Board	Material Weakness and Material Noncompliance
2024-018	51	New	Inadequate Controls over Agency Workforce Reports	Significant Deficiency and Noncompliance
2024-019	53	2022/2006	Failure to Enforce Concessionaire Lease Agreements	Significant Deficiency and Noncompliance
2024-020	55	New	Failure to Comply with the Interagency Wetland Policy Act of 1989	Significant Deficiency and Noncompliance
2024-021	56	2022/2012	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2024-022	60	2022/2012	Lack of Contingency Planning or Testing to Ensure Recovery of Computer Systems	Significant Deficiency and Noncompliance
2024-023	62	2022/2022	Failure to Fully Utilize the State's Enterprise Resource Planning System	Significant Deficiency and Noncompliance
2024-024	64	2022/2022	Inadequate Controls over Vehicles	Material Weakness and Material Noncompliance
2024-025	67	2022/2012	Noncompliance with Mandated Duties	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

SCHEDULE OF FINDINGS (CONTINUED)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-026	70	2022/2020	Failure to Update Department Policy and Procedures Manual	Significant Deficiency and Noncompliance
2024-027	71	2022/2022	Failure to Comply with the Department of Natural Resources Conservation Law	Significant Deficiency and Noncompliance
2024-028	72	2022/2022	Failure to Review and Update a Comprehensive Energy Plan	Significant Deficiency and Noncompliance
2024-029	74	2022/2014	Inadequate Controls over Overtime	Significant Deficiency and Noncompliance
2024-030	76	2022/2020	Inadequate Control over Employee Performance Evaluations	Significant Deficiency and Noncompliance
2024-031	78	2022/2020	Inadequate Controls over Employee Payroll, Timekeeping, and Long-Term Leaves of Absence	Significant Deficiency and Noncompliance
2024-032	80	2022/2018	Inadequate Controls over Bank Reconciliations	Significant Deficiency and Noncompliance
2024-033	82	2022/2010	Inadequate Controls over Fuel Reconciliations	Significant Deficiency and Noncompliance
2024-034	84	New	Inaccurate Locally Held Fund Report	Significant Deficiency and Noncompliance
2024-035	86	2022/2022	Inadequate Administration and Monitoring of State Awards and Grants	Significant Deficiency and Noncompliance
2024-036	88	2022/2014	Property Control Weaknesses	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

SCHEDULE OF FINDINGS (CONTINUED)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-037	90	2022/2016	Receipt Processing Internal Controls Not Operating Effectively	Significant Deficiency and Noncompliance
2024-038	93	2022/2020	Required Reports Not Properly Completed	Significant Deficiency and Noncompliance
2024-039	95	New	Failure to Comply with the Illinois Oil and Gas Act	Significant Deficiency and Noncompliance
Prior Findings Not Repeated				
A	96	2022/2020	Inadequate Controls over the World Shooting and Recreational Complex's Operations	
B	96	2022/2018	Inadequate Controls over Contractual Agreements and Obligations	
C	96	2022/2018	Failure to Comply with the Historical Sites Listing Act	
D	96	2022/2016	Weaknesses with Payment Card Industry Data Security Standards	

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on June 13, 2025.

Attending were:

Department of Natural Resources

Nathalie Phelps Finnie, Director
Tood Strole, Assistant Director
Toby Trimmer, Deputy Director, Mines and Minerals, Oil and Gas, and Strategic Services
Ethan Kimbrel, Deputy Director, Land Management and Realty Capital Planning
Samuel Strain, Chief of Staff
Renee Snow, General Counsel
Andy Van Leer, Chief Internal Auditor
Ellen King, Chief Financial Officer
Russ Orrill, Chief Business Officer

Office of the Auditor General

Reddy Bommareddi, Senior Audit Manager

Roth & Company, LLP

Epifanio Sadural, Partner
Syndelle Manuel, Senior Manager
Lou Jonathan Cabrera, Manager
Maria Elena Cerda, Senior
Criselda Alba, Senior
Rachelle Constantino, Senior Associate

The responses to the recommendations were provided by Andy Van Leer, Chief Internal Auditor, in a correspondence dated June 18, 2025.



INDEPENDENT ACCOUNTANTS' REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Department of Natural Resources (Department) 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, 2024. Management of the Department is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Department's compliance with the specified requirements based on our examination.

The specified requirements are:

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

Our examination disclosed material noncompliance with the specified requirements applicable to the Department during the two years ended June 30, 2024. As described in items 2024-001 through 2024-039 in the accompanying Schedule of Findings, the Department did not comply with the specified requirements. Items 2024-001 through 2024-008, 2024-014, 2024-017, and 2024-024 are each considered to represent material noncompliance with the specified requirements. As described in the accompanying Schedule of Findings as items 2024-001 through 2024-008, 2024-014, 2024-017, and 2024-024, the Department 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 items 2024-001 through 2024-008, 2024-014, 2024-017, and 2024-024, 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. As described in the accompanying Schedule of Findings as item 2024-001, the Department had not ensured the State revenues and receipts collected by the Department 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. As described in the accompanying Schedule of Findings as items 2024-001 through 2024-004, and 2024-006, money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department had not been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Items 2024-009 through 2024-013, 2024-015 through 2024-016, 2024-018 through 2024-023, and 2024-025 through 2024-039 individually would have been regarded as significant noncompliance with the specified requirements; however, when aggregated, we determined these items constitute material noncompliance with the specified requirements.



In our opinion, because of the significance and pervasiveness of the material noncompliance with the specified requirements described in the preceding paragraph, the Department did not comply with the specified requirements during the two years ended June 30, 2024, in all material respects.

The Department's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Department'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 Department 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 Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department'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 2024-001 through 2024-008, 2024-014, 2024-017, and 2024-024 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 2024-009 through 2024-012, 2024-015 through 2024-016, 2024-018 through 2024-023, and 2024-025 through 2024-039 to be significant deficiencies.

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



The Department's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Department'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
June 18, 2025



**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-001. **FINDING** (Inadequate Controls over Accounts Receivable)

The Department of Natural Resources (Department) did not exercise adequate internal controls over its reporting and maintenance of accounts receivable.

We performed detailed testing of accounts receivable including the *Quarterly Summary of Accounts Receivable – Accounts Receivable Activity Report* (Form C-97) and *Quarterly Summary of Accounts Receivable – Aging of Total Gross Receivables* (Form C-98). During testing, we noted the following weaknesses:

Accounting System and Process Deficiencies

- The Department did not maintain a detailed accounts receivable subsidiary ledger to support the quarterly accounts receivable additions reported on the Form C-97s. Rather, the Department took the amount collected during the quarter, subtracted the beginning quarterly receivable balance, and added the ending quarterly gross receivable balance to calculate the accounts receivable additions for the quarter.
- During the compilation of Forms C-97 and C-98, the Department did not review and verify the accuracy of accounts receivable reported by the Department's in-charge of each fund.

The Statewide Accounting Management System (SAMS) Chapter 26 and the Illinois State Collection Act of 1986 (30 ILCS 210 et seq.) establish guidelines for the Department to follow in the development and implementation of a system for accounting and managing accounts receivable. Also, SAMS (Procedure 26.10.10) requires the Department to develop its internal procedures for implementing an accounts receivable system.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance revenues and resources 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. Good internal controls require due care to be used in preparing the accounts receivable reports submitted to the Office of Comptroller (Comptroller) to ensure information used to complete the forms is accurate and reliable. Further, good internal controls over reporting include having a process to verify transactions prior to posting amounts into an accounting system.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-001. **FINDING** (Inadequate Controls over Accounts Receivable) (Continued)

Inadequate Processing of Old Accounts Receivable

- The Department did not report accounts receivable “due over one year” as uncollectible on the Form C-97 for Funds 039, 040, 041, 905 and 962 for the fourth quarter of Fiscal Years 2023 and 2024. The Department’s accounts receivable balances “due over one year” for Funds 039, 040, 041, 905 and 962 ranged from \$1,817 to \$199,648.
- The Department did not make sufficient attempts to either collect its aged accounts receivable or write off uncollectible accounts receivable greater than one year old. As of June 30, 2024, outstanding receivables aged more than a year totaled \$2,305,314, \$2,773,937, \$123,374, and \$199,648 for Funds 137, 261, 884, and 962, respectively.

Further, we noted these accounts receivable were aged more than one year, in some cases, were as old as Fiscal Year 1992.

- During testing of 40 accounts receivable, we noted 14 (35%), totaling \$225,108, were over 90 days past due but not referred to the Comptroller’s Illinois Debt Recovery Offset Portal (IDROP) system.

The Illinois State Collection Act of 1986 (Act) (30 ILCS 210/3) requires the Department to aggressively pursue the collection of accounts or claims due to the State of Illinois through all reasonable means. Further, SAMS (Procedure 26.40.10) requires the Department to individually pursue all reasonable and appropriate procedures available to effectuate collection.

Moreover, the Act (30 ILCS 210/5(c-1)) and SAMS (Procedure 26.40.20) require the Department to place all debts over \$250 and more than 90 days past due into the Comptroller’s IDROP System.

Additionally, in accordance with generally accepted accounting principles, accounts receivable balances that are uncollectible should be written off and removed from the Department’s reporting process. The Uncollected State Claims Act (30 ILCS 205/2(a)) requires the Department, if it is unable to collect any claim or account receivable of \$1,000 or more after taking all reasonable efforts to collect the debt, request the Attorney General to certify the claim or account receivable is uncollectible. Further, the Uncollected State Claims Act (30 ILCS 205/2(c)) allows the Department to certify any claim or account receivable of less than \$1,000 as uncollectible, after the Department determines the total collection cost expended or anticipated will exceed the amount of the claim reasonably expected to be collected as provided in the Comptroller’s administrative rules (74 Ill. Admin. Code 320.70(b)).

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-001. **FINDING** (Inadequate Controls over Accounts Receivable) (Continued)

Accounts Receivable Not Reported

The Department was the lessor in several real property rental agreements but did not track the timing of the rental payment due dates against related receipts to determine if receivables should be recorded and reported to the Comptroller on its Fund 538 Form C-97. The total real property rental receipts reported by the Department for Fund 538 were \$128,129 and \$63,672 in Fiscal Years 2023 and 2024, respectively. Potential receivable amounts could not be determined.

SAMS (Procedure 26.20.10) requires receivables to be recognized if the transaction is complete to the extent that payment is the only unconsummated act, and the claim is measurable in terms of assignment of a monetary value established by State law and administrative regulations. SAMS (Procedure 26.30.10) requires State agencies to report receivables information on the Form C-97.

This finding was first reported in Fiscal Year 2014. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to improve its controls over accounts receivable.

Department personnel indicated, as they did in the prior year, the deficiencies noted were due to lack of staff and lack of training to allow employees to maximize the features of the new ERP system in accounting and monitor its accounts receivable.

Failure to establish and maintain accurate reporting procedures and controls over accounts receivable increases the risk that the Department's receivable balances could be inaccurate and improperly valued and represent noncompliance with State laws and regulations. In addition, failure to timely pursue collections of outstanding accounts reduces the likelihood of successfully collecting balances due to the State. Moreover, failure to track and record accounts receivable shows a lack of accountability on the part of the Department and hinders its ability to monitor past due accounts and may result in loss of revenue. (Finding Code No. 2024-001, 2022-001, 2020-002, 2018-002, 2016-002, 2014-009)

RECOMMENDATION

We recommend the Department implement the necessary internal controls to ensure accounts receivable are adequately supported and are consistently and accurately reported to the Comptroller. Also, we recommend the Department ensure accounts receivable are timely pursued for collection and, if not collectible, submitted for uncollectible certification and subsequently written off. Lastly, we recommend the Department review rental transactions to determine the amount receivable to be reported quarterly and at the end of the year.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-001. **FINDING** (Inadequate Controls over Accounts Receivable) (Continued)

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department has updated its Finance Handbook, which includes the accounts receivable process, and has begun implementing the necessary internal controls to consistently and accurately report accounts receivables. The Department has also provided staff with training on the SAMS manual to ensure all accounts receivable reporting requirements are met. The Department has hired additional staff to increase collection efforts and continues working to ensure that support for all receivables, uncollectable accounts and adjustments is obtained from each division. The Department will continue reviewing rental transactions within Fund 538 to determine the amount of receivable to be reported quarterly and at the end of the year.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-002. **FINDING** (Inadequate Controls over Historical Artifacts)

The Department of Natural Resources (Department) did not have adequate controls over historical artifacts.

The Department is responsible for the protection and interpretation of Illinois' history and historic resources. The Department collects and preserves historically important materials and maintains an artifact collection.

The Department did not maintain a central inventory of its historical artifacts. Each historical site maintained their own inventory listing and there was not an independent review of items added to or removed from the listing maintained by each site. Also, physical inventory counts were performed by the custodians of the artifacts, not by independent persons.

Due to the deficiencies noted above, we were unable to conclude the Department's population records of historical artifacts were sufficiently precise and complete under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36) to test the Department's compliance relative to historical artifacts.

Even given the population limitations noted above, which hindered our ability to conclude whether the records were complete and accurate, we requested the Department provide the population of historical artifacts for three historical sites and noted the following:

During our physical inspection of 33 historical artifacts, we noted the following:

- Two (6%) artifacts could not be located.
- Three (9%) artifacts were not tagged with an artifact ID number and could only be identified through description and confirmation from the Department.

During our tracing of 33 historical artifacts to the Department records, we noted the following:

- One (3%) artifact could not be traced to the artifacts listing.

