ADELFIA LLC
Certified Public Accountants

State of Illinois
ILLINOIS EMERGENCY MANAGEMENT AGENCY
AND OFFICE OF HOMELAND SECURITY
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2025

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

STATE OF ILLINOIS
ILLINOIS EMERGENCY MANAGEMENT AGENCY
AND OFFICE OF HOMELAND SECURITY
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2025

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AGENCY OFFICIALS

Director (05/13/26 – Present)	Theodore Berger
Acting Director (05/15/25 – 05/12/26)	Theodore Berger
Interim Director (04/01/25 – 05/14/25)	Adnan Khayyat
Director (Through 03/31/25)	Alicia Tate-Nadeau
Chief of Staff (01/05/26 – Present)	Nicky Cortez
Chief of Staff (04/01/25 – 01/04/26)	Vacant
Acting Chief of Staff (04/01/24 – 03/31/25)	Adnan Khayyat
Chief of Staff (03/14/24 – 03/31/24)	Vacant
Chief of Staff (Through 03/13/24)	Karlo Flowers
Deputy Director of Emergency Management (08/16/23 – Present)	Clayton Kuetemeyer
Deputy Director of Emergency Management (Through 08/15/23)	Scott Swinford
Deputy Director of Nuclear Safety & Chief Nuclear Officer	Adnan Khayyat
Deputy Director of Homeland Security (07/28/25 – Present)	Beth Windisch
Deputy Director of Homeland Security (05/10/25 – 07/27/25)	Vacant
Deputy Director of Homeland Security (Through 05/09/25)	Claire Moravec
Chief Accountability Officer	MyongAe Kim
Chief Legal Counsel (11/15/25 – Present)	Louise Conway
Chief Legal Counsel (Through 11/14/25)	Douglas Dorando
Chief Fiscal Officer	Karl Pound
Chief Internal Auditor (06/16/24 – Present)	Candice Long
Acting Chief Internal Auditor, Temporary appointment (Through 06/15/24)	Jane Hewitt
Chief Information Officer (DoIT) (12/01/24 – Present)	Bill Goldsberry
Chief Information Officer (DoIT) (03/30/24 – 11/30/24)	Vacant
Chief Information Officer (DoIT) (02/16/24 – 03/29/24)	Arba Houlden
Chief Information Officer (DoIT) (08/16/23 – 02/15/24)	Vacant
Chief Information Officer (DoIT) (Through 08/15/23)	Pedro Guzman

AGENCY OFFICES

The Agency’s executive offices are located at:

69 West Washington Street	2200 S. Dirksen Parkway	4800 W. Wabash
Chicago, Illinois 60602	Springfield, Illinois 62703	Springfield, Illinois 62711

IEMA-OHS

ILLINOIS EMERGENCY MANAGEMENT AGENCY
AND OFFICE OF HOMELAND SECURITY

JB Pritzker
Governor

Theodore (Ted) Berger
Director

MANAGEMENT ASSERTION LETTER

June 23, 2026

Adelfia LLC
Certified Public Accountants
400 E. Randolph Street, Suite 700
Chicago, Illinois 60601

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Illinois Emergency Management Agency and Office of Homeland Security (Agency). 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 Agency's compliance with the following specified requirements during the two-year period ended June 30, 2025. Based on this evaluation, we assert that during the years ended June 30, 2024, and June 30, 2025, the Agency has materially complied with the specified requirements listed below.

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

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iemaohs.illinois.gov | ready.illinois.gov

Yours truly,

State of Illinois, Emergency Management Agency and Office of Homeland Security

SIGNED ORIGINAL ON FILE

Theodore Berger
Director

SIGNED ORIGINAL ON FILE

Karl Pound
Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Louise Conway
Chief Legal Counsel

STATE OF ILLINOIS
ILLINOIS EMERGENCY MANAGEMENT AGENCY
AND OFFICE OF HOMELAND SECURITY
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2025

STATE COMPLIANCE REPORT

SUMMARY

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide.*

ACCOUNTANT'S REPORT

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

SUMMARY OF FINDINGS

Number of	Current Report	Prior Report
Findings	18	10
Repeated Findings	8	6
Prior Recommendations Implemented or Not Repeated	2	4

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Reported	Description	Finding Type
			Current Findings	
2025-001	11	2023/2019	Inadequate Controls over Receipts and Accounts Receivable	Material Weakness and Material Noncompliance
2025-002	17	2023/2023	Voucher Processing Weakness	Material Weakness and Material Noncompliance
2025-003	19	New	Inadequate Controls over Motor Vehicles	Material Weakness and Material Noncompliance
2025-004	22	2023/2023	Inadequate Controls over Information Technology Disaster Recovery	Material Weakness and Material Noncompliance
2025-005	24	2023/2021	Inadequate Controls over the Review of Internal Controls over Service Providers	Material Weakness and Material Noncompliance

SCHEDULE OF FINDINGS (Continued)

Item No.	Page	Last/First Reported	Description	Finding Type
			Current Findings (Continued)	
2025-006	27	New	Inadequate Controls over Initiating and Monitoring of Grants	Significant Deficiency and Noncompliance
2025-007	29	2023/2021	Property Control Weaknesses	Significant Deficiency and Noncompliance
2025-008	32	2023/2021	Inadequate Controls over Internal Audit	Significant Deficiency and Noncompliance
2025-009	35	2023/2023	Inadequate Controls over Commodities Inventory Valuations and Recordkeeping	Significant Deficiency and Noncompliance
2025-010	37	New	Untimely and Incomplete Reporting of Subscription-Based IT Arrangements	Significant Deficiency and Noncompliance
2025-011	39	New	Inadequate Controls over Reporting Requirements	Significant Deficiency and Noncompliance
2025-012	42	New	Inadequate Controls over Performance Evaluations	Significant Deficiency and Noncompliance
2025-013	44	New	Inadequate Controls over Employee Timekeeping	Significant Deficiency and Noncompliance
2025-014	46	New	Inadequate Controls over the Access and Functional Needs Advisory Committee	Significant Deficiency and Noncompliance
2025-015	48	New	Inadequate Controls over Agency Workforce Reporting	Significant Deficiency and Noncompliance
2025-016	50	2023/2021	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance

SCHEDULE OF FINDINGS (Continued)

Item No.	Page	Last/First Reported	Description	Finding Type
			Current Findings (Continued)	
2025-017	53	New	Weaknesses in Access Control	Significant Deficiency and Noncompliance
2025-018	55	New	Weaknesses in Change Control	Significant Deficiency and Noncompliance
			Prior Findings Not Repeated	
A	57	2023/2021	Noncompliance with Lease Reporting Requirements	
B	57	2023/2023	Inadequate Controls over Census Reconciliation	

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on June 18, 2026.