The State Property Control Act (Act) (30 ILCS 605/4) requires the Department to be accountable for the supervision, control, and inventory of all property under its jurisdiction and control. The Act (30 ILCS 605/6.02) also requires the Department to maintain a permanent record of all items of property under its jurisdiction and control.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-002. **FINDING** (Inadequate Controls over Historical Artifacts) (Continued)

Also, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department 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. Good internal controls would require segregation of duties over record keeping, physical inventory counts, and approval of additions and deletions to the artifact listing to ensure accountability over historical items.

This finding was first reported in Fiscal Year 2018. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to improve its controls over historical artifacts.

Department personnel indicated the deficiencies noted were due to not having a centralized inventory system and staffing constraints.

Failure to maintain a complete and accurate inventory of artifacts and lack of segregation of duties could result in an artifact's disappearance going unnoticed. (Finding Code No. 2024-002, 2022-002, 2020-003, 2018-004)

RECOMMENDATION

We recommend the Department maintain a central inventory listing of historical artifacts and implement internal controls requiring additions and deletions to the artifacts catalog to be independently reviewed and approved. We also recommend the Department ensure the inventory of all historical artifacts is performed and/or reviewed by independent personnel. Further, we recommend the Department strengthen its internal controls to ensure records are accurately maintained and artifacts are properly accounted for.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department is in the process of procuring a centralized collections database to track all historical artifacts, with procurement expected to be completed by September 30, 2025. The Department is working to ensure inventories conducted at the individual sites are independently reviewed and approved until the database is implemented. Additionally, the Department is in the process of hiring a Historic Sites Registrar who will be responsible for managing all historic site artifacts. Until this position is filled an existing registrar at the Illinois State Museum will assist historic sites in ensuring best practices.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-003. **FINDING** (Inadequate Controls over Preparation of Monthly Reconciliations)

The Department of Natural Resources (Department) did not have adequate controls over preparation of monthly reconciliations of its significant accounts and transactions with the Office of Comptroller's (Comptroller) records.

During our testing, we noted the following:

- The Department did not reconcile its internal records with the following Comptroller's reports during Fiscal Years 2023 and 2024:
 - Appropriation Transfer Report (SB03); and,
 - Cash Report (SB05).
- The Department did not reconcile its internal records with the following Comptroller's reports during Fiscal Year 2023. In addition, the Fiscal Year 2024 monthly reconciliations did not have documentation of who and when the reconciliations were performed; therefore, we were unable to determine if the monthly reconciliations were performed timely and authorized employees prepared the reconciliations and performed supervisory review:
 - Revenue Status Report (SB04); and,
 - Appropriations Status Report (SB01) including lapse periods.
- Eight of eight (100%) monthly reconciliation of its contractual obligations to the Agency Contract Report (SC14) or the Obligation Activity (SC15) lacked documentation to support the dates the reconciliations were completed; therefore, we were unable to determine if the monthly reconciliations were performed timely and authorized employees prepared the reconciliations and performed the supervisory review.

The Statewide Accounting Management System (SAMS) (Procedure 07.30.20) requires the Department to reconcile its records to the SAMS system on a monthly basis. This reconciliation has to be completed within 60 days after the end of each month.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal and fiscal 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 to maintain accountability over the State's resources.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-003. **FINDING** (Inadequate Controls over Preparation of Monthly Reconciliations)
(Continued)

This finding was first reported in Fiscal Year 2016. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to improve its controls over monthly reconciliation of its records against the Comptroller records.

Department personnel indicated the deficiencies noted were due to staffing constraints.

Failure to prepare and review monthly reconciliations between the Department and the Comptroller's records in a timely manner reduces the usefulness and reliability of financial information and could result in errors not corrected timely. (Finding Code No. 2024-003, 2022-003, 2020-004, 2018-003, 2016-017)

RECOMMENDATION

We recommend the Department ensure monthly reconciliation of its activity is timely performed, documented, and reviewed.

DEPARTMENT RESPONSE

The Department accepts the recommendation. As of April 30, 2025, the Department is current on all reconciliations, except for the SB05 reconciliations, which are expected to be current by December 31, 2025. The Department has updated policies and procedures to ensure all required reconciliations of its activities are performed, documented and reviewed on a timely basis.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-004. **FINDING** (Inadequate Controls over Petty Cash)

The Department of Natural Resources (Department) did not have adequate controls over its petty cash funds.

- We requested the Department provide a population of petty cash funds and change funds. In response to this request, the Department provided a listing of all petty cash funds and change funds maintained during the examination period. During testing, we noted the following:
 - One change fund's fund custodian name did not match with the fund custodian per the Office of Comptroller (Comptroller) records.
 - One petty cash fund's date of change did not match with the date of change per Change of Custodianship or Location Petty Cash or Change Fund (C-85) form.

Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and complete under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.36) to test the Department's compliance over its petty cash and change funds.

Given the population limitations, which hindered our ability to conclude whether selected samples were representative of the population as a whole, we selected a sample of 30 monthly reconciliations from 15 petty cash funds and noted the following:

- One (3%) reconciliation was not performed on a timely basis. The reconciliation was prepared 157 days late.
- One (3%) reconciliation was not properly reconciled, resulting in an understatement of \$84.
- Nine (30%) reconciliations were not reviewed and approved by the supervisor.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources and 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.

- During our site visits, we noted inadequate segregation of duties over petty cash funds at six of 15 (40%) sites tested. We noted one individual at each of the noted sites performed most, if not all, of the transaction cycle, including:

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-004. **FINDING** (Inadequate Controls over Petty Cash) (Continued)

- Authorization by reviewing and approving transactions, including having signature authority for the checks;
- Custody by maintaining account records and making deposits at the bank;
- Recordkeeping by preparing entries and maintaining the Department's internal accounting records and the account's checkbook; and,
- Reconciliation by preparing reconciliations of the account's records to the bank's records to verify each transaction's validity, proper authorization, and entry into the Department's accounting records.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

- During our testing of the Annual Petty Cash Fund Usage Reports (C-18), we selected 48 C-18 forms and noted the following:
 - Eight (17%) forms were not prepared and filed with the Comptroller by January 31 for Calendar Year 2022.
 - Sixteen (33%) forms for Calendar Year 2022 were filed one day late to the Comptroller.
 - Six (13%) forms were not located by the Department. Specifically, five forms for Calendar Year 2022 and one form for Calendar Year 2023 were not located. As such, we could not determine if the C-18 forms were filed with the Comptroller by January 31 during the examination period.
 - Two (4%) forms include a petty cash turnover rate of less than six times annually. The Department did not provide and attach to the C-18 form an explanation stating why the current level of the funds is needed.

The Statewide Accounting Management System (SAMS) (Procedure 09.10.40) requires the C-18 forms to be completed for those petty cash funds exceeding \$100 and filed with the Comptroller no later than January 31 for the preceding calendar year. If the turnover rate is less than six times annually and the custodian wishes to maintain the current fund level, the Department is required to attach an explanation to the C-18, when filed, stating why the current level of the fund is needed, e.g., high seasonal activity.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-004. **FINDING** (Inadequate Controls over Petty Cash) (Continued)

In addition, the State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Department, designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the State's activity.

This finding was first reported in Fiscal Year 2018. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to improve its controls over petty cash funds.

Department personnel indicated the deficiencies noted were due to lack of staff.

Failure to maintain complete and accurate records and lack of adequate segregation of duties over petty cash and change funds could result in misappropriation of assets not timely prevented or detected. Further, failure to timely prepare, review, and approve petty cash reconciliations may result in errors and misappropriation of assets not timely prevented or detected. Also, failure to file C-18 reports with the Comptroller inhibits the State from accumulating meaningful oversight information. (Finding Code No. 2024-004, 2022-007, 2020-012, 2018-019)

RECOMMENDATION

We recommend the Department maintain complete and accurate records and adequate segregation of duties over petty cash and change funds. We also recommend the Department maintain adequate oversight over petty cash expenditures and reconciliations and file required C-18 reports and required explanations with the Comptroller.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department has dissolved several underutilized petty cash accounts and will continue to monitor the turnover rate of remaining accounts, dissolving those with a turnover rate below one. The Department has updated its policies to ensure complete and accurate records for petty cash. Adequate oversight of petty cash expenditures and reconciliations will be maintained, and C-18 and C-86 reports will be filed timely with the Office of Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-005. **FINDING** (Weaknesses over Computer Security)

The Department of Natural Resources (Department) had weaknesses over computer security.

During testing, we noted the Department:

- did not have a formal access provisioning policy.
- did not have a change control policy.
- could not provide supporting documentation of access requests and approvals for the 38 of 38 (100%) new users.
- did not timely remove separated employees' user access rights. We noted three of 190 (2%) separated employees who continued to have access to an application subsequent to their separation from the Department. Further, we noted the Department did not evaluate whether the separated employees accessed the application.
- did not perform user access review for the Enterprise Resource Planning (ERP) system.
- did not maintain documentation verifying the data sanitization for 37 of 37 (100%) electronic devices prior to their disposal.
- did not have a formal policy on disposal of data storage devices.
- had not maintained adequate control over lost or missing computer equipment items. We noted 116 electronic data processing equipment items were reported as lost and missing during the Department's inventory counts. However, the Department did not determine if any confidential information was stored on these electronic data processing items.

The finding was first reported in Fiscal Year 2020 Compliance Examination. In the subsequent years, the Department has failed to implement appropriate corrective actions to improve its controls over computer security.

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, Access Control section, requires timely termination and periodic review of access rights; Media Protection section, requires sanitization or proper destruction of media prior to disposal; and System and Services Acquisition section requires a properly secured infrastructure.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-005. **FINDING** (Weaknesses over Computer Security) (Continued)

The Personal Information Protection Act (815 ILCS 530) requires the Department to ensure confidential and personal information was protected from disclosure.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are utilized efficiently and effectively and in compliance with applicable law.

Department personnel stated the deficiencies were due to insufficient staffing, resulting from turnover at key positions tasked with implementing corrective action related to the finding. In addition, Department personnel stated the lack of personnel with sufficient expertise in developing, designing, and integrating internal controls related to computer security resulted in deficiencies.

Failure to have adequate security controls over computing resources increases the risk of unauthorized access to the computing environment and the risk that confidentiality, integrity, and availability of systems and data will be compromised. (Finding Code No. 2024-005, 2022-015, 2020-006)

RECOMMENDATION

We recommend the Department:

- establish and implement formal access and change control policies.
- maintain documentation of user access requests and approvals.
- ensure timely deactivation of separated users' access.
- ensure regular review of ERP users' access.
- establish and implement a policy on disposal of data storage devices.
- ensure data storage devices are properly sanitized before disposal.
- conduct an assessment to determine if lost or stolen laptops contained confidential or personal information and ensure compliance with the Personal Information Protection Act.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-005. **FINDING** (Weaknesses over Computer Security) (Continued)

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department has drafted a cybersecurity program that establishes a formal access control policy. The Department's Human Resources Division is working with the Department of Innovation and Technology (DoIT) to improve off-boarding procedures to ensure separated users are deactivated timely. The Department is currently working with DoIT to identify all users for every application used by the Department.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-006. **FINDING** (Voucher Processing Weaknesses)

The Department of Natural Resources (Department) did not timely submit its vouchers for payment to the Office of Comptroller (Comptroller) and approve for payment all interest due to vendors 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 Department to determine whether certain key attributes were properly entered by the Department's staff into the ERP. In order to determine the operating effectiveness of the Department'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 ERP 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.

We then conducted an analysis of the Department's expenditures data for fiscal years 2023 and 2024 and noted the following:

- The Department owed 424 vendors interest totaling \$59,906 in fiscal years 2023 and 2024; however, the Department had not approved these vouchers for payment to the vendors.

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

- The Department did not timely approve 23,917 of 126,919 (19%) vouchers processed during the examination period, totaling \$82,785,009. We noted these vouchers were approved between one and 358 days after receipt of a proper bill or other obligating document.

The Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.70) requires the Department to timely review each vendor's invoice and approve proper bills within 30 days after receipt. The Code (74 Ill. Admin. Code 1000.50) also requires the Department to process payments within 30 days after physical receipt of Internal Service Fund bills.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-006. **FINDING** (Voucher Processing Weaknesses) (Continued)

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.

This finding was first reported in Fiscal Year 2014. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to improve its controls over voucher processing.

Department personnel indicated the deficiencies noted were due to staffing constraints.

Failure to timely process proper bills and obligations due may result in noncompliance, unnecessary interest charges, and cash flow challenges for payees. Further, failure to approve vouchers for payment of interest due represents noncompliance with the Act. (Finding Code No. 2024-006, 2022-006, 2020-024, 2018-005, 2016-003, 2014-010)

RECOMMENDATION

We recommend the Department timely approve proper bills and obligations due and approve vouchers for payment of interest due to vendors.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department has updated its Finance Handbook and implemented related procedures. The Department will continue to monitor the vouchering process and update procedures to ensure vouchers are timely approved and paid.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-007. **FINDING** (Inadequate Controls over Systems Development and Change Management)

The Department of Natural Resources (Department) failed to implement adequate controls over system developments and changes to its applications and data.

During our examination, we noted the Department had not established a change management policy to document the controls over changes to its applications and data. In addition, the Department had not developed a system development standard to ensure new application developments met the Department's requirements.

The *Framework for Improving Critical Infrastructure 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, Configuration Management and System and Services Acquisition sections, require entities to document their controls to ensure system development projects met their needs. Further, entities are required to document the control over changes to applications and data to ensure changes are authorized and reviewed.

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 to maintain accountability over the State's resources.

Department personnel indicated the deficiencies noted were due to insufficient staffing resulting from turnover in key roles responsible for addressing the finding, as well as a lack of personnel with sufficient expertise in developing, designing, and integrating internal controls related to system development and change management policies and procedures.

Failure to implement adequate controls over application development or changes to the Department's applications and data could result in unauthorized changes and application development not meeting the Department's needs. (Finding Code No. 2024-007, 2022-013)

RECOMMENDATION

We recommend the Department work with the Department of Innovation and Technology (DoIT) to obtain a detailed understanding of each party's responsibilities relating to system development and change management over the Department's applications and data. We further recommend the Department develop system development and change management policies.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-007. **FINDING** (Inadequate Controls over Systems Development and Change Management) (Continued)

DEPARTMENT RESPONSE

The Department accepts the recommendation and continues to work with DoIT to obtain a detailed understanding of each party's responsibilities relating to system development and change management over the Department's applications and data. The Department is in the process of developing and implementing a system development and change management policy with the assistance of DoIT.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-008. **FINDING** (Inadequate Controls over Service Providers)

The Department of Natural Resources (Department) failed to implement adequate control over its service providers.

We requested the Department provide the population of service providers utilized in order to determine if they have reviewed the internal controls over their service providers. However, the Department did not provide a population.

Although the Department did not provide a listing of service providers, during our testing, we noted a service provider which provided software as a service. We requested the Department provide the service provider's contract and System and Organization Controls (SOC) report. However, the Department did not provide the requested documentation. As a result, we were unable to conduct testing to determine if the Department had implemented controls over their service providers.

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), Maintenance and System and Services 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 SOC reports or independent reviews.

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 funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and to maintain accountability over the State's resources.

Department personnel indicated the issues were due to turnover at key positions tasked with implementing corrective action related to the finding. In addition, the Department personnel indicated a lack of policies and procedures for the oversight of service providers.

Failure to implement adequate controls over service providers could result in inadequate controls at the service providers. (Finding Code No. 2024-008, 2022-014)

RECOMMENDATION

We recommend the Department work with the Department of Innovation and Technology (DoIT) to obtain a detailed understanding of each entity's responsibilities regarding the Department's service providers. In addition, we recommend the Department implements controls to determine the population of service providers. Further, we recommend the Department:

- obtain SOC reports and document their review.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-008. **FINDING** (Inadequate Controls over Service Providers) (Continued)

- monitor and document the operation of Complementary User Entity Controls (CUECs) related to the Department's operations.
- either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.
- document the review of the SOC reports and all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impact to the Department, and any compensating controls.

DEPARTMENT RESPONSE

The Department accepts the recommendation and continues to work with DoIT to obtain a detailed understanding of each entity's responsibilities regarding its service providers. The Department is in the process of developing a policy regarding service providers that will establish the methodology for identifying service providers and ensuring a complete and accurate population exists.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-009. **FINDING** (Failure to Comply with the Department of Natural Resources Act)

The Department of Natural Resources (Department) did not comply with the Department of Natural Resources Act.

During our testing, we noted the Department's Office of Mines and Minerals (Office) did not fill a manager position.

The Department of Natural Resources Act (20 ILCS 801/10-5(b)) requires the Office of Mines and Minerals to have a manager who is thoroughly conversant with the theory and practice of coal mining in the State of Illinois.

Department personnel indicated the failure to fill the position was due to a limited pool of available qualified candidates.

The vacancy in the manager's position within the Office of Mines and Minerals may hinder the Office's ability to fulfill its functions. (Finding Code No. 2024-009, 2022-035)

RECOMMENDATION

We recommend the Department continue its efforts to fill the Office manager position.

DEPARTMENT RESPONSE

The Department accepts the recommendations. The Department will continue its efforts to fill the Office manager position. In addition, the Department plans to utilize a personal service contract to fill the position on a temporary basis until the position can be permanently filled through the State's hiring process.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-010. **FINDING** (Failure to Issue Off-Highway Vehicle Usage Stamps)

The Department of Natural Resources (Department) failed to issue Off-Highway Vehicle Usage Stamps and collect related monies in accordance with the Recreational Trails of Illinois Act.

The Recreational Trails of Illinois Act (Act) (20 ILCS 862/26(b)) requires the Department to ensure no person, on or after July 1, 2013, operates any off-highway vehicle within the State unless the off-highway vehicle has attached an Off-Highway Vehicle Usage Stamp purchased and displayed in accordance with the provisions of the Act. In addition, the Act requires the Department to deposit the proceeds from stamp sales into the Park and Conservation Fund and the Conservation Police Operations Assistance Fund.

This finding was first reported in Fiscal Year 2014. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to ensure compliance with the Act.

Department personnel indicated the failure to comply with the Act was due to ambiguity and differing interpretations about its applicability and intent since its enactment in 2013.

Failure to issue Off-Highway Vehicle Usage Stamps and to collect related fees reduces the State funds available in the Conservation Police Operations Assistance Fund and the Park and Conservation Fund and is non-compliance with the Act. (Finding Code No. 2024-010, 2022-032, 2020-025, 2018-006, 2016-004, 2014-003)

RECOMMENDATION

We recommend the Department issue Off-Highway Vehicle Usage Stamps and collect the related fees or seek legislative remedy to remove the requirement to issue off-highway vehicle usage stamps from the Department's mandated duties.

DEPARTMENT RESPONSE

The Department accepts the recommendation. Due to a lack of authorized appropriation and staffing capacity, the Department cannot currently implement this statute. The Department will continue to seek a legislative remedy.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-011. **FINDING** (Failure to Comply with the Illinois State Agency Historic Resources Preservation Act)

The Department of Natural Resources (Department) did not comply with the provisions of the Illinois State Agency Historic Resources Preservation Act (Act).

During our testing, we noted the following:

- The Department did not prepare an annual report for Fiscal Years 2023 and 2024 that includes an outline of State agency actions on which comment was requested or issued under this Act.

The Act (20 ILCS 3420/5(a)) requires the Director to include in the Department's annual report an outline of State agency actions on which comment was requested or issued under this Act.

- The Department did not maintain a current list of all historic resources owned, operated, or leased by the State and appropriate maps indicating the location of all such resources. While the Department maintains a map of historic sites, the map excludes other resources owned, operated, or leased by the State.

The Act (20 ILCS 3420/5(b)) requires the Director to maintain a current list of all historic resources owned, operated, or leased by the State and appropriate maps indicating the location of all such resources. These maps shall be in a form available to the public and State agencies, except that the location of archaeological resources are excluded.

- The Department did not update the inventory of historic resources. While the Act outlines the Director's responsibility to assist in the identification of properties for inclusion and to provide criteria for evaluation, the Department has not undertaken the necessary steps to update or maintain the inventory of historic resources.

The Act (20 ILCS 3420/5(d)(1)) requires the Director to assist, to the fullest extent possible, the State agencies in their identification of properties for inclusion in an inventory of historic resources, including provision of criteria for evaluation.

This finding was first reported in Fiscal Year 2018. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to comply with the provisions of the Act.

Department personnel indicated the above exceptions were due to staffing constraints.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-011. **FINDING** (Failure to Comply with the Illinois State Agency Historic Resources Preservation Act) (Continued)

Failure to comply with the Act weakens overall State agency collaboration in preserving, restoring, and maintaining the historic resources of the State of Illinois. In addition, failure to include the required information in its annual report and to maintain a list of owned, operated, or leased historic resources represents noncompliance with the Act. Further, the Department's failure to carry out its duties to update the inventory of historic resources prevents the preservation and availability of these resources for future generations. (Finding Code No. 2024-011, 2022-017, 2020-014, 2018-022)

RECOMMENDATION

We recommend the Department comply with all provisions of the Act.

DEPARTMENT RESPONSE

The Department accepts the recommendation and will put a plan in place to ensure compliance with all provisions of the Illinois State Agency Historic Resources Preservation Act.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-012. **FINDING** (Inadequate Internal Controls over Census Data)

The Department of Natural Resources (Department) did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the Department's employees within the Fund are members of both the State Employees' Retirement System of Illinois (SERS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS), for their OPEB. In addition, we noted these plans have characteristics of different types of pensions and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Finally, we noted CMS' actuaries use SERS' census data records to prepare the OPEB actuarial valuation.

During testing, we noted the following:

- The Department had not performed an initial complete reconciliation of its census data recorded by SERS to its internal records to establish a base year of complete and accurate census data.
- After establishing a base year, the Department had not developed a process to annually obtain from SERS the incremental changes recorded by SERS in their census data records and reconcile these changes back to the Department's internal supporting records.

For employers participating in plans with multiple-employer and cost-sharing characteristics, the American Institute of Certified Public Accountants' Audit and Accounting Guide: State and Local Governments (AAG-SLG) (§ 13.177 for pensions and § 14.184 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

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-012. **FINDING** (Inadequate Internal Controls over Census Data) (Continued)

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 (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) 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.

Further, the State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Department personnel indicated the failure to reconcile census data was due to staffing constraints.

Failure to reconcile active members' census data reported to and held by SERS to the Department's records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the State's pension and OPEB balances, which may result in a misstatement of these amounts. (Finding Code No. 2024-012, 2022-009)

RECOMMENDATION

We recommend the Department work with SERS to develop an annual reconciliation process of its active members' census data from its underlying records to a report of the census data submitted to each plan's actuary. After completing an initial full reconciliation, the Department may limit the annual reconciliation to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified, to determine if incomplete or inaccurate reporting of census data may have occurred during prior periods.

DEPARTMENT RESPONSE

The Department accepts the recommendation. In prior years, operational priorities delayed progress on census data reconciliation. The Department is developing a plan to implement an annual reconciliation process within the next 12 months.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-013. **FINDING** (Failure to Meet Required Representation on Certain Boards and Council)

The Department of Natural Resources (Department) failed to meet the required representations on certain Boards and Council.

During the examination, we noted the following:

- The Natural Resources Advisory Board (Board) was created to formulate long-range recommendations for protection and conservation of State's renewable resources, development of outdoor recreation areas and facilities, and the proper restoration and management of forest and woodland resources for forest products and ecosystem service. As of June 30, 2024, we noted the Board had eleven vacant members. In addition, the Board did not hold any meetings in Fiscal Years 2023 and 2024.

The Civil Administrative Code of Illinois (20 ILCS 5/5-560) requires the Board consisting of 13 members to be appointed by the Governor.

- The Forestry Development Council (Council) was created to study and evaluate the forest resources and forest industry of the State. As of June 30, 2024, we noted the Council had six vacant members.

The Illinois Forestry Development Act (Act) (525 ILCS 15/6b(b)) requires the Council to consist of 29 members to be appointed by the Governor and relevant agencies. The Act (525 ILCS 15/3) requires the Department to administer the Act and promulgate rules and regulations.

- The Off-Highway Vehicle Trails Advisory Board did not hold any meeting in Fiscal Years 2023 and 2024.

The Recreational Trails of Illinois Act (20 ILCS 862/20) created the State Off-Highway Vehicle Trails Advisory Board to meet and recommend to the Director the recreational trail projects for funding.

Department personnel stated the responsibility for appointing members, filling vacancies, and scheduling meetings largely rests with other State entities.

Failure to fill the vacancies to the Boards and Council and not holding meetings may inhibit their ability to function as intended by the General Assembly and represents noncompliance with State laws. (Finding Code No. 2024-013)

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-013. **FINDING** (Failure to Meet Required Representation on Certain Boards and Council) (Continued)

RECOMMENDATION

We recommend the Department work with the Governor and relevant agencies to ensure the Boards and Council vacancies are filled in a timely manner and regular meetings are conducted.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department will work with the relevant agencies to ensure vacancies are filled in a timely manner and regular meetings are conducted.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-014. **FINDING** (Inadequate Controls over Telecommunications Devices)

The Department of Natural Resources (Department) did not exercise adequate controls over assignments and cancellations of Wireless Communication Devices (WCD).

During testing, we noted discrepancies in the Department's records for its issued and cancelled WCDs. Specifically, we noted the following:

- Two assigned WCDs had incorrect information in the inventory listing.
- Three assigned WCDs had users whose names were not found on the list of active employees.
- Nine WCDs were classified as active status in the inventory list despite the employees being separated from the Department.

Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36) to test the Department's WCDs.

Given the population limitations, which hindered our ability to conclude whether selected samples were representative of the population as a whole, we performed testing of wireless communication devices and noted the following:

Assignment of WCD

The Department assigned a total of 456 WCDs to its employees during the Fiscal Years 2023 and 2024.

During testing of 40 WCDs, we noted the following:

- One (3%) WCD did not have a Telecommunication Service Request (TSR) Form on file.
- Forty (100%) WCDs lacked documentation to support the issuance of devices was necessary, proper, and approved.

Cancellation of WCD

During the examination period, the Department had 82 separated employees with assigned WCDs.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-014. **FINDING** (Inadequate Controls over Telecommunications Devices) (Continued)

During our testing of 14 separated employees with assigned WCDs, we noted the following:

- Three (21%) WCDs lacked documentation to support WCDs assigned to separated employees were returned timely to the Department after their separation.
- Six (43%) WCDs were requested to deactivate 106 to 569 days after the employees separated from the Department.
- Three (21%) WCDs had no request to deactivate after the employees separated from the Department. As such, we could not determine if WCDs were timely cancelled during the examination period.

The State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Department designed to furnish information to protect the legal and financial rights of the State.