Attending were:

Illinois Emergency Management Agency and Office of Homeland Security
Theodore D. Berger, Director
Adnan Khayyat, Deputy Director of Nuclear Safety & Chief Nuclear Officer
Nicky Cortez, Chief of Staff
Karl Pound, Chief Fiscal Officer
Christa Bull, Accounting Compliance Officer
Laura Caballero, Accounts Payable Manager
Brice Magowan, Accounts Receivable Manager
Candice Long, Chief Internal Auditor
Louise Conway, Chief Legal Counsel
Douglas Dorando, Deputy Legal Counsel
Corinne Mayfield, Records Management Officer
Michelle Woods, Chief Human Resources Officer
Bonnie Williams, Employee Services Manager
Michael McCue, Chief of Logistics
Sean Hynes, Fleet and Property Accountability Manager
Gary Forsee, Radioactive Materials Division Chief
Haley Williams, Public Information Officer
Victor Zepeda, Legislative Liaison
Christopher Dodd, Operations Division Chief
Bob Evans, Preparedness and Grant Administration Chief

Office of the Auditor General
Stephanie Wildhaber, Senior Audit Manager

Adelfia LLC
Stella Santos, Managing Partner
Ana Ausan, Partner
Allan Salumbides, Audit Manager
Karmela Marquez, Audit Senior

The responses to these recommendations were provided by Candice Long, Chief Internal Auditor, in a correspondence dated June 23, 2026.

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Christopher B. Meister
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, Illinois Emergency Management Agency and Office of Homeland Security (Agency) 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, 2025. Management of the Agency is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination.

The specified requirements are:

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

Our examination disclosed material noncompliance with the following specified requirements applicable to the Agency during the two years ended June 30, 2025. As described in the accompanying Schedule of Findings as items 2025-002 and 2025-003, the Agency had not 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. As described in the accompanying Schedule of Findings as items 2025-002 and 2025-003, the Agency 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 2025-001 through 2025-005, the Agency 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 2025-001, the Agency had not ensured the State revenues and receipts collected by the Agency 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.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Agency complied with the specified requirements during the two years ended June 30, 2025, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2025-006 through 2025-018.

The Agency's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Agency'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 Agency 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 Agency's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Agency's compliance with the specified requirements and to test and report on the Agency's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 2025-001 through 2025-005 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 2025-006 through 2025-018 to be significant deficiencies.

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

The Agency's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Agency'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 23, 2026

2025-001 **FINDING** (Inadequate Controls over Receipts and Accounts Receivables)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) did not exercise adequate controls over its receipts and refunds processing and accounts receivable reporting.

Inadequate Controls over Receipt Processing

Our review identified deficiencies in the accuracy of Enterprise Resource Planning (ERP) system data entry and untimely deposits of State receipts.

Due to our ability to rely upon the processing integrity of the ERP operated by the Department of Innovation and Technology (DoIT), we were able to limit our receipt testing at the Agency to determine whether certain key attributes were properly entered by the Agency's staff into the ERP. In order to determine the operating effectiveness of the Agency's internal controls related to receipt processing, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the ERP system based on supporting documentation. The attributes tested were (1) amount, (2) fund being deposited into, (3) date of receipt, (4) date deposited, and (5) SAMS Source Code. Our testing noted 1 of 140 (1%) attributes (date of receipt) was entered incorrectly.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires the Agency to maintain a detailed record of all moneys received, which is to include date of receipt, the payor, purpose and amount, and the date and manner of disbursement.

Even given the limitation noted above, we conducted an analysis of the Agency's receipts data for Fiscal Years 2024 and 2025 to determine compliance with the Act. We noted the following:

- Three of 49,926 receipts (0.01%) lacked documentation of the payment receipt dates.
- Sixty-nine of 49,926 receipts (0.14%) reflected deposit dates earlier than receipt dates.
- Eighteen of 49,926 receipts (0.04%) had incorrect receipt dates entered.

These inaccuracies diminish the reliability of ERP data and hinder the Agency's ability to demonstrate compliance with statutory deposit timelines.

2025-001 **FINDING** (Inadequate Controls over Receipts and Accounts Receivables) (Continued)

Further analysis of Fiscal Years 2024 and 2025 receipt data determined the Agency did not comply with statutory deposit timeframes:

- Thirty-six of 45 receipts of $10,000 or more (80%) were not deposited on the day received.
- Twenty-three of 55 receipts exceeding $500 but less than $10,000 (42%) were not deposited within 48 hours.
- Ten of 692 receipts under $500 (1%) were not deposited on the 1st or 15th of the month, whichever was earlier.
- Twenty-six of 49,134 receipts with approved deposit extensions (0.05%) were not deposited within the required 7 or 14 day timeframe.

The Act (30 ILCS 230/2(a)) requires the Agency 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.

The Act (30 ILCS 230/2(b)) provides for the establishment of different time periods for the payment of public funds into the State treasury or to the State Treasurer, in excess of the periods established in Section 2(a) by rules or regulations promulgated jointly by the State Treasurer and the State Comptroller in accordance with the Illinois Administrative Procedure Act. Consequently, the Illinois Administrative Code (Code) (74 Ill. Admin. Code 700.20) provides any State agency subject to the provisions of Section 2(a) of the Act may request an extension of the deposit period for the payment of funds into the State treasury or to the State Treasurer. During the examination period, the Agency was granted by the State Comptroller and State Treasurer a 7-day deposit period, until January 12, 2024, and 14-day deposit period, from January 13, 2024 to June 30, 2025, for payments into the Funds related to the above receipt transaction exceptions.

Inaccurate Accounts Receivable Reporting

The Statewide Accounting Management System (SAMS) Manual (Procedure 26.30.10) and the Illinois State Collection Act of 1986 (30 ILCS 210/2) require the Agency to file quarterly receivable information with the Office of Comptroller by completing a *Quarterly Summary of Accounts Receivable – Accounts Receivable Activity* (Form C-97), *Quarterly Summary of Accounts Receivable – Aging of Total Gross Receivables* (Form C-98), and *Quarterly Summary of Accounts Receivable – External Collections Activity for Accounts Over 180 Days Past Due* (Form C-99).

2025-001 **FINDING** (Inadequate Controls over Receipts and Accounts Receivables) (Continued)

We performed detailed accounts receivable testing on the following funds: the Radiation Protection Fund (067), the Nuclear Safety Emergency Preparedness Fund (796), and the Low-Level Radioactive Waste Facility Development and Operation Fund (942).