Further, the Department of Central Management Services' (CMS) Wireless Communication Device (WCD) Policy (Policy) requires when an employee no longer has a need for a WCD, whether due to separation from State service, change in duties or position, lack of use, or for any other reason as determined by the Department or in consultation with CMS, the employee has to return the WCD. Moreover, the Policy requires the Agency Telecommunication Coordinator to be responsible for securing the return of the WCDs issued to an employee who no longer has a need for the WCD. Finally, the Policy requires the Department to document an employee's need for a wireless communication device and forward approved and complete service requests to the Department of Innovation and Technology.

Additionally, the Department of Innovation and Technology (DoIT) Wireless Communication Device (WCD) Policy requires agencies to be responsible for documenting an employee's need for a WCD by completing an electronic TSR Form.

Department personnel indicated the exceptions were due to staffing constraints during the examination period. Department personnel further indicated the TSR Coordinator position was vacant for most of the period, which contributed to insufficient documentation.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-014. **FINDING** (Inadequate Controls over Telecommunications Devices) (Continued)

Failure to maintain adequate internal control over the issuance and cancellation of wireless devices represents noncompliance with State laws and regulations and may have resulted in the incurrence of unnecessary costs. (Finding Code No. 2024-014, 2022-033)

RECOMMENDATION

We recommend the Department strengthen controls over wireless communication devices by maintaining an accurate listing of telecommunication devices. Additionally, we recommend the Department properly document the issuance and cancellation of telecommunication devices to its personnel, promptly deactivate and ensure any unused devices are returned to the Department.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department is strengthening internal controls over wireless communication devices. The telecommunications coordinator is drafting policies and procedures to ensure proper documentation for the issuance and cancellation of telecommunications devices. The Department is collaborating with DoIT to improve offboarding procedures to ensure devices are deactivated and returned timely.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-015. **FINDING** (Internal Audit Deficiencies)

The internal audit function at the Department of Natural Resources (Department) failed to comply with the Fiscal Control and Internal Auditing Act (Act) and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

During our testing, we noted the following:

- One of 16 (6%) internal audits required to be performed in Fiscal Years 2023 and 2024 were not completed. The internal audit function could not provide evidence of pre-consultation or approval by the Director to ensure changes to the audit plan were approved by the Director.

The Act (30 ILCS 10/2003(a)(1)) and the Department's Internal Audit Manual (Manual) require the Chief Internal Auditor to meet with the Director to go over the internal audit plan, discuss issues and topics, and obtain the Director's approval.

- Three of the four (75%) internal audit reports tested contained findings. The Department's internal audit function did not follow up on these findings to ensure the Department took appropriate corrective action.

The International Standards for the Professional Practice of Internal Auditing, Standard 2500-Monitoring Progress, requires the internal audit function to establish and maintain a system to monitor the disposition of results communicated to management. It also requires the internal audit function to establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

- The Department's internal audit function did not undergo an external quality assurance review since its creation in 2010.

The International Standards for the Professional Practice of Internal Auditing, Standard 1312- External Assessments, requires an internal audit to undergo an external quality assurance review at least once every five years.

This finding was first reported in Fiscal Year 2014. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to address internal audit deficiencies.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-015. **FINDING** (Internal Audit Deficiencies) (Continued)

Department personnel indicated the issues noted were due to turnover in the Chief Internal Auditor position, and accessibility challenges with the previously maintained paper-based workpaper management.

Failure to ensure the Department's internal audit function carries out its duties mandated by the Act and Manual represents noncompliance with State laws and Manual, impairs the Department's ability to ensure the appropriate corrective action has been taken on prior findings, could result in areas not being subjected to internal audit review for a substantial period of time, and increases the risk of errors or other irregularities that could occur and not be detected during the normal course of operations. Failure of the internal audit function to be subjected to external quality assurance review may result in the internal audit deficiencies not being detected timely and opportunities for improvements not being timely identified. (Finding Code No. 2024-015, 2022-011, 2020-021, 2018-012, 2016-010, 2014-007)

RECOMMENDATION

We recommend the Department ensure its internal audit function complies with the provisions of the Act, Internal Audit Manual, and the International Standards for the Professional Practice of Internal Auditing.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department will ensure its internal audit function complies with the Fiscal Control and Internal Auditing Act, the Internal Audit Manual, and International Standards for the Professional Practice of Internal Auditing. The Office of Internal Audit has developed procedures to ensure changes to the audit plan are communicated to and approved by the Director. The Office of Internal Audit plans to initiate the next external quality assurance review within the next 12 months.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-016. **FINDING** (Inadequate Control over Investment of Public Funds)

The Department of Natural Resources (Department) did not exercise adequate controls over its investment of public funds activities and related reporting.

The Korean Memorial and Purple Heart Fund (Fund), a locally held fund, was created from public contributions for the maintenance of the Korean War Memorial and Purple Heart Memorial. As of June 30, 2024, the fair value of balances held in this Fund totaled \$176,559.

The Department did not implement an investment policy related to the investment of the Fund. By default, the Fund was subject to the State Treasurer’s Investment Policy Statement for the State Agency Investments Portfolio (Policy). We noted the Department did not comply with the Policy as follows:

- The money management firm utilized by the Department was not listed as an approved broker by the State Treasurer.

Section 1.0 of the Policy states the policy applies to any State agency investment not under the control of the State Treasurer for which no other specific investment policy exists. Section 4.0 of the Policy limits investment broker/dealers with which State agencies may do business to those approved by the Treasurer.

- The Department did not maintain an adequate system of internal controls over the investment of public funds.

Section 10.0 of the Policy requires a system of control and written operational procedures that shall be documented and filed with the State Treasurer’s Chief Internal Auditor for review. These controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers.

In addition, we noted the Department did not post investment-related information on its website each month during the examination period.

The Accountability for the Investment of Public Funds Act (Act) (30 ILCS 237/10) requires State agencies with authority to invest public funds, to report by the 15th of each month on the Internet the amount of funds held by the agency on the last day of the preceding month or the average daily balance for the preceding month, total monthly investment income and yield for all funds invested, the asset allocation of the investments made by the agency, and the agency’s approved broker.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-016. **FINDING** (Inadequate Control over Investment of Public Funds) (Continued)

This finding was first reported in Fiscal Year 2018. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to ensure adequate internal controls over the investment of public funds.

Department personnel indicated, as they did in the prior year, the issues noted were due to staffing constraints.

Failure to comply with the State Treasurer's Investment Policy may result in loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by authorized investment officers. In addition, failure to comply with the Act's provisions for public posting of investment information limits transparency related to the investment of public money by the State. (Finding Code No. 2024-016, 2022-026, 2020-019, 2018-020)

RECOMMENDATION

We recommend the Department develop an investment policy or ensure compliance with the existing State Treasurer's Investment Policy. If complying with the State Treasurer's Investment Policy, the Department should ensure the money management firm is listed as an approved broker by the State Treasurer and proper controls are established. We also recommend the Department post investment information on its website by the 15th of each month.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department's Office of Fiscal Management is in the process of developing an investment policy. The Department is developing a process for posting investment information on its website by the 15th of the month.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-017. **FINDING** (Inadequate Control over Identification of Leases under Statement No. 87 of the Governmental Accounting Standards Board)

The Department of Natural Resources (Department) did not have adequate controls in place to support the implementation of Statement No. 87, Leases, of the Governmental Accounting Standards Board (GASB 87).

We requested the Department provide a population of leases within the scope of GASB 87, specifically where the Department acts as the lessor. In response, the Department provided a listing of leases compiled from various personnel across the Department. The Department acknowledged its inability to ensure the completeness of the lease population due to the absence of a formalized system for tracking lease agreements. Currently, the designated coordinator manually contacts personnel across the Department to collect lease information. This decentralized and informal process was heavily reliant on individual responses and lacked a systematic verification mechanism, resulting in potential omissions and inconsistencies in the population of leases.

Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36) to test the Department's GASB 87 Leases, where the Department acts as the lessor.

Even given the population limitations noted above, which hindered our ability to conclude whether selected samples were representative of the population as a whole, we performed testing of GASB 87 where the Department was a lessor and noted the following:

- One of ten (10%) lease agreements had been amended; however, the Department did not amend and file the corresponding Accounting for Leases-Lessor (SCO-561) form with the Office of Comptroller (Comptroller).

The Statewide Accounting Management System (SAMS) Manual (Procedure 27.20.61) requires the Department to properly complete SCO-561 form that falls within the scope of GASB 87. Form SCO-561 is required to be filed with the Comptroller after the lease is initiated or a change to the initial lease.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, resources, or funds applicable to operations are properly recoded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-017. **FINDING** (Inadequate Control over Identification of Leases under Statement No. 87 of the Governmental Accounting Standards Board) (Continued)

Department personnel stated the exceptions were mainly due to oversight and certain divisions not forwarding lease amendments to the personnel responsible for filing the SCO-561 form. In addition, Department personnel stated staffing constraints and the evolving requirements related to the implementation of GASB 87 contributed to the exception.

Failure to maintain adequate controls over GASB 87 leases may result in incorrect accounting and reporting of contracts and obligations. Without the Department providing complete and adequate documentation to enable testing, we were unable to provide useful and relevant feedback to the General Assembly regarding the Department's GASB 87 leases. In addition, failure to timely file SCO-561 inhibits the Comptroller from promptly determining the appropriate value of the lease receivable to be recorded by the Department. (Finding Code No. 2024-017)

RECOMMENDATION

We recommend the Department establish and implement a centralized, systematic process for tracking, managing, and reporting lease agreements subject to GASB 87, and ensure SCO-561 forms are timely prepared and filed with the Comptroller.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department will work to establish and implement a centralized process for tracking, managing and reporting lease agreements. The Department will strengthen controls to ensure SCO-561 forms are timely prepared and filed with the Comptroller.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-018. **FINDING** (Inaccurate Controls over Agency Workforce Reports)

The Department of Natural Resources (Department) did not report accurate information on its Agency Workforce Report (Report) submitted to the Governor’s Office and the Office of the Secretary of State during the examination period.

During testing, we noted the Department did not accurately complete the fiscal year 2022 and fiscal year 2023 Reports filed during the engagement period.

The following errors were noted in the fiscal year 2022 Report:

- The Department did not report the equivalent percentages of the number of workers in all categories across salary ranges.
- The Department incorrectly reported the number of Caucasian male employees within the \$20,000 to \$29,999 salary range.

The following errors were noted in the fiscal year 2023 Report:

- The Department incorrectly reported the number and related calculated percentages in seven categories (female employees within the \$20,000 to \$29,999 and \$100,000 and above salary ranges; Caucasian male employees within the \$20,000 to \$29,999 and \$100,000 and above salary ranges; Caucasian female employees within the \$20,000 to \$29,999 and \$100,000 and above salary ranges; and male employees with physical disabilities within the \$100,000 and above salary range).
- The Department incorrectly reported the calculated percentages in four categories within the \$100,000 and above salary range (minority employees, Hispanic/Latino female employees, African American male employees, and female employees with physical disabilities).

The State Employment Records Act (5 ILCS 410/20) requires each State agency to collect, classify, maintain, and report accurate data regarding the number of State employees on a fiscal year basis.

In addition, the Illinois State Auditing Act (30 ILCS 5/3-2.2(b)) requires State agencies to prepare and file corrected reports with the Governor and the Secretary of State within 30 days after the release of an audit by the Auditor General.

Department personnel indicated exceptions were due to employee errors.

Failure to include complete and accurate information on each annual Report could deter efforts by State officials, administrators, and residents to achieve a more diversified State workforce. (Finding Code No. 2024-018)

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-018. **FINDING** (Inaccurate Controls over Agency Workforce Reports) (Continued)

RECOMMENDATION

We recommend the Department prepare its annual Report in accordance with the requirements of the State Employment Records Act. In addition, we recommend the Department file corrected reports for fiscal year 2022 and fiscal year 2023 with both the Governor’s Office and the Secretary of State within 30 days after the release of this compliance report.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department will implement controls to ensure the Report is prepared in accordance with the requirements of the State Employment Records Act. The Department has corrected and is prepared to file the reports for calendar years 2022 and 2023.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-019. **FINDING** (Failure to Enforce Concessionaire Lease Agreements)

The Department of Natural Resources (Department) failed to monitor and enforce concessionaire lease agreements regarding reporting requirements.

During the examination period, the Department had concession and lease agreements with approximately 86 concessionaires located at State parks throughout the State. The Department's Concession Coordinators are responsible for negotiating and enforcing lease terms, overseeing the site, approving rates charged, and collecting rental payments. These concession and lease agreements are being monitored by the Department using an agreement tracking database. The Department received rental fees from concessionaires totaling \$2,118,324 and \$1,721,928 during Fiscal Years 2023 and 2024, respectively.

During our testing of compliance with the reporting requirements of the concession agreements for the four largest concessionaires/lessees measured in terms of rental payments and/or deposits, we noted the following:

- Four of 38 (11%) required reports consisting of balance sheet, income (profit and loss) statement, and annual forecast of operating revenues and expenses were not timely submitted to the Department, ranging from four to 78 days late.
- Ten of 38 (26%) required reports consisting of annual forecast of operating revenues and expenses, budget of capital expenditures, summary of concession's marketing plan, annual analysis, and schedule of gross revenue did not have the dates when the reports were received by the Department. As a result, we were unable to determine if the reports were timely submitted to the Department.

The Department's standard contract language for concessionaires and lessees requires the concessionaires to submit the following reports at a specified time:

- a) Financial Statements;
- b) Profit and Loss Statement (Statement of Income);
- c) Schedule of Gross Revenue classified by rental category; Reconciliations of the Schedule of Gross Revenue with Lessee's revenue reports, lessee's annual forecast of operating revenues and expenses for the next calendar year;
- d) Budget of capital expenditures for real and personal property for the next fiscal year, and for rolling, prospective 3-year period;
- e) Summary of Concession's marketing plan for the next fiscal year; and
- f) Annual cash flow analysis which itemizes cash flow estimates on a monthly basis.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-019. **FINDING** (Failure to Enforce Concessionaire Lease Agreements) (Continued)

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues and 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.

This finding was first reported in Fiscal Year 2006. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to improve its controls over concessions and leases at various sites.

Department personnel indicated the exceptions noted were mostly due to staffing constraints, and the number of lessees being monitored.

Failure to enforce concession and lease terms, including the submission of lease documents and reports, impairs the Department's ability to ensure concessionaires are in good standing and could result in decreased revenue to the Department. (Finding Code No. 2024-019, 2022-019, 2020-016, 2018-007, 2016-005, 2014-004, 12-2, 10-2, 08-3, 06-9)

RECOMMENDATION

We recommend the Department monitor concessionaires to enforce its contractual agreements and send concessionaires formal written communication when they fail to comply with their contractual obligations to the Department.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department has updated its concessions policy and procedure manual to specify when formal written communications are required. The Department will continue to develop controls to ensure concessionaires comply with their contractual obligations.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-020. **FINDING** (Failure to Comply with the Interagency Wetland Policy Act of 1989)

The Department of Natural Resources (Department) did not comply with the provisions of the Interagency Wetland Policy Act of 1989 (Act).

During our testing, we noted the following:

- The Department did not designate two (2) persons with relevant expertise on wetlands to be included in the Interagency Wetlands Committee (Committee).

The Act (20 ILCS 830/2-1) requires the Director of the Department to designate two (2) persons with relevant expertise to be included in the Committee.

- The Committee, under the administration of the Department, did not prepare and submit biennial report to the Governor and the General Assembly on the impact of State support activities on wetlands.

The Act (20 ILCS 830/2-1(e)(1)) requires the Committee to prepare and submit a biennial report to the Governor and the General Assembly on the impact of State supported activities on wetlands. In addition, the Act (20 ILCS 830/4-1) requires the Department to administer the Act.

Department personnel indicated the failure to designate two persons was due to oversight. In addition, Department personnel stated the failure to prepare the biennial report to the Governor and the General Assembly was due to a misinterpretation of the statute on the Department's responsibilities.

Failure to comply with the Act hinders the ability of the Department to protect, preserve, and enhance the wetlands in the State of Illinois. In addition, failure to prepare and submit the biennial report to the Governor and the General Assembly represents noncompliance with the Act. (Finding Code No. 2024-020)

RECOMMENDATION

We recommend the Department comply with the provisions of the Act.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department is in the process of developing a plan that will ensure compliance with the Act.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-021. **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

The Department of Natural Resources (Department) failed to implement internal controls related to cybersecurity programs, practices, and control of confidential information.

The Department is mandated to “manage, conserve and protect Illinois' natural, recreational and cultural resources, further the public's understanding and appreciation of those resources, and promote the education, science and public safety of Illinois' natural resources for present and future generations.” In order to carry out this mission, the Department utilizes several Information Technology (IT) applications which contain 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, practices, and control of confidential information. During our examination of the Department’s cybersecurity program, practices, and control of confidential information, we noted the Department:

- Had not developed a formal, comprehensive, and communicated security program (policies, procedures, and processes) to manage and monitor the regulatory, legal, environmental, and operational requirements.
- Had not developed a project management framework to ensure new applications were adequately developed and implemented in accordance with management’s expectations.
- Had not defined cybersecurity roles and responsibilities.
- Did not have policies documenting guidelines for reporting security violations and suspected violations.
- Had not established a cybersecurity plan documenting the Department’s security program, policies, and procedures.
- Had relied on the Department of Innovation and Technology for vulnerability monitoring, however, had not reviewed any vulnerability documentations, generated any reports, nor documented security event monitoring.
- Had not developed a risk management methodology, conducted a comprehensive risk assessment, or implemented risk reducing internal controls.
- Had not developed a data classification methodology or classified its data.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-021. **FINDING** (Weaknesses in Cybersecurity Programs and Practices) (Continued)

- Did not provide documentation of the security solutions utilized to protect their assets.
- Had not developed an identity-protection policy to comply with the Identity Protection Act.

Additionally, we requested the Department provide the annual cybersecurity training reports for the examination period in order to determine if employees and contractors have completed the training.

During our testing of 40 employees, we noted the following:

- Three (8%) employees did not complete the annual cybersecurity training.
- One (3%) employee completed the training 306 days late.

The finding was first reported in the Fiscal Year 2012 Compliance Examination. In the subsequent years, the Department has failed to implement appropriate corrective actions.

The *Framework for Improving Critical Infrastructure* 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 business mission.

The Data Security on State Computers Act (20 ILCS 450/25(b)) requires every employee to annually undergo the cybersecurity training provided by the Department of Innovation and Technology (DoIT).

The Identity Protection Act (5 ILCS 179/37) requires the Department to draft and adopt an identity-protection policy.

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 funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and to maintain accountability over the State's resources.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-021. **FINDING** (Weaknesses in Cybersecurity Programs and Practices) (Continued)

Department personnel indicated the deficiencies noted were due to insufficient staffing, as a result of turnover in key roles responsible for addressing the cybersecurity finding, as well as a lack of personnel with sufficient expertise in developing, designing, and integrating internal controls related to cybersecurity programs and practices.

Failure to implement internal controls related to cybersecurity programs, practices and control of confidential information could result in unidentified risk and vulnerabilities and ultimately lead to the Department's volumes of personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2024-021, 2022-008, 2020-030, 2018-010, 2016-008, 2014-015, 12-13)

RECOMMENDATION

We recommend the Department work with DoIT to obtain a detailed understanding of each agency's roles and responsibilities. We also recommend the Department:

- develop a formal, comprehensive, and communicated security program (policies, procedures, and processes) to manage and monitor the regulatory, legal, environmental, and operational requirements.
- develop a project management framework to ensure new applications are adequately developed and implemented in accordance with management's expectations.
- define cybersecurity roles and responsibilities.
- develop policies documenting guidelines for reporting security violations and suspected violations.
- establish a cybersecurity plan documenting the Department's security program, policies, and procedures.
- review the vulnerability documentations, generate reports, and document security event monitoring of the Department's assets.
- develop a risk management methodology, conduct a comprehensive risk assessment, and implement risk reducing internal controls.
- develop a data classification methodology and classify its data.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-021. **FINDING** (Weaknesses in Cybersecurity Programs and Practices) (Continued)

- obtain and review documentation of the security solutions utilized to protect their assets.
- ensure employees timely complete the annual cybersecurity training.
- draft and adopt identity-protection policies to comply with the Identity Protection Act.

DEPARTMENT RESPONSE

The Department accepts the recommendation and will continue to work with DoIT to obtain a detailed understanding of each party's responsibilities relating to system development and change management over the Departments applications and data. The Department is in the process of developing and implementing a cybersecurity program with the assistance of DoIT.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-022. **FINDING** (Lack of Contingency Planning or Testing to Ensure Recovery of Computer Systems)

The Department of Natural Resources (Department) has not provided adequate planning for the recovery of its applications and data.

The Department carries out its mission through the use of Information Technology. During our examination, we requested the Department provide their disaster recovery plan, which would document the detailed steps needed to recover their applications and data. However, the Department was unable to provide their recovery plan. In addition, the Department did not conduct recovery testing during the examination period.

Although the Department utilized the Department of Innovation and Technology (DoIT) as their information technology service provider, the Department has a shared responsibility with the service provider to ensure the security, availability, and integrity of its applications and data.

The *Contingency Planning Guide for Federal Information Systems*, published by the National Institute of Standards and Technology, requires entities to have an updated and regularly tested disaster contingency plan to ensure the timely recovery of applications and data.

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 funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation, and to maintain accountability over the State's resources.

This finding was first reported in Fiscal Year 2012. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to establish a disaster recovery plan and test the plan.

Department personnel indicated the issues were due to turnover in key positions responsible for implementing corrective actions related to the finding, as well as a lack of personnel with sufficient expertise in developing and implementing disaster recovery plans for computer systems.

Without an adequately documented and tested disaster recovery plan, the Department cannot ensure its critical systems could be recovered within an acceptable period, and therefore minimizing the impact associated with a disaster. (Finding Code No. 2024-022, 2022-030, 2020-028, 2018-008, 2016-006, 2014-014, 12-12)

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-022. **FINDING** (Lack of Contingency Planning or Testing to Ensure Recovery of Computer Systems) (Continued)

RECOMMENDATION

We recommend the Department work with DoIT to obtain a detailed understanding of each entity's responsibilities related to the recovery of the Department's applications and data. Further, we recommend the Department develop a detailed disaster recovery plan documenting detailed steps in order to recover their applications and data. Once the plan has been developed and implemented, the Department should ensure the plan is tested at least annually.

DEPARTMENT RESPONSE

The Department accepts the recommendation and will continue to work with DoIT to obtain a detailed understanding of each entity's responsibilities related to the recovery of its applications and data. The Department is in the process of developing and implementing a disaster recovery plan. Once implemented, the Department will ensure testing of the plan is conducted annually.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-023. **FINDING** (Failure to Fully Utilize the State’s Enterprise Resource Planning System)

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

For commodities and property inventories, the ERP system 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 Office of Comptroller.

During our examination, we noted the Department:

- Awarded grants to various entities; however, the Department did not fully utilize the Grants Management module. Grants Management maintain the details, including, but not limited to budget, obligations, expenditures, and revenues of grants awarded associated with each specific grant. During the examination period, the Department had awards and grants expenditures totaling \$137,068,546.
- Purchased commodities and supplies from vendors; however, the Department did not fully utilize the Material Management and Warehouse Management modules. The Material Management records transactions related to the purchase of commodities and supplies. Warehouse Management maintains, tracks, and processes movement of goods and inventory.

Government Auditing Standards (§ 1.02) state the concept of accountability for the 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.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-023. **FINDING** (Failure to Fully Utilize the State’s Enterprise Resource Planning System) (Continued)

In addition, 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 system are used to efficiently process, record, and report transactions.

Department personnel indicated the deficiencies noted were due to resource constraints and competing operational priorities.

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. 2024-023, 2022-010)

RECOMMENDATION

We recommend the Department work with the Department of Innovation and Technology to transition and fully utilize the Grants Management, Material Management and Warehouse Management modules of the ERP system.

DEPARTMENT RESPONSE

The Department accepts the recommendation and is collaborating with DoIT to fully utilize the Grants Management, Materials Management, and Warehouse Management modules. The Department anticipates full implementation of the Grants Management module by October 31, 2025, after which it will begin implementing the Materials Management and Warehouse Management modules.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-024. **FINDING** (Inadequate Controls over Vehicles)

The Department of Natural Resources (Department) did not exercise adequate controls over its vehicles.

During our testing, we noted the following:

- Two of 40 (5%) vehicles did not receive oil change on scheduled intervals.
- Fifteen of 40 (38%) vehicles did not receive tire rotations on scheduled intervals.

The Vehicle Guide of the Department of Central Management Services (CMS) requires oil changes every 3,000 miles or 12 months, whichever comes first, for passenger vehicles 10 years or older or every 5,000 miles or 12 months, whichever comes first, for passenger vehicles nine years and newer as well as a tire rotation on all passenger vehicles in conjunction with every second oil change.

- Eleven of 40 (28%) vehicles did not undergo an annual inspection. Of those, five vehicles did not undergo an inspection in Fiscal Year 2023, two vehicles did not undergo an inspection in Fiscal Year 2024, and the remaining four did not undergo inspections in both Fiscal Years 2023 and 2024.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5040.410(a)) requires the Department to have all of its vehicles undergo an annual inspection by CMS or an authorized vendor.

- For one of seven (14%) employees with personally assigned State vehicle during Fiscal Years 2023 and 2024, the Department did not timely obtain the annual certification from the employee. The certification was filed 350 days late with the Department.

The Illinois Vehicle Code (625 ILCS 5/7-601(c)) requires every employee assigned to a specific vehicle owned or leased by the State on an ongoing basis affirm the driver is duly licensed and has liability insurance coverage extending to the vehicle when it is used for other than official State business. The certification must be filed during July of each calendar year or within 30 days of any new assignment of a vehicle, on an ongoing basis, whichever is later.

In addition, during testing of vehicle accidents reporting, we noted discrepancies in the Department's records when compared to CMS records. Specifically, we noted the following:

- Eighteen vehicle accident reports submitted to CMS were not listed in the Department's records.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-024. **FINDING** (Inadequate Controls over Vehicles) (Continued)

- Two vehicle accident reports listed in the Department's records were not reported to CMS.

Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.36) to test the Department's vehicle accident reporting.

Given the population limitations noted above, which hindered our ability to conclude whether selected samples were representative of the population as a whole, we performed testing of vehicle accident reporting and noted the following:

- Two of 10 (20%) accidents were not timely reported to CMS, with accidents reported 18 and 52 days late.

The Code (44 Ill. Admin. Code 5040.520(i)) requires the completed Motorist's Report of Illinois Motor Vehicle Accident form (SR-1) to be received by the CMS Auto Liability Unit no later than seven calendar days following the accident.