During our testing of the accounts receivable reports, we noted that for 2 of 8 (25%) quarters tested, the past due receivables over 180 days per Form C-98 did not agree with the Form C-99. The amount reported for "Total of Past Due Accounts over 180 Days" on the Form C-99 did not agree to the amount reported for "Over 180 Days" on the corresponding Form C-98. Differences ranged from understatements of $127,000 to $143,000.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Agency to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall 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. Good internal controls require due care be used in preparing the accounts receivable reports submitted to the Comptroller to ensure forms are accurately completed.

Inadequate Controls over Delinquent Debts and Record Maintenance

During our testing of accounts receivable, we noted:

- Fifteen (38%) of 40 accounts receivable with balances greater than $250 and more than 90 days past due, were not posted into the Comptroller's Illinois Debt Recovery Offset Portal (IDROP) System, as required.
- Eighteen (45%) of 40 accounts receivable which were over a year past due, were not referred to the Illinois Department of Revenue's (IDOR) Debt Collection Bureau.
- Five (13%) of 40 accounts receivable with balances of less than $1,000 and over a year past due were not certified as uncollectible by the Agency.
- Thirteen (33%) of 40 accounts receivable with balances greater than or equal to $1,000 and over a year past due, were not referred to and certified as uncollectible by the Attorney General.

2025-001 **FINDING** (Inadequate Controls over Receipts and Accounts Receivables) (Continued)

- Four (10%) of 40 accounts receivable where fees were issued in error or were already paid were not removed from the receivable balance.

The SAMS Manual (Procedure 26.40.20) requires the Agency to place all its debts over $250 and more than 90 days past due in the IDROP system.

The Illinois State Collection Act of 1986 (30 ILCS 210/5(g)) and Code (74 Ill. Admin. Code 1200.60) require the Agency to refer all debt due to the State satisfying the requirements for referral to the IDOR's Debt Collection Bureau.

The Uncollected State Claims Act (30 ILCS 205/2) states that when any State agency is unable to collect any claim or account receivable of $1,000 or more after having undertaken all reasonable and appropriate procedures available to the agency to effectuate collection, the State agency shall request the Attorney General to certify the claim or account receivable to be uncollectible. Claims or accounts receivable of less than $1,000 may be certified as uncollectible by the agency when the agency determines that further collection efforts are not in the best economic interest of the State.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Agency to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues 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. Lastly, a good system of internal control includes ensuring receivables are properly and accurately recorded and maintained by the Agency.

This finding was first noted during the examination for the two years ended June 30, 2019. While the Agency officials reported taking steps to implement corrective actions, exceptions still persist into the current examination period. In addition, the Agency's management team remains responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Agency officials indicated the exceptions resulted from staffing shortages, turnover in key fiscal roles, and limited cross-training, which affected workflow continuity. In addition, competing operational priorities and outdated procedures reduced the Agency's ability to perform timely reviews and maintain consistent compliance across all receipt and accounts receivable processes.

2025-001 **FINDING** (Inadequate Controls over Receipts and Accounts Receivables) (Continued)

Weak internal controls over receipts, reporting, and accounts receivable increase the risk of revenue loss, theft, and misstated financial information, and result in noncompliance with State laws, rules, and SAMS requirements. Inaccurate or untimely receipt entry and deposit processing reduce the reliability of financial data, hinder monitoring of statutory timelines, and may delay the availability of State funds. Inadequate receivable reporting and collection practices, including untimely referrals, missing certifications, and failure to remove erroneous receivables, delay recovery efforts, may lead to uncollectible accounts, and diminish accountability over State resources. (Finding Code No. 2025-001, 2023-001, 2021-002, 2019-002)

RECOMMENDATION

We recommend the Agency:

- Improve receipt processing and deposit compliance by ensuring accurate ERP entry, complete documentation, and timely deposits.
- Ensure timely, accurate reporting by reconciling Agency reports to Comptroller records.
- Enhance receivable management by timely posting, referral, certification, and routine monitoring of aging and collections.

AGENCY RESPONSE

The Agency accepts the findings and recommendations.

As noted in the auditor's analysis of receipts processing, the error rate identified in ERP was less than 1% as noted below. Analysis of Agency's receipts:

- 1 of 140 = 0.007 = 0.7% date entered incorrectly
- 3 of 49,926 = 0.00006 = 0.006% lacked documentation of receipt date
- 69 of 49,426 = 0.001396 = 0.14% deposit dates earlier than receipt date
- 18 of 49,426 = 0.00036 = 0.04% incorrect receipt dates

The Agency aspires to achieve 100% accuracy and will continue to monitor controls and processes to reduce or eliminate human errors and will continue to prioritize staffing when the area experiences unanticipated turnover.

2025-001 **FINDING** (Inadequate Controls over Receipts and Accounts Receivables) (Continued)

In regard to deposit timeliness and accounts receivable reporting, the Agency acknowledges that prior to September 16, 2024, the Accounts Receivable Section was understaffed as a section of two, and one of these two positions was vacant. Since that time, steps have been taken to increase staffing, including adding two additional headcount; one being a dedicated manager for that section, bringing the current hired total to three.

Since the employment of the Accounts Receivable Manager, several new initiatives have been added, including a formal review process for daily deposits and reporting for accuracy, timeliness, and security initiatives. The Agency is in the process of modernizing systems and is incorporating additional electronic payment methods through JetPay/ePay and plans to introduce those options to all programs regulated by the Agency. This will help reduce the noncompliance with deposit deadlines. The Agency has sought additional deposit extensions in lieu of adding additional staff and will continue to monitor ways to implement efficiency initiatives to increase accuracy and timeliness.

To increase timeliness of collections, referrals to the Office of Legal Counsel (OLC), certification, and routine monitoring of aging and collections, the Fiscal and Legal teams have implemented a new process for the annual billing schedule to ensure past due accounts and their collection stages are better documented and tracked with additional details for audit purposes. In addition, OLC has added additional staff with the responsibility to collect delinquent accounts in order to be more efficient and timely while going through the legal process once the accounts have been referred for legal action.

2025-002 **FINDING** (Voucher Processing Weakness)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) did not timely submit its vouchers for payment to the Comptroller's Office 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 Agency to determine whether certain key attributes were properly entered by the Agency's staff into ERP. In order to determine the operating effectiveness of the Agency's internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's ERP 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 Agency's expenditures data for Fiscal Years 2024 and 2025 and noted the following:

- The Agency owed one vendor interest totaling $8 in Fiscal Year 2024; however, the Agency had not approved this voucher for payment to the vendor.

The State Prompt Payment Act (Act) (30 ILCS 540/3-2(1.05)) requires agencies to pay vendors who had not been paid within 90 days of receipt of a proper bill or invoice interest.

- The Agency did not timely approve 2,247 of 11,683 (19%) vouchers processed during the examination period, totaling $7,818,688. We noted these vouchers were approved between 31 and 302 days after receipt of a proper bill or other obligating document.

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

Agency officials indicated these issues occurred primarily due to significant staffing shortages and high turnover in the Accounts Payable section, resulting in delays in voucher processing and interest approvals. Additionally, new staff lacked experience with ERP processes, including auto-generated Prompt Payment Interest vouchers, leading to missed approvals.

2025-002 **FINDING** (Voucher Processing Weakness) (Continued)

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. 2025-002, 2023-007)

RECOMMENDATION

We recommend the Agency:

- Implement monitoring controls to ensure timely voucher approval and interest payment processing.
- Assess staffing needs and provide training to strengthen compliance with voucher processing requirements.

AGENCY RESPONSE

The Agency accepts the finding and recommendations. The Agency acknowledges we have had staffing turnover in the Accounts Payable Division that affected our timely processing of vouchers. During Fiscal Year 2024, the Accounts Payable Division added two additional account tech positions. The Accounts Payable team has initiated cross-training to eliminate staffing deficiencies. These efforts will improve accuracy, efficiency, and timeliness in the vouchering process.

As noted in the auditors’ analysis of Agency expenditures, one interest payment of $8 (1 of 2,247 (0.04%) of untimely approved vouchers) in Fiscal Year 2024 was not processed by the Agency. No issues for interest payments were noted for Fiscal Year 2025.

2025-003 **FINDING** (Inadequate Controls over Motor Vehicles)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) did not maintain adequate controls over its motor vehicles.

Inaccurate and Incomplete Vehicle Inventory Records

During our testing, we identified inaccuracies in the Agency's vehicle inventory records. We noted the following:

- The beginning mileage for fifty-five vehicles in Fiscal Year 2025 did not match Fiscal Year 2024 ending mileage.
- Six vehicles were included on the Fiscal Year 2025 listing but missing from the Fiscal Year 2024 listing.
- Two vehicles were removed from the Fiscal Year 2025 listing without documentation of surplus, transfer, or disposal.

Professional standards require sufficient and appropriate evidence to support the completeness and accuracy of populations used for testing under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36). Additionally, State agencies must maintain accurate fixed asset and fleet records to demonstrate stewardship and ensure compliance with Department of Central Management Services (CMS) fleet governance requirements.

Due to these conditions, we were unable to conclude the Agency's vehicle population was complete and accurate. Notwithstanding this limitation, we proceeded with testing of available maintenance and driver certification records.

Untimely Vehicle Maintenance

During our review of maintenance records for nine vehicles, we noted the following:

- Eight (89%) vehicles had their routine oil changes performed 275 to 11,784 miles beyond the allowed interval.
- Two (22%) vehicles had their tire rotations performed beyond the allowed interval.
- One (11%) vehicle did not undergo the required annual inspection during Fiscal Year 2024.

2025-003 **FINDING** (Inadequate Controls over Motor Vehicles) (Continued)

The CMS Vehicle Usage Program (Program) requires vehicle oil changes every 3,000 miles or 12 months (whichever is earlier) for vehicles 10 years and older, and every 5,000 miles or 12 months (whichever is earlier) for vehicles 9 years and newer until June 30, 2024. Effective July 1, 2024, the CMS issued the Maintenance and Repair Program which requires vehicle oil change every 5,000 miles or 12 months (whichever is earlier). Additionally, the Program requires tire rotations on all passenger vehicles every second oil change, and inspection annually.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5040.410) requires the Agency to have vehicles inspected by CMS or an authorized vendor at least once per year or as required by law and to maintain vehicles in accordance with the schedules provided by CMS or with other schedules acceptable to CMS that provide for proper care and maintenance of special use vehicles.

Untimely or Missing Licensure and Insurance Certifications

During our testing of nine individually assigned vehicles, we noted:

- Two (22%) did not submit the required annual licensure and insurance certifications (certifications) in Fiscal Year 2024.
- One (11%) did not submit the required certification in Fiscal Year 2025.
- Two (22%) did not timely submit their certifications for Fiscal Years 2024 and 2025. Days delayed ranged from 1 to 15 days.

Additionally, during our testing of five vehicles allowed for personal use, we noted:

- Two (40%) did not submit the required certifications in Fiscal Year 2024.
- Five (100%) did not timely submit their certifications for Fiscal Year 2025. Days delayed ranged from 6 to 27 days.

The Illinois Vehicle Code (625 ILCS 5/7-601(c)) requires employees assigned a specific State vehicle on an ongoing basis to provide annual certification to the Director of the Agency affirming the employee is duly licensed to drive the assigned vehicle and the employee has liability insurance coverage extending to the employee when the assigned vehicle is used for other than official State business. The certification shall be provided during the period July 1 through July 31 of each calendar year or within 30 days of any new assignment of a vehicle, whichever is later.

2025-003 **FINDING** (Inadequate Controls over Motor Vehicles) (Continued)

Failure to Submit Required CMS Individually Assigned Vehicle Reports

The Agency did not submit the annual Individually Assigned Vehicles reports to CMS for both Fiscal Years 2023 and 2024, due in Fiscal Years 2024 and 2025, respectively.

The Code (44 Ill. Admin. Code 5040.340) requires the Agency to report to CMS annually and when changes occur, the name of each employee assigned a vehicle, the equipment number and license plate number of the assigned vehicle, employee's headquarters and residence, and any additional information requested by CMS.

Agency officials indicated the exceptions were due to employee oversight and staff shortages, and noted the Fleet Management Section did not have control over the system used to collect the required driver certifications.

Failure to maintain accurate vehicle inventory records increases the risk of asset mismanagement and undermines accountability over State-owned equipment. Failure to adequately maintain vehicles may cost the State significant amounts in future years through additional repair bills and shortened useful lives for vehicles. Further, failure to timely obtain each driver's certifications could expose the Agency to unnecessary litigation risks. Finally, failure to submit the annual individually assigned vehicles report, timely receive the certifications, and timely perform maintenance of vehicles is considered noncompliance with State laws and regulations. (Finding Code No. 2025-003)

RECOMMENDATION

We recommend the Agency strengthen controls over its motor vehicles to ensure vehicle records, maintenance, driver certifications, and CMS reporting are complete, accurate, timely, and fully compliant with applicable laws and requirements.

AGENCY RESPONSE

The Agency agrees with this finding and recommendation. Since the examination period, the Agency has hired both a Fleet Manager and a Fleet & Property Accountability Manager. These two positions have the responsibility of overseeing the Agency's fleet to ensure adequate control over the motor vehicles. Their duties include ensuring better tracking and compliance with routine maintenance schedules and providing additional training to new drivers and vehicle custodians to ensure complete, accurate, timely, and compliant reporting and tracking.

2025-004 **FINDING** (Inadequate Controls over Information Technology Disaster Recovery)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) did not have adequate control over disaster recovery.