Department personnel indicated the deficiencies noted were due to conflict on the timing and scheduling of the maintenance, and lack of publication of updated policies and procedures considering the complexities and factors of each state vehicle. Department personnel further indicated the rest of the exceptions were due to employee turnover.

Failure to ensure regular and proper maintenance of State vehicles could result in the State incurring unnecessary costs, additional repairs, and shortened useful lives of vehicles. Further, untimely submission of accident reports could delay accident investigations, impair the Department's ability to defend against claims, or delay settlements of claims made against the Department. Additionally, failure to timely obtain annual certification from employees with personally assigned vehicle represents noncompliance with the Code. (Finding Code No. 2024-024, 2022-025)

RECOMMENDATION

We recommend the Department implement controls to monitor its vehicles to ensure each vehicle receives the maintenance it needs to remain road worthy and safe. In addition, we recommend the Department ensure SR-1 reports are submitted to CMS within the required time frame. Further, we recommend the Department ensure the employees with personally assigned State vehicles timely submit the annual certifications.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-024. **FINDING** (Inadequate Controls over Vehicles) (Continued)

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department is collaborating with the Department of Central Management Services (CMS) to implement telematics on all Department vehicles. Telematics will enable automatic uploads of odometer readings to the Fleet Enterprise Asset Management (EAM) system, which will notify the vehicle coordinator when preventive maintenance is due. The Department anticipates full implementation of this telematics process by July 31, 2025. The EAM system will strengthen controls to ensure vehicles receive necessary maintenance to remain roadworthy and safe. The Department will improve processes to ensure SR-1 reports are submitted to CMS within required timeframes, annual employee certifications are obtained, and Individually Assigned Vehicle (IAV) reports are submitted timely to CMS.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-025. **FINDING** (Noncompliance with Mandated Duties)

The Department of Natural Resources (Department) did not comply with certain duties mandated by State law.

During our testing, we noted the following:

- The Department did not maintain the required number of bilingual on-board frontline staff during Fiscal Years 2023 and 2024. Specifically, the Department lacks one required bilingual frontline staff over its number of bilingual frontline staff on June 30, 2007.

The State Services Assurance Act for FY2008 (5 ILCS 382/3-15) requires the Department to add and maintain, at least, five additional bilingual on-board frontline staff over its number of bilingual on-board frontline staff on June 30, 2007.

- The Department did not comply with the provisions of the Historic Preservation Act regarding the Amistad Commission (Commission). The Commission did not meet in any of the four quarters of Fiscal Years 2023 and 2024 and did not prepare a biannual report to file with the Governor and the General Assembly regarding its findings and recommendations. Further, we noted there were three vacancies in the Commission during the examination period.

The Historic Preservation Act (Act) (20 ILCS 3405/22(c)) requires the Commission consist of 15 members, including three ex-officio members: the State Superintendent of Education or his or her designee, the Director of Commerce and Economic Opportunity or his or her designee, and the Director of Natural Resources or his or her designee; and 12 public members (6 appointed by the Governor). The Act (20 ILCS 3405/22(d)) requires the Commission to meet at least quarterly or more frequently at the call of the chairperson or if requested by nine or more members. The Act (20 ILCS 3405/22(l)) requires the Commission to report its activities and findings, as required under subsection (i), to the Governor and General Assembly on or before June 30, 2006, and biannually thereafter.

- The Department did not develop and implement rules and regulations for the issuance of permits to engage in exploration or excavation of archaeological and paleontological resources. Proposed regulations were drafted in 1997; however, they were not finalized and enacted through the rulemaking process. Additionally, the Department did not consult with the various State agencies owning or managing the land for the use of the State before issuing permits.

The Archaeological and Paleontological Resources Protection Act (Act) (20 ILCS 3435/6(a)) requires the Department, in consultation with various State agencies

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-025. **FINDING** (Noncompliance with Mandated Duties) (Continued)

owning or managing land for the use of the State of Illinois, to develop regulations whereby permits may be issued for exploration or excavation of archaeological and paleontological resources. Further, the Act requires the Department to consult with the head of other State agencies before issuing permits.

- For eleven of 16 (69%) selected tenants for State-owned housing, the Department failed to maintain records of decisions as to who was selected to receive State housing and why they were selected.

The State Employee Housing Act (5 ILCS 412/5-30) requires the Department to maintain records of decisions as to who was selected to receive State housing and why they were selected.

This finding was first reported in Fiscal Year 2012. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to improve its controls over compliance with certain mandated duties.

Department personnel stated the number of bilingual on-board frontline staff on June 30, 2007 could not be verified and they thought they were in compliance with the State Services Assurance Act. In addition, Department personnel indicated, as they did in the prior year, the noncompliance regarding the Amistad Commission was due to lack of funding. Further, Department personnel indicated failure to develop and implement rules and regulations in compliance with the Archaeological and Paleontological Resources Protection Act was due to staff turnover that led to the lack of follow-through on finalizing the rules and regulations drafted in 1997. Finally, Department personnel indicated documentation of records of decision on selection of housing applicants was not maintained since no vacancy had more than one application for State housing. Additionally, Department personnel indicated the approved applications were based on the selection criteria detailed in the Department's policy and procedure manual.

Failure to maintain the required number of bilingual frontline staff may hinder the effective delivery of essential services to Illinois residents who do not speak the English language fluently. In addition, failure to comply with the Historic Preservation Act and Paleontological Resources Protection Act results in noncompliance with State statutes. Finally, failure to maintain records of decisions as to who was selected to receive State housing and why they were selected represents noncompliance with the State Employee Housing Act. (Finding Code No. 2024-025, 2022-018, 2020-015, 2018-015, 2016-015, 2014-011, 12-10)

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-025. **FINDING** (Noncompliance with Mandated Duties) (Continued)

RECOMMENDATION

We recommend the Department continue to seek bilingual frontline staff to comply with the State Services Assurance Act. We also recommend the Department ensure the Commission is fully seated and administered to comply with the provisions of the Historic Preservation Act or work with the General Assembly to seek legislative remedy. Further, we recommend the Department implement rules and regulations in accordance with the Archaeological and Paleontological Resources Protection Act. Lastly, we recommend the Department maintain records in compliance with the State Employee Housing Act.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department will continue to recruit bilingual frontline staff to comply with the State Services Assurance Act and has also developed a process to identify bilingual staff during on-boarding.

The Department accepts the recommendation. The Department was successful in seeking a legislative remedy. During the 2025 Spring session, the General Assembly passed SB1607, repealing 20 ILCS 3405/22. The Department will continue to monitor this until it becomes Public Act.

The Department agrees with the recommendation to implement rules and regulations in accordance with the Archaeological and Paleontological Resources Protection Act.

The Department agrees with the recommendation to design application forms and maintain records in compliance with the State Employee Housing Act. The Department has updated the housing application to indicate the number of applicants and to document the decision.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-026. **FINDING** (Failure to Update Department Policy and Procedures Manual)

The Department of Natural Resources (Department) has not updated its fiscal policies, operating procedures, and reporting requirements to reflect changes with laws and regulations.

The Department had not updated its Finance Handbook since 2008, and its *Policies and Procedures Manual*, *Employee Handbook*, and *Timekeeping Handbook* since 2006 to reflect changes in governmental policies, laws, regulations, current practices, and the accounting system. As a result, the policies and procedures were not always consistent with current laws and regulations and caused confusion among its employees as to their application. In addition, several findings noted during the examination period were partly due to outdated policies and procedures.

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

This finding was first reported in Fiscal Year 2020. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to update its policy and procedure manuals.

Department personnel indicated, as they did in the prior year, policies and procedures were not updated due to limited staff and competing priorities.

Updated policies and procedures are important to ensure current practices are in compliance with applicable laws and regulations, ensure consistency in day-to-day operational activities, and to eliminate confusion by providing employees with a clear understanding of their roles and responsibilities. (Finding Code No. 2024-026, 2022-020, 2020-009)

RECOMMENDATION

We recommend the Department update its policies and procedures to reflect changes in governmental policies, laws, regulations, current practices, and the accounting system.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department has updated its Finance Handbook and aims to have it fully implemented by September 2025. The Department is in the process of updating its timekeeping manual to coincide with the implementation of a new timekeeping system. The Department will continue to work to update the Policy and Procedures Manual.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-027. **FINDING** (Failure to Comply with the Department of Natural Resources Conservation Law)

The Department of Natural Resources (Department) did not comply with the provisions of the Department's Conservation Law.

The Department performs consultations for natural resource reviews to help State agencies, local government units, and the public to consider the potential adverse effects of proposed actions on Illinois endangered and threatened species and sites. For 60 of 60 (100%) consultations tested, we noted the Department did not assess a \$100 fee for consultations provided to State agencies during the Fiscal Years 2023 and 2024.

The Department of Natural Resources (Conservation) Law (20 ILCS 805/805-555(b)) requires the Department to assess a \$100 fee for consultations conducted under subsection (b) of Section 11 of the Illinois Endangered Species Protection Act and Section 17 of the Illinois Natural Areas Preservation Act.

Department personnel indicated they were not able to charge State agencies for consultation fees due to a system limitation, which can only receive credit card payments through the online consultation system.

Failure to comply with the Conservation Law results in lost revenues to the Department from consultation fees. (Finding Code No. 2024-027, 2022-034)

RECOMMENDATION

We recommend the Department assess consultation fees to comply with the provisions of the Conservation Law or seek legislative remedy.

DEPARTMENT RESPONSE

The Department accepts the recommendation to assess consultation fees to comply with the provisions of the Conservation Law or seek legislative remedy.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-028. **FINDING** (Failure to Review and Update a Comprehensive Energy Plan)

The Department of Natural Resources (Department) did not analyze, prepare and recommend a comprehensive energy plan in accordance with the Energy Policy and Planning Act (Act).

During our testing, we noted the Department did not perform the duties required by the Act.

The Act (20 ILCS 1120/4) requires the Department to analyze, prepare, and recommend a comprehensive energy plan for the State of Illinois, which includes:

- identifying emerging trends related to energy supply, demand, conservation, public health, and safety factors;
- specifying the levels of Statewide and service area energy needs;
- specifying past, present, and estimated future demand; and,
- specifying the potential social, economic, or environmental effects caused by the continuation of existing trends and by the various alternatives available to the State.

Further, the Act (20 ILCS 1120/4) requires the Department to periodically review the plan, objectives, and programs at least every two years, with the results of the review and any resulting changes filed with the Illinois Commerce Commission, the Governor, the General Assembly, and the Public Counsel.

Department personnel indicated a comprehensive energy plan was not within the Department's purview. Department personnel further indicated the Department attempted to remove this mandate in prior years but was not successful in passing legislation.

Failure to analyze, prepare and recommend a comprehensive energy plan for the State and periodically review and update it represents noncompliance with the Act. (Finding Code No. 2024-028, 2022-036)

RECOMMENDATION

We recommend the Department either comply with the Act or seek legislative remedy.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-028. **FINDING** (Failure to Review and Update a Comprehensive Energy Plan)
(Continued)

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department previously sought a legislative remedy for this unfunded mandate through the Budgeting for Results exercise, citing a lack of subject matter expertise to meet the requirements. The Department will continue to seek a legislative remedy to transfer responsibility for reviewing and updating the comprehensive energy plan to another State agency with the relevant expertise.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-029. **FINDING** (Inadequate Controls over Overtime)

The Department of Natural Resources (Department) did not exercise adequate control over employees' overtime.

The Department paid overtime totaling \$1,621,557 and \$2,370,840 during Fiscal Years 2023 and 2024, respectively. During our testing of 40 overtime payments, we noted the following:

- Thirty (75%) overtime payments were not timely authorized and approved prior to working overtime, ranging from six to 47 days late.
- Two (5%) overtime payments, totaling \$7,127, did not have approval dates. As such, we were unable to determine whether the overtime payments were timely authorized and approved prior to working overtime.
- Two (5%) overtime payments, totaling \$3,609, were not authorized and approved prior to working overtime.
- Nine (23%) overtime payments were inaccurately calculated ranging from an understatement of \$224 to an overstatement of \$2,974.
- For six (15%) overtime payments, totaling \$22,259, the Authorization for Work Hours and Pay Variance Form could not be located. As such, we were unable to determine whether the overtime payments were authorized and approved prior to working.

The Department's *Timekeeping Handbook*, Section 21, requires all overtime to be authorized and approved in advance, except in emergency situations. An Authorization for Work Hours and Pay Variance Form is the official document on which overtime is authorized and approved.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

This finding was first reported in Fiscal Year 2014. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to improve its controls over overtime.

Department personnel indicated exceptions were due to the system's failure to capture initial approval dates and employee error.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-029. **FINDING** (Inadequate Controls over Overtimes) (Continued)

Failure to follow the Department's *Timekeeping Handbook* regarding overtime increases the risk the Department will pay for services not rendered by employees or errors in overtime calculations are not detected timely. (Finding Code No. 2024-029, 2022-028, 2020-023, 2018-014, 2016-012, 2014-013)

RECOMMENDATION

We recommend the Department enforce its policies concerning the prior approval, documentation of employee overtime, and proper calculation of overtime.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department is updating policies and procedures for prior approval, documentation, and calculation of employee overtime. A new budget and payroll manager has been hired to oversee the implementation of these updated policies and procedures.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-030. **FINDING** (Inadequate Control over Employee Performance Evaluations)

The Department of Natural Resources (Department) did not exercise adequate control over employee performance evaluations.