The Agency relies on Information Technology (IT) to carry out its mission of assisting in the event of an emergency. During our testing of the Agency's controls over disaster recovery, we noted:

- Detailed recovery scripts had not been developed.
- Recovery categorization of its applications had not been conducted.

Additionally, the Agency did not conduct recovery testing for all its applications and data during the examination period.

The *Contingency Planning Guide for Federal Information Systems* (Special Publication 800-34, First Revision) published by the National Institute of Standards and Technology requires entities to conduct disaster recovery testing, categorize their applications in recovery order, and maintain detailed recovery scripts.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Agency to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

Agency officials indicated the weaknesses were due to competing priorities and lack of resources.

Without adequate disaster recovery controls, the Agency may not be able to timely recover its environment, applications, and data. (Finding Code No. 2025-004, 2023-008)

RECOMMENDATION

We recommend the Agency:

- Develop detailed recovery scripts.
- Conduct recovery categorization of its applications.
- Conduct recovery testing for all its applications and data.

2025-004 **FINDING** (Inadequate Controls over Information Technology Disaster Recovery) (Continued)

AGENCY RESPONSE

The Agency agrees with the finding and recommendations. Currently, a Statement of Work has been completed and interviews are in process to utilize consultants to create Information System Contingency Plan and disaster recovery plans for each application.

2025-005 **FINDING** (Inadequate Controls over the Review of Internal Control over Service Providers)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) did not obtain or conduct timely independent internal control reviews over its service providers.

We requested the Agency to provide the population of service providers utilized to determine if it had reviewed the internal controls over its service providers. In response to our request, the Agency identified 11 service providers for various Software as a Service and Commercial off-the-shelf products during the examination period.

Upon review of 11 service providers, we noted that the Agency did not:

- Obtain System and Organization Control (SOC) reports from 8 (73%) service providers.
- Perform a review of the SOC reports for all 11 service providers during the examination period.
- Ensure the service providers' agreements documented roles and responsibilities and requirements to ensure the security, integrity, availability, confidentiality, and privacy controls over the Agency's applications and data for 4 (36%) service providers.
- Ensure the service providers' agreements documented the requirement of an independent examination of their internal controls for 9 (82%) service providers.
- Provide documentation of contracts or agreement with the service providers for the period July 1, 2023 to June 30, 2025 for 2 (18%) service providers.

Finally, this was first noted during the Agency’s State compliance examination for the two years ended June 30, 2021. As such, Agency management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Agency 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. It also requires the Agency to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources, obligations, and costs are in compliance with applicable laws, rules, and agreements.

2025-005 **FINDING** (Inadequate Controls over the Review of Internal Control over Service Providers) (Continued)

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, Maintenance and System and Service Acquisition sections, requires entities outsourcing their Information Technology environment or operations to obtain assurance over the entities' internal controls related to the services provided. Such assurance may be obtained via SOC reports or independent reviews.

The Illinois Intergovernmental Cooperation Act (5 ILCS 220/5) states that an agency may contract with another agency to transfer authority or privileges, provided that the contract is approved by both agencies. Such contract shall set forth fully the purposes, powers, rights, objectives, and responsibilities of the contracting parties.

In addition, Agency management is responsible for implementing timely and adequate corrective action on all of the findings identified during a State compliance examination.

Agency officials indicated the weaknesses were due to competing priorities and lack of resources to establish adequate policies and procedures to ensure and require business application owners to obtain and review SOC reports or internal controls over the service providers.

Without having adequate controls over service providers, including proper documentation and timely request, review, and consideration of SOC reports, Complementary User Entity Controls, and reported control deviations or another form of independent internal control review, the Agency does not have assurance the service providers' internal controls are adequate to support the Agency's processes and ensure its data is secured. (Finding Code No. 2025-005, 2023-010, 2021-009)

RECOMMENDATION

We recommend the Agency implement controls to:

- Obtain SOC reports from all identified service providers and perform a review of the SOC reports to determine the impact that noted deviations would have on its internal control environment.
- Enter into an agreement with all identified service providers documenting the roles and responsibilities, and requirements to ensure the security, integrity, availability, confidentiality, and privacy controls over the Agency's applications and data, and the requirement of an independent examination of their internal controls.

2025-005 **FINDING** (Inadequate Controls over the Review of Internal Control over Service Providers) (Continued)

AGENCY RESPONSE

The Agency agrees with the findings and recommendations. A priority of the Agency is to hire and identify staff that will assume responsibility for collecting, tracking, and ensuring reports are reviewed annually. Agency staff is working with its assigned Department of Innovation and Technology (DoIT) Chief Information Officer and the DoIT Governance Risk and Compliance to receive training on completing SOC reviews.

The Agency has procedures in place which ensure security and privacy requirements are included in new and renewing vendor agreements.

2025-006 **FINDING** (Inadequate Controls over Initiating and Monitoring Grants)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) did not exercise adequate controls over initiating and monitoring grant agreements.

We selected a sample of four of the Agency's State grant programs active during Fiscal Years 2024 and 2025 to test. These programs collectively resulted in 25 grant agreements between the Agency and various entities. During our testing, we noted the following:

- For 25 of 25 (100%) grant agreements tested, the agreements were signed after the start of the grant period, with delays ranging from 12 through 361 days.

- For 10 of 25 (40%) grant agreements tested, the subrecipients failed to submit the quarterly claims reimbursement forms required for reporting within the timeframes outlined in the agreements.

The Grant Accountability and Transparency Act (30 ILCS 708/45(g)) requires the Agency to enhance its processes to monitor and address noncompliance with reporting requirements and with program performance standards. Where applicable, the process may include a corrective action plan. The monitoring process shall include a plan for tracking and documenting performance-based contracting decisions.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Agency to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are used efficiently, effectively, and in compliance with applicable law. In addition, good business practices require the Agency and its grantees to sign grant agreements prior to the beginning of the grant period covered by the agreement.

Agency officials indicated these exceptions were due to delays in getting authorized and approved funding. In regard to monitoring, the Agency is dependent on the subrecipients to meet filing deadlines.

Failure to execute grant agreements before the start of the grant period and enforce timely submission of required documentation increases the risk of improper use of grant funds and noncompliance with statutory requirements. (Finding Code No. 2025-006)

2025-006 **FINDING** (Inadequate Controls over Initiating and Monitoring Grants) (Continued)

RECOMMENDATION

We recommend the Agency strengthen internal controls to ensure:

- Grant agreements are executed prior to the start of the grant period.
- Required reports are submitted timely by subrecipients and monitored in accordance with grant terms.
- Corrective action plans are implemented for noncompliance with reporting requirements.

AGENCY RESPONSE

The Agency accepts this finding and recommendations. The Agency will review the process and look at options for improvement. The Agency does not issue grant funding until grant agreements are signed and reimbursement claims are received and reviewed for accuracy.

The Agency monitors timely reporting by using the combined reimbursement and reporting method in the State's grants management system to adequately control sub-award recipients who do not comply with reporting requirements in a timely manner. The Agency withholds reimbursement pending compliance. This control allows the Agency to shift the financial risk of non-compliance with grant terms entirely onto the sub-award recipient. The Agency may also suspend or terminate a sub-recipient's grant award for persistent non-compliance. The Agency monitors compliance continuously throughout the sub-award period of performance, and resource limitations do not prohibit the Agency from enforcing compliance because of the methods, policies, and procedures enacted.

2025-007 **FINDING** (Property Control Weaknesses)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) did not exercise adequate controls over State property to ensure completeness of property records and accurate and timely reporting to the Office of Comptroller (Comptroller).

- During our testing of the Discrepancy Reports (DR) submitted by the Agency to the Department of Central Management Services (CMS) during Fiscal Years 2024 and 2025, we noted the following:
    - The Fiscal Year 2024 DR included 10 missing items, totaling $10,557, which were first reported as missing in Fiscal Year 2022 and remained on the Agency's asset inventory as of June 30, 2024.
    - The Fiscal Year 2025 DR included 11 missing items totaling $10,639, which were first reported as missing in Fiscal Year 2023 and remained on the Agency's asset inventory as of June 30, 2025.
    - The Fiscal Year 2025 DR included 12 missing items totaling $12,107, which were first reported missing in Fiscal Year 2022 and remained on the Agency's asset inventory as of June 30, 2025.

  The Agency did not remove items that exceeded this two-year period and continued to carry them on its inventory listing.

  In addition, we noted the Fiscal Year 2025 DR for the Rochelle warehouse was not submitted to CMS.

  The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.490) requires the Agency to report all discrepancies to CMS. The Agency is allowed a reasonable time for searches for overlooked items in order to resolve discrepancies. In accordance with the Agency's Deletion Procedures, the Agency has two years from the date an item is first reported missing to locate the item. If the item cannot be located within that period, the Agency must remove the item from its inventory and submit the required documentation to CMS for approval.

  The Code (44 Ill. Admin. Code 5010.460) requires the Agency to make an annual physical inventory of State equipment in its possession. When an agency completes its inventory, the agency head or his or her designee shall complete and sign the "Certification of Inventory" and DR and forward the completed certificate, with a complete inventory listing, including a listing of all vehicles, to CMS.

2025-007 **FINDING** (Property Control Weaknesses) (Continued)

The State Records Act (5 ILCS 160/8) requires the Director of the Agency to make and preserve records containing adequate and proper documentation of essential transactions of the Agency.

- During our testing of 40 equipment additions, we noted the following:

  - For one (3%) asset addition amounting to $28,239, the transaction was not recorded in the property records within 90 days after acquisition.

  - For three (8%) asset additions totaling $30,671, the freight and handling charges totaling $96 were not included in the asset value.

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

  The Statewide Accounting Management System (SAMS) Manual (Procedure 03.30.20) states that basic cost of equipment includes all costs necessary to acquire the asset and place it into service, such as freight charges, in transit insurance, applicable taxes, special foundations or bases, assembly, installation, testing costs, and the net invoice cost.

- During our testing of high-theft assets, we noted 29 radio equipment items were not tagged as high-theft equipment in the Agency's asset inventory.

  The Code (44 Ill. Admin Code 5010.210) states that agencies are responsible for adopting policies clearly delineating categories of equipment considered to be subject to theft. Further, the Agency's High Theft Equipment Policy includes specialized equipment such as radios as high theft.

This finding was first noted during the examination for the two years ended June 30, 2021. While the Agency officials reported taking steps to implement corrective actions, exceptions still persist into the current examination period. In addition, the Agency's management team remains responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Agency officials indicated these issues occurred due to system errors and employee oversight in generating location-specific reports, combined with staffing shortages and lack of experience in property control processes. Additional errors were caused by delays in updating records for transferred or repurposed assets and incomplete application of valuation and tagging requirements.

2025-007 **FINDING** (Property Control Weaknesses) (Continued)

Failure to exercise adequate internal controls over State property may result in inaccurate property control records that increase the risk of misstatement in financial reporting, heightened risk of fraud, loss, or theft of State assets, and noncompliance with the Code, the Act, SAMS requirements, and Agency policies. (Finding Code No. 2025-007, 2023-002, 2021-003)

RECOMMENDATION

We recommend the Agency:

- Strengthen internal controls and monitoring procedures to ensure timely and accurate property record updates, including valuation adjustments and tagging of high-theft assets.
- Provide training and allocate sufficient resources to property control staff to ensure compliance with State requirements.

AGENCY RESPONSE

The Agency agrees with the finding and recommendations. The Agency has taken steps to address these issues, including hiring a dedicated Property Manager and a Fleet & Property Accountability Manager, who, in addition to standardizing the Agency's property inventory, are implementing additional staff training on the tracking and entries for asset transactions.

2025-008 **FINDING** (Inadequate Controls over Internal Audit)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) did not comply with the Fiscal Control and Internal Auditing Act (Act).

During our testing, we noted the following:

- The Agency did not maintain a full-time internal audit function. The Agency only had one full-time internal audit staff for 12 of 24 months (from June 16, 2024 to June 30, 2025) during the examination period. The Agency also identified lack of staffing in its internal audit function as a material weakness in its Fiscal Year 2025 Fiscal Control and Internal Auditing Act certification.

  The Act (30 ILCS 10/2001(a)) requires each designated State Agency to maintain a full-time program of internal auditing.

- The Agency did not perform any internal audits on receipts during Fiscal Years 2024 and 2025.

  The Act (30 ILCS 10/2003) requires the Director of the Agency to ensure that the internal auditing program includes audits of major systems of internal accounting and administrative control conducted on a periodic basis so that all major systems are reviewed at least once every 2 years. Such audits must include testing of the obligation, expenditure, receipt, and use of public funds of the State and of funds held in trust to determine whether those activities are in accordance with applicable laws and regulations.

- The internal audit function had not undergone its required external assessment within the past 10 years. The external assessment was due to be completed by March 6, 2020.

  Section 1312 of the International Standards for the Professional Practice of Internal Auditing and Section 8.4 of the Institute of Internal Auditors' Global Internal Auditing Standards require external assessments to be conducted at least every five years by a qualified, independent assessor or assessment team from outside the organization.

- The internal audit function did not audit the Public Sector Collection and Disbursements module of the State's Enterprise Resource Planning System prior to its implementation in December 2023 and March 2024. In addition, the Agency was unable to provide the report for the pre-implementation review of the EMGrants Audit System during Fiscal Year 2024.