During our testing of 69 employees' performance evaluations, we noted the following:

- 24 (35%) employees' annual performance evaluations were not completed.
- 17 (25%) employees' annual performance evaluations were not timely completed, with evaluations performed five to 247 days late.
- Ten (14%) employees' probationary period evaluations were not completed.
- One (1%) employee's probationary period evaluation was performed 35 days late.

The Illinois Administrative Code (Code) (80 Ill. Admin. Code 302.270(d)) requires the Department to prepare performance evaluations at least annually for each certified employee.

In addition, the Department's Policy and Procedure Manual (Chapter 3, Section 3c-4) requires supervisors to complete an evaluation of each respective subordinate staff member annually. Further, the Department's Policy and Procedure Manual requires the Department to complete performance evaluations of employees at the end of three months and again prior to the end of the employee probationary period. These evaluations must be completed and submitted to the Human Resources Division three weeks prior to the end of the six-month probationary period.

This finding was first reported in Fiscal Year 2020. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to improve controls over performance evaluations.

Department personnel indicated the failure to complete or timely complete performance evaluations was due to staffing constraints and the lack of enforcement actions against supervisors who are not completing their staff's evaluations timely.

Employee performance evaluations are a systematic and uniform approach used for the development of employees and to communicate performance expectations. Employee performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharges, layoffs, recall, and reinstatement decisions. (Finding Code No. 2024-030, 2022-029, 2020-027)

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-030. **FINDING** (Inadequate Control over Employee Performance Evaluations)
(Continued)

RECOMMENDATION

We recommend the Department evaluate its procedures for monitoring and enforcing employee performance evaluations to ensure the evaluations are timely completed.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Human Resources Division has developed a process to track when evaluations are due and send reminders to supervisors. This process will be fully implemented by the end of Fiscal Year 2025, ensuring evaluations are performed timely. The Department is also updating its policies and procedures for monitoring and enforcing performance evaluations.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-031. **FINDING** (Inadequate Controls over Employee Payroll, Timekeeping, and Long-Term Leaves of Absence)

The Department of Natural Resources (Department) did not exercise adequate controls over its employee payroll, timekeeping, and long-term leaves of absence.

During our testing of employees' payroll, attendance records, and timesheets we noted the following:

- Sixteen of 40 (40%) employees' timesheets were approved by the supervisor one to 252 days late.
- Twelve of 40 (30%) employees' accrued leave balances were erroneously calculated. Specifically, three employees were provided with incorrect leave credits ranging from an overstatement of 3.13 hours to an understatement of 1.88 hours; two employees' ending leave balances were incorrectly carried over to the following month resulting in an overstatement of 7.5 hours and an understatement of 30 hours; and the remaining employees' leave balances had errors due to incorrect calculations resulting in an overstatement of 1.07 hours to an understatement of 11.37 hours.
- Five of 10 (50%) separated employees' final pay were not accurately calculated. Specifically, four employees' final pay had errors ranging from an understatement of \$1,164 to an overstatement of \$571. In addition, one employee's final compensation, totaling \$814, was paid 28 days after the employee's separation.
- For two of thirteen (15%) employees who utilized military leave, the Department failed to provide us with pay schedules. As a result, we were unable to determine if the employee's leave of absence payments were properly calculated.

The Department's *Timekeeping Handbook (Handbook)* requires supervisors to timely review and approve hours of employees.

The State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Department, designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the State's activity.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department 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 law and the funds are safeguarded against waste, loss, unauthorized use and misappropriation.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-031. **FINDING** (Inadequate Controls over Employee Payroll, Timekeeping, and Long-Term Leaves of Absence) (Continued)

Finally, the Illinois Wage Payment and Collection Act (820 ILCS 115/5) requires the Department to pay the final compensation of separated employees in full, at the time of separation, if possible, but in no case later than the next regularly scheduled payday for such employee.

This finding was first reported in Fiscal Year 2020. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to improve its controls over employee timekeeping, payroll, and long-term leaves of absence.

Department personnel indicated the exceptions were mainly due to employee turnover, issues with the timekeeping system, and competing priorities.

Failure to maintain adequate controls over employee attendance records, pay schedules, and payroll calculation increases the risk of the Department maintaining incorrect attendance information and paying for time not earned by State employees. Further, failure to properly calculate accrued leave balances can result in employees using benefit time they have not earned and reduces the overall reliability of Statewide financial reporting of the compensated absences liability. (Finding Code No. 2024-031, 2022-021, 2020-008)

RECOMMENDATION

We recommend the Department properly calculate the employees' final pay and accrued leave balances and timely pay the final compensation. We also recommend the Department ensure employee leave of absence and pay schedules are properly maintained. Further, we recommend the Department ensure timesheets are approved timely by supervisors.

DEPARTMENT RESPONSE

The Department accepts the recommendation. A new budget and payroll manager has been hired to update and implement policies and procedures to ensure employees' final pay and accrued leave balances are accurately calculated and paid timely. The payroll manager will also ensure payroll-related records are properly maintained. The Department has contracted with a third party to develop a new timekeeping system to accurately calculate leave-of-absence balances and ensure timesheets are properly approved by supervisors.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-032. **FINDING** (Inadequate Controls over Bank Reconciliations)

The Department of Natural Resources (Department) did not properly prepare and review bank reconciliations at Department sites.

The Department maintains a total of 151 State parks and 60 State historic sites located throughout the State.

- During our testing of 24 bank reconciliations at twelve Department sites, we noted the following:
 - Four (17%) bank reconciliations did not have a signature indicating supervisory review and approval by a second individual;
 - Three (13%) bank reconciliations were not timely completed, ranging from 178 to 542 days late;
 - One (4%) bank reconciliation contained a mathematical error resulting in an inaccurate reconciliation; and,
 - One (4%) bank reconciliation was not performed.
- During our site visits, we noted inadequate segregation of duties at three of ten (30%) sites. We noted one individual at each of those sites performed most, if not all, of the revenue account transaction cycle, including:
 - Authorization by reviewing and approving transactions, including having signature authority for the checks;
 - Custody by maintaining account records and making deposits at the bank;
 - Recordkeeping by preparing entries and maintaining the Department's internal accounting records and the account's checkbook; and,
 - Reconciliation by preparing reconciliations of the account's records to the bank's records to verify each transaction's validity, proper authorization, and entry into the Department's accounting records.
- During our testing, we noted three of ten (30%) sites had local bank accounts established by the Department that were not held in the Department's name.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-032. **FINDING** (Inadequate Controls over Bank Reconciliations) (Continued)

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are safeguarded against waste, loss, unauthorized use, and misappropriation and to maintain accountability over the State's resources. Good internal controls include maintaining segregation of duties over all transactions and documenting the preparation and review of monthly account reconciliations.

In addition, the Department of Natural Resources (Conservation) Act (Act) (20 ILCS 805/805-410) requires the local bank accounts established by the Department to be in the name of the Department.

This finding was first reported in Fiscal Year 2018. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to ensure bank reconciliations are timely and properly performed.

Department personnel indicated, as they did in the prior year, the deficiencies noted were due to staffing constraints.

Failure to maintain proper segregation of duties and ensure reconciliations are timely prepared and reviewed may result in errors or other irregularities going undetected for a significant period of time. In addition, establishing local bank accounts not in the name of the Department represents noncompliance with the Act. (Finding Code No. 2024-032, 2022-024, 2020-013, 2018-023)

RECOMMENDATION

We recommend the Department review and update existing policies and procedures to ensure reconciliations are performed timely and properly while maintaining adequate segregation of duties. In addition, we recommend the Department ensure local bank accounts are established under its name as required by the Act.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department is updating bank reconciliation procedures to ensure reconciliations are performed timely, properly, and with adequate segregation of duties. All fund custodians have been directed to update the names of local bank accounts in compliance with the Fiscal Control and Internal Auditing Act.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-033. **FINDING** (Inadequate Controls over Fuel Reconciliations)

The Department of Natural Resources (Department) did not maintain adequate controls over reconciliations of fuel at various sites.

The Department maintains fuel at nine sites out of the 14 sites tested. During our testing of 40 monthly fuel reconciliations at nine sites, we noted the following:

- 22 (55%) fuel reconciliations did not contain evidence of supervisory review and approval.
- One (3%) fuel reconciliation contained a mathematical and summarization error resulting in an inaccurate monthly reconciliation.
- For three (8%) reconciliations, fuel logs were not provided. As a result, we were unable to determine if the reconciliations were properly performed.

Further, for one of nine (11%) sites, monthly fuel reconciliations were not performed. Instead, a fuel log was maintained without the use of stick measurements.

The Department's policy requires on the first day of the month, prior to any fuel pumped, each site takes a meter reading at the pump, record the reading on the Monthly Fuel Reconciliation form, or, if no meter, take a stick reading and record the amount in gallons. Totals from fuel logs and totals pumped from the meter should be relatively close, if all fuel is recorded, and there are no problems with the meters. If a site does not have an accurate meter, the site can use a stick to maintain the reading. Fuel usage will be reconciled monthly between the logbook and the meter. Any variance of 25 gallons or more will be investigated by the Site Superintendent and a memo will be kept in file explaining the reason for the variance.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance expenditures and resources 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 State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Department, designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the State's activity.

This finding was first reported in Fiscal Year 2010. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to improve its controls over fuel reconciliations.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-033. **FINDING** (Inadequate Controls over Fuel Reconciliations) (Continued)

Department personnel indicated, as they did in the prior year, the deficiencies noted were due to lack of staff and competing priorities.

Failure to properly prepare and review fuel reconciliations impairs each site's ability to determine whether overages or shortages are occurring from leaks, unauthorized withdrawals, or misreported fuel deliveries and usages. (Finding Code No. 2024-033, 2022-027, 2020-020, 2018-021, 2016-013, 2014-006, 12-4, 10-4)

RECOMMENDATION

We recommend the Department ensure fuel reconciliations are properly completed and reviewed, and fuel logs are properly maintained.

DEPARTMENT RESPONSE

The Department accepts the recommendation and will develop policies and procedures to standardize fuel reconciliations. The Department will provide training to staff to ensure fuel reconciliations are properly completed and reviewed, overages or shortages are investigated, and investigation results are fully documented.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-034. **FINDING** (Inaccurate Locally Held Fund Report)

The Department of Natural Resources (Department) did not submit accurate “Report of Receipts and Disbursements for Locally Held Funds” (C-17) reports to the Office of Comptroller.

The Department operated five locally held funds for the purpose of supporting investigations, ensuring mining compliance, managing land sites, maintaining historical sites, and funding memorial-related initiatives.

During the examination period, we noted the following inaccuracies:

- Eight of 28 (29%) reconciliations for the Lands Division Sites Fund were not properly reconciled with the balance reported in C-17, resulting in net understatements of \$3,042 in Fiscal Year 2023 and \$4,160 in Fiscal Year 2024.
- One of six (17%) reconciliations for the Historical Sites Receipts Fund was not properly reconciled with the total balance reported in C-17, resulting in an understatement of \$154 in Fiscal Year 2023.
- One of eight (13%) reconciliations for the Korean Memorial and Purple Heart Fund was not properly reconciled with the total balance reported in C-17, resulting in an overstatement of \$400 in Fiscal Year 2024.

The Statewide Accounting Management System (SAMS) (Procedure 33.13.10) requires the Department to submit accurate C-17 reports reflecting the receipts and disbursements occurring in each locally held fund each quarter. Good internal controls require agencies to review reports for accuracy prior to the submission to the Comptroller.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are safeguarded against waste, loss, unauthorized use, and misappropriation and to maintain accountability over the State's resources. Good internal controls include documenting the preparation and review of monthly account reconciliations.

Department personnel stated the errors were due to staffing constraints.

Failure to submit accurate C-17 reports to the Comptroller represents noncompliance with SAMS and could result in inaccurate Statewide financial reporting. (Finding Code No. 2024-034)

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-034. **FINDING** (Inaccurate Locally Held Fund Report) (Continued)

RECOMMENDATION

We recommend the Department implement procedures to review C-17 reports for accuracy prior to submission and to ensure monthly fund reconciliations are properly performed.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department has updated its Finance Handbook and will implement procedures to ensure accurate C-17 reports and proper completion of monthly fund reconciliations.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-035. **FINDING** (Inadequate Administration and Monitoring of State Awards and Grants)

The Department of Natural Resources (Department) did not adequately administer and monitor its awards and grants.

During Fiscal Years 2023 and 2024, the Department expended approximately \$137.1 million in awards and grants. During our testing of 34 grant agreements, totaling \$31.3 million, we noted the following:

- For 19 of 25 (76%) grant agreements, grantees did not submit 125 of 209 (60%) quarterly project status reports to the Department.
- For 25 of 33 (76%) grant agreements, grantees did not submit 166 of 262 (63%) quarterly periodic financial reports to the Department.
- For 25 of 33 (76%) grant agreements, grantees did not submit 154 of 269 (57%) quarterly periodic performance reports to the Department.
- For 17 of 29 (59%) grant agreements, grantees did not submit final project performance reports to the Department.
- For 26 of 30 (87%) grant agreements, grantees did not submit the audit reports to the Department.
- For 25 of 30 (83%) grant agreements, grantees did not submit the close-out reports to the Department at the end of the grant period.

The grant agreements require the grantees to submit financial reports and performance reports with frequency and deadlines specified in the grant agreements.

Further, the Grant Accountability and Transparency Act (30 ILCS 708/45(g)) requires the Department to enhance its processes to monitor and address noncompliance with reporting requirements and with program performance standards.

Also, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, and in compliance with applicable law.

Department personnel indicated the exceptions noted were due to limited staffing.

Failure to ensure grantees submit the required reports increases the risk of misuse of funds and errors not being timely detected and results in noncompliance with provisions of the grant agreements. (Finding Code No. 2024-035, 2022-012)

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-035. **FINDING** (Inadequate Administration and Monitoring of State Awards and Grants)
(Continued)

RECOMMENDATION

We recommend the Department strengthen its controls to ensure grantees comply with the reporting requirements of the grants.

DEPARTMENT RESPONSE

The Department accepts the recommendation and will continue to strengthen its controls over awards and grants. The Department is in the process of implementing a grant management program that will enable the Department to effectively track individual grant agreements from a centralized system. This will help the Department ensure grantees are complying with the reporting requirements.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-036. **FINDING** (Property Control Weaknesses)

The Department of Natural Resources (Department) did not maintain adequate controls over its property and related fixed asset records.

- During our testing of additions, we noted three of 40 (8%) equipment acquisitions, totaling \$131,165, were added to the Department's property records 8 to 119 days after the goods acceptance date.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.400) requires the Department to adjust property records within 90 days of acquisition, change, or deletion of equipment items.

- During our physical inspection of 60 equipment items, we noted four (7%) equipment items, totaling \$9,698, did not have tag numbers.
- During our tracing of 60 equipment items to the Department records, we noted two (3%) equipment items did not have property tag numbers. Of the two, one item has an acquisition value of \$13,190, while the other item could not be traced to Department records to identify the item cost.

The Statewide Accounting Management System (SAMS) (Procedure 29.10.10) requires agencies to maintain detailed property records and update property records as necessary to reflect the current balance of the State property. Such detailed records are to be organized by major asset category and include information such as the equipment tag number, location, item function and activity, among others.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.210) requires the Department to mark each piece of State-owned equipment in its possession with a unique identification number.

- Further, we noted four equipment items at various sites, consisting of copier, computer, loader, and monitor, totaling \$8,776, were no longer used or serviceable. These assets were not transferred to the Department of Central Management Services or appropriately disposed.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.610) requires all transferable equipment which is no longer serviceable to be scrapped.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-036. **FINDING** (Property Control Weaknesses) (Continued)

This finding was first reported in Fiscal Year 2014. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to address its property control weaknesses.

Department personnel indicated additions were not timely reflected in the property records due to late receipt of appraisal value of the donated item, and human error, while other exceptions noted were due to staffing constraints.

Inadequate control over the Department's property and fixed asset records increases the potential for fraud and possible loss or theft of State property, and reduces the reliability of Statewide property information. Further, failure to exercise adequate internal control over equipment represents noncompliance with State laws and regulations. (Finding Code No. 2024-036, 2022-016, 2020-007, 2018-016, 2016-016, 2014-008)

RECOMMENDATION

We recommend the Department strengthen its controls over property and equipment to ensure all equipment transactions are timely recorded, tag numbers are properly attached to equipment items, and equipment items are properly accounted for and maintained. We also recommend the Department periodically review all existing equipment items to identify items no longer used and eligible for scrapping or surplus.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department will review its policies and procedures and provide additional training to staff to ensure transactions are recorded timely, tags are properly attached, and items are properly accounted for and maintained. The Department conducts an annual inventory of equipment during which time items should be identified as obsolete. The Department will update policies and procedures regarding obsolete equipment and provide training to staff to ensure items are identified as obsolete during the annual inventory.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-037. **FINDING** (Receipt Processing Internal Controls Not Operating Effectively)

The Department of Natural Resources' (Department) internal controls over its receipt 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 receipt testing at the Department to determine whether certain key attributes were properly entered by the Department's staff into the ERP. In order to determine the operating effectiveness of the Department'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 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.

We then conducted an analysis of the Department's receipts data for fiscal years 2023 and 2024 to determine compliance with the State Officers and Employees Money Disposition Act (Act), noting the following noncompliance:

- The Department's receipts data did not document the date on which the payment was received for 43,650 of 73,583 (59%) receipts. As such, we were unable to determine if the Department deposited the receipts timely.

The Act (30 ILCS 230/2(a)) requires the Department to maintain a detailed record of all moneys received, which includes date of receipt, the payor, purpose and amount, and the date and manner of disbursement.

- The Department did not deposit 10 receipt items, \$10,000 or more, on the day received.
- The Department did not deposit 102 receipt items, exceeding \$500 but less than \$10,000, within 48 hours.
- The Department did not deposit 319 receipt items, less than \$500, on the 1st or 15th of the month, whichever was earlier.

The Act (30 ILCS 230/2(a)) requires the Department to pay into the State treasury any single item of receipt exceeding \$10,000 on the day received. Additionally, receipt items totaling \$10,000 or more are to be deposited within 24 hours. Further, receipt items, in total exceeding \$500 but less than \$10,000, are to be deposited within 48 hours. Lastly, receipt items totaling less than \$500 are to be deposited once the total exceeds \$500 or on the 1st or 15th of the month, whichever is earlier.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-037. **FINDING** (Receipt Processing Internal Controls Not Operating Effectively)
(Continued)

- For three of 40 (8%) receipts related to licenses, permits, and fees, the corresponding supporting documentation from the Department had incorrect payment type and errors on the point-of-sale deposit sheet.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance revenues are properly recorded and accounted for to permit the preparation of reliable accounts and financial reports and to maintain accountability over the State's resources.

- For 34 of 52 (65%) monthly reconciliations, the Department did not perform reconciliations of each division receipt records against the receipts deposited into the Department's Deposit Section to ensure accurate deposit of receipts during Fiscal Years 2023 and 2024.

The Department policies require the Department's Deposit Section to perform monthly reconciliations of each division receipt records against the receipts deposited into the Department's Deposit Section to ensure receipts were accurately deposited.

This finding was first reported in Fiscal Year 2016. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to improve its controls over receipts.

Department personnel stated the exceptions were due to limited staff availability and competing work priorities, which affected the timely and accurate completion of tasks.

Failure to timely deposit receipts represents noncompliance with the Act. In addition, failure to timely deposit receipts delays the recognition of available cash within the State Treasury, could delay the payment of State obligations, and is noncompliance with the Act. Finally, failure to perform monthly reconciliation of receipts could result in discrepancies and errors in the reports not being corrected in a timely manner. (Finding Code No. 2024-037, 2022-022, 2020-010, 2018-011, 2016-009)

RECOMMENDATION

We recommend the Department deposit receipts within the timelines set by the Act. In addition, we recommend the Department implement procedure to ensure correct information is entered into the revenue system to ensure the reliability of records is maintained. Finally, we recommend the Department perform monthly reconciliations of receipts between the Department's Deposit Section and each division.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-037. **FINDING** (Receipt Processing Internal Controls Not Operating Effectively)
(Continued)

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department is updating its Finance Handbook to include procedures ensuring receipts are deposited timely and accurate information is entered into the revenue system. Additional fiscal staff have been hired to support timely deposit of receipts. The Department is developing procedures to ensure reconciliations are performed between the Deposit Section and each division.

**STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024**

2024-038. **FINDING** (Required Reports Not Properly Completed)

The Department of Natural Resources (Department) did not ensure required reports were properly completed.

The Department did not accurately prepare the Annual Certification of Inventory (Certification) submitted to the Department of Central Management Services (DCMS). During testing of Certifications, we noted the following:

Fiscal Year 2023

- The Department reported the value of total inventory as \$108,994,466 instead of \$123,540,858 and the number of items of total inventory as 13,438 instead of 57,791.
- The Department reported an inventory discrepancy of \$90,409 instead of \$135,494 and the count of missing items as 25 instead of 160 items. In addition, the Department reported the value of total inventory of locations with discrepancies as \$4,061,070 instead of \$5,288,952 and the number of items of total inventory with discrepancies as 598 instead of 3,947. As a result, the Department reported erroneous discrepancy ratio of 0.2% for number of items instead of 0.3%. These discrepancies could trigger re-examination and a written explanation and/or onsite investigation from DCMS.

We noted the above discrepancies resulted from the exclusion of inventories with a value of less than \$1,000 that are highly susceptible to theft.

Fiscal Year 2024

- The Department reported the value of total inventory as \$106,736,045 instead of \$129,334,626 and the number of items of total inventory as 8,220 instead of 52,573.
- The Department reported an inventory discrepancy of \$90,409 instead of \$82,728 and the count of missing items as 8 instead of 58 items. In addition, the Department reported the value of total inventory of locations with discrepancies as \$2,646,525 instead of \$3,430,211 and the number of items of total inventory with discrepancies as 260 instead of 2,109. These discrepancies could trigger re-examination and a written explanation and/or onsite investigation from DCMS.

We noted the above discrepancies resulted from the exclusion of the inventories with a value of less than \$2,500 that are highly susceptible to theft.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-038. **FINDING** (Required Reports Not Properly Completed) (Continued)

The Illinois Administrative Code (44 Ill. Admin. Code 5010.490 (a) and (f)) requires the Department to report all discrepancies between the previous certificate of inventory certification and the current inventory to DCMS. The DCMS requires re-examination and written explanation, and/or on-site investigations for unusually large discrepancies.

Also, the Department's policies and procedures for property control require all items of equipment with the acquisition value of less than \$1,000, until December 2022, and \$2,500, effective January 2023, are not required to be reported to DCMS, except that all firearms, vehicles, antiques, and other items subject to theft must be reported regardless of acquisition cost.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department 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 to maintain accountability over the State's resources.

This finding was first reported in Fiscal Year 2020. In subsequent years, the Department has been unsuccessful in implementing appropriate procedures to ensure compliance with the reporting requirements.

Department personnel indicated the differences in the Certifications were due to equipment below the nominal value being tagged as high-theft in the system. Department personnel further indicated some equipment items are not considered high-theft but were tagged as such to meet other reporting requirements.

Failure to prepare an accurate Annual Inventory Certification may inhibit the oversight function of the State to regulate the accountability and control of the State-owned property. (Finding Code No. 2024-038, 2022-037, 2020-017)

RECOMMENDATION

We recommend the Department review the reporting requirements to ensure accurate information is reported on the Annual Inventory Certification.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department is updating its inventory in the Enterprise Resource Planning system to comply with reporting requirements. The Department will continue to review reporting requirements to ensure accurate and complete information is reported on the Annual Inventory Certification.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-039. **FINDING** (Failure to Comply with the Illinois Oil and Gas Act)

The Department of Natural Resources (Department) did not comply with the provisions of the Illinois Oil and Gas Act (Act).

During our testing, we noted the Department did not deposit one-half of the annual assessment fees collected for each well that is in temporary abandonment status into the Landowner Grant Program. The Department deposited the entire annual assessment fees in the Plugging and Restoration Fund.

The Act (225 ILCS 725/8e) requires the Department to assess and collect annual fees of \$100 per well for each well that is in temporary abandonment status. All annual fees collected shall be deposited as follows: (1) one-half of all such fees shall be placed in the Plugging and Restoration Fund; and (2) one-half of all such fees shall be placed in the Landowner Grant Program.

Department personnel indicated that noncompliance resulted from contradictory language in the Illinois Oil and Gas Act. Specifically, 225 ILCS 725/8e requires that one-half of all fees be allocated to the Plugging and Restoration Fund and one-half to the Landowner Grant Program. This provision conflicts with 225 ILCS 725/19.6(g), which mandates that expenditures for the Landowner Grant Program be paid from the Plugging and Restoration Fund. Additionally, Department personnel noted that noncompliance stemmed from the absence of a Landowner Grant Program fund established under the State Finance Act, 30 ILCS 105.

Failure to deposit the required fees into the Landowner Grant Program results in noncompliance with the Act. (Finding Code No. 2024-039)

RECOMMENDATION

We recommend the Department implement procedures to ensure one-half of the annual fees collected for wells in temporary abandonment status is deposited into the Landowner Grant Program or seek legislative remedy.

DEPARTMENT RESPONSE

The Department accepts the recommendation. The Department will seek a legislative remedy to resolve the contradictory language in the Illinois Oil and Gas Act.

STATE OF ILLINOIS
DEPARTMENT OF NATURAL RESOURCES
SCHEDULE OF FINDINGS - PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2024

A. **FINDING** (Inadequate Controls over the World Shooting and Recreational Complex's Operations)

During the prior examination, the Department of Natural Resources (Department) did not exercise adequate control over operations of its World Shooting and Recreational Complex (WSRC) in Sparta, Illinois.

During the current examination, our sample testing of the WSRC operations indicated the Department maintained adequate controls. (Finding Code No. 2022-004, 2020-005)

B. **FINDING** (Inadequate Controls over Contractual Agreements and Obligations)

During the prior examination, the Department did not exercise adequate controls over its contractual agreements and contract obligations.

During the current examination, our sample testing indicated the Department's internal controls over contracts had improved since the last examination. (Finding Code No. 2022-005, 2020-018, 2018-018)

C. **FINDING** (Failure to Comply with the Historical Sites Listing Act)

During the prior examination, the Department did not comply with the Historical Sites Listing Act (Act).

During the current examination, the Act was repealed and the Department was not required to comply with the Act. (Finding Code No. 2022-023, 2020-011, 2018-017)

D. **FINDING** (Weaknesses with Payment Card Industry Data Security Standards)

During the prior examination, the Department did not ensure compliance with the Payment Card Industry Data Security Standards (PCI DSS).

During the current examination, our testing indicated the Department improved its controls over credit card payments; hence, the exceptions identified were reported in the Department's Immaterial Letter. (Finding Code No. 2022-031, 2020-029, 2018-009, 2016-007)