2025-008 **FINDING** (Inadequate Controls over Internal Audit) (Continued)

> The Act (30 ILCS 10/2003) requires the Agency to conduct reviews over the design of major modifications to Electronic Data Processing (EDP) systems before their installation to ensure the systems provide for adequate audit trails and accountability. Further, the State Records Act (5 ILCS 160/8) requires the Agency to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Agency's activities.

This finding was first noted during the examination for the two years ended June 30, 2021. While the Agency officials reported taking steps to implement corrective actions, exceptions still persist into the current examination period. In addition, the Agency's management team remains responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Agency officials indicated that these issues occurred due to time needed to hire and create new positions, vacancies in the Chief Internal Auditor position, limited resources, new auditing standards implementation, competing priorities, and employee turnover.

Failure to maintain a full-time internal audit program as required by the Act weakens the Agency's ability to effectively assess its internal control environment. Failure to perform regular audits of major systems of internal and administrative controls may result in internal control weaknesses not being detected timely and represents noncompliance with the Act. Failure to have a periodic external assessment performed of the Agency's internal audit function may result in a failure to timely detect any deficiencies in the internal audit program. Further, lack of a timely external assessment resulted in the inability to demonstrate accountability to the public and increases the risk the internal audit function of the Agency is not in conformance with the Standards. Failure to perform periodic reviews of the design of major new EDP systems and major modifications to existing systems prevents the Agency from detecting potential system risks prior to implementation and results in noncompliance with the Act. (Finding Code No. 2025-008, 2023-004, 2021-006)

2025-008 **FINDING** (Inadequate Controls over Internal Audit) (Continued)

RECOMMENDATION

We recommend the Agency strengthen internal controls over its internal audit function by:

- Maintaining a full-time internal audit program as required by the Act.
- Performing audits of major systems, including receipts, at least once every two years.
- Completing external assessments of the internal audit function every five years.
- Conducting reviews of major system implementations prior to deployment and retaining documentation of those reviews.

AGENCY RESPONSE

The Agency agrees with the finding and recommendations. The Agency has implemented significant improvements since the last audit period. The Agency hired a full-time Chief Internal Auditor in June 2024 and created two staff positions. One staff position was filled in August 2025.

The Agency will continue to work towards performing audits of major systems at least once every two years and will review options in case of staffing limitations to ensure major system implementations are conducted prior to deployment.

The Agency completed the Internal Audit Quality Assurance Report, (referred to as the external assessment of the internal audit function above), in November 2025. This report was accepted by the State of Illinois Internal Audit Advisory Board (SIAAB) in December 2025. The results of the Self-Assessment with Independent Validation reported the internal audit activity generally conformed to the Institute of Internal Auditor's Global Internal Audit Standards and Code of Ethics. Per SIAAB, "This level of conformance demonstrates a clear intent and commitment to achieving the Principles and Standards for the Professional Practice of Internal Auditing."

2025-009 **FINDING** (Inadequate Controls over Commodities Inventory Valuations and Recordkeeping)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) did not maintain adequate controls over the valuation and recordkeeping of its commodities inventory.

During our testing, we noted the following:

- The Agency did not assign value to 11 of 959 (1%) of its radiochemistry and nuclear calibration laboratories commodities inventories as of June 30, 2025.

- The Agency did not maintain inventory for its disaster response commodities.

- Two of 25 (8%) commodities inventory items tested were not located in the warehouse during the inventory test count.

The Statewide Accounting Management System (SAMS) Manual (Procedure 03.60.20) requires the Agency to perform an annual physical count of inventory on hand and to reconcile the results to inventory records to ensure the completeness and accuracy of those records. A good internal control system on performing physical inventories requires inventory items to be organized properly to ensure an accurate count.

The SAMS Manual (Procedure 27.20.77) states that the *Inventory Analysis* (Form SCO-577) must be completed when inventories held by the Agency exceed $150,000 in a fiscal year. As part of the process, the Agency must price inventory at the lower of cost or market.

The State Records Act (Act) (5 ILCS 160/8) requires the Agency to preserve records containing adequate and proper documentation of the procedures and essential transactions of the Agency.

Agency officials indicated the issues noted were due to oversight and interpretation of the inventory requirements.

Failure to maintain accurate inventory valuations and records may result in increased risk of misstatement of financial information reported to the Comptroller, noncompliance with SAMS and Act requirements, and reduced accountability and control over State assets due to damage, theft, and spoilage. (Finding Code No. 2025-009, 2023-006)

2025-009 **FINDING** (Inadequate Controls over Commodities Inventory Valuations and Recordkeeping) (Continued)

RECOMMENDATION

We recommend the Agency:

- Develop procedures to ensure all commodities are valued and recorded in accordance with SAMS requirements.
- Implement controls to maintain complete inventory records for all warehouse locations and promptly update records when items are utilized.

AGENCY RESPONSE

The Agency accepts the finding and recommendations and has begun corrective measures to address the audit concerns.

2025-010 **FINDING** (Untimely and Incomplete Reporting of Subscription-Based IT Arrangements)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) did not maintain adequate controls to ensure timely and accurate reporting of subscription-based information technology arrangements (SBITA) in compliance with Statewide Accounting Management System (SAMS) and Governmental Accounting Standards Board (GASB) requirements.

During our testing of two contracts, we noted the following:

- One contract amounting to $1,433,894 entered during Fiscal Year 2025 qualified as SBITA under GASB Statement No. 96 (*Subscription-Based Information Technology Arrangements*). However, the Agency failed to identify and report this contract to the Comptroller's Office through the submission of SCO-560S *Accounting for Subscription-Based Information Technology Arrangements.*

- The Agency submitted Form SCO-560S for a contract entered during Fiscal Year 2024, 364 days late to the Comptroller's Office.

The SAMS (Procedure 27.20.60S) requires agencies who have SBITA to complete Form SCO-560S for each multiple period arrangement that falls within the scope of GASB Statement No. 96. The form only needs to be prepared if the total subscription payments for the software and related IT assets are greater than $100,000. The completion of this form will enable the Comptroller's Office to determine the total subscription liability and subscription asset value to be recorded on the Agency's books, including the *Capital Asset Summary* (SCO-538).

GASB Statement No. 96 establishes accounting and reporting requirements for SBITA. The standard requires government agencies to disclose information about SBITA to enhance transparency in the accounting and disclosure for these contracts.

Agency officials indicated these exceptions occurred due to insufficient understanding of GASB Statement No. 96 requirements and lack of monitoring controls to ensure timely submission of required forms.

Failure to properly identify and timely report SBITA contracts to the Comptroller's Office may result in incomplete or inaccurate property reporting, creates inconsistencies in financial information, and represents noncompliance with SAMS and GASB Statement No. 96 requirements. (Finding Code No. 2025-010)

2025-010 **FINDING** (Untimely and Incomplete Reporting of Subscription-Based IT Arrangements) (Continued)

RECOMMENDATION

We recommend the Agency:

- Implement the proper procedures to identify SBITA contracts during procurement and contract review processes.
- Establish monitoring controls to ensure timely completion and submission of Form SCO-560S to the Comptroller's Office.

AGENCY RESPONSE

The Agency agrees with this finding and recommendations and is taking steps to ensure the reporting is accurate in the future. The Agency has hired a new Accounting Compliance position which will ensure timely completion and submission of required forms and implemented a process in which contracts potentially subject to SBITA are reviewed regularly throughout the year and will use the finding from this examination to refine the review process.

2025-011 **FINDING** (Inadequate Controls over Reporting Requirements)

The Illinois Emergency Management and Office of Homeland Security (Agency) did not comply with statutory reporting responsibilities.

During our testing, we noted the following:

- The Agency did not make and deliver an annual report of its acts and doings to the Governor during Fiscal Years 2024 and 2025.

  The State Finance Act (30 ILCS 105/3) requires the Agency, no later than January 7 of each year, to make and deliver to the Governor an annual report of its acts and doings, respectively, arranged to show the acts and doings of each for the fiscal year ending in the calendar year immediately preceding the calendar year in which that regular session of the General Assembly convenes.

- The Agency submitted reports to the General Assembly and published them on its website as required during the examination period. However, the Agency did not provide copies of the two (100%) reports to the State Government Report Distribution Center at the Illinois State Library. In addition, for 12 of 19 (63%) publications tested, the Agency failed to provide copies to the Illinois State Library.

  The State Library Act (Act) (15 ILCS 320/7(t)) creates and maintains a State Government Report Distribution Center for the General Assembly to receive all reports in all formats available required by law or resolution to be filed with the General Assembly. Further, the Act (15 ILCS 320/21(a)) requires the Agency to provide and deposit with the Illinois State Library sufficient copies of all publications issued for its collection and for exchange purposes.

- The Fiscal Year 2024 Public Accountability Report (PAR) submitted by the Agency to the Office of Comptroller covering Fiscal Years' 2023 and 2024 information included inaccurate data and data not supported by Agency records. Specifically, one outcome indicator reported for a program did not agree with Agency records.

  The Statewide Accounting Management System (SAMS) Manual (Procedure 33.20.20) requires the Agency to substantiate PAR data by maintaining adequate and appropriate documentation to support its mission statements, goals, objectives, and performance measures.

2025-011 **FINDING** (Inadequate Controls over Reporting Requirements) (Continued)

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

- Differences existed between the Agency Fee Imposition Reports (Reports) and the Comptroller's *Monthly Revenue Status Reports* (SB04) as of June 30, 2024 and June 30, 2025:

    - One fund with total fees of $50,600 per the SB04 report was not included in the Fiscal Year 2024 Report.

    - The total fees reported in the SB04 report for one fund was higher by $18,530 compared to the Fiscal Year 2025 Report.

    - The total fees reported in the Fiscal Year 2024 Report for three funds were higher by $935,691 compared to the SB04 Report.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Agency to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the State's resources. In addition, good internal controls require an agency to review all reports prepared from internal records for accuracy before submission.

Agency officials indicated the annual report of acts and doings was not submitted due to employee turnover. Further, the copies of the reports and publications were not submitted to the State Library due to employee oversight and lack of awareness of the compliance requirement. Lastly, the inaccurate PAR data and differences in the Reports submitted were due to employee oversight.

Failure to provide statutorily required reports and publications prevents the appropriate oversight authorities from receiving information needed for monitoring and decision-making. Additionally, lack of controls over the preparation and review of PAR and Reports may result to inaccurate reporting to the Office of Comptroller. (Finding Code No. 2025-011)

2025-011 **FINDING** (Inadequate Controls over Reporting Requirements) (Continued)

RECOMMENDATION

We recommend the Agency strengthen internal controls to ensure:

- Timely submission of the annual report of acts and doings to the Governor.
- Compliance with the State Library Act by providing required copies of reports and publications.
- Adequate review of PAR and Reports to ensure accuracy and proper documentation.

AGENCY RESPONSE

The Agency agrees with these findings and recommendations and will train staff on the importance of timeliness and accuracy of required reports. We have compiled a tracking document for reports and are in the process of assigning specific employees the responsibility for ensuring reports and publications are submitted as required.

2025-012 **FINDING** (Inadequate Controls over Performance Evaluations)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) did not timely and consistently complete performance evaluations.

During our testing of 24 employee files, we noted the following:

- One (4%) employee did not have a first probationary performance evaluation completed.

- Three (13%) employee first probationary performance evaluations were completed late, ranging from 16 to 246 days after the evaluation period.

- Four (17%) employee final probationary (6 months) performance evaluations were completed late, ranging from 14 to 169 days after the evaluation period.

- Six (25%) employee final probationary (4 months) performance evaluations were completed late, ranging from 8 to 125 days after the evaluation period.

- Three (13%) employee annual performance evaluations for Fiscal Year 2024 were completed late, ranging from 5 to 97 days after the evaluation period.

- One (4%) employee did not have an annual performance evaluation completed for Fiscal Year 2025.

- Three (13%) employee annual performance evaluations for Fiscal Year 2025 were completed late, ranging from 10 to 85 days after the evaluation period.

The Illinois Administrative Code (Code) (80 Ill. Admin. Code 302.270) requires performance records to include an evaluation of employee performance prepared by each agency with such evaluation performed not less often than annually.

Additionally, Section 2.5 of the Agency's Employee Handbook requires:

- For employees serving a six (6) month probationary period - two performance evaluations shall be completed: (1) at the end of the third month of the probationary period, and (2) fifteen (15) days before the conclusion of the probationary period.

2025-012 **FINDING** (Inadequate Controls over Performance Evaluations) (Continued)

- For employees serving a four (4) month probationary period, one performance evaluation shall be completed three and one half (3 ½) months after the commencement of the probationary period.

- For non-probationary employees, performance evaluations should be conducted at least once for every twelve (12) month period for certified employees or as otherwise indicated in the Illinois Personnel Code and Rules or relevant collective bargaining agreement. Each evaluation shall be conducted within four (4) months after the end of the twelve (12) month period covered by the evaluation.

Agency officials indicated delays and missed evaluations were due to oversight and competing priorities within the Agency's divisions.

Failure to complete evaluations timely limits formal feedback to employees, delays identification of performance goals, and may affect decisions related to promotions, salary adjustments, and disciplinary actions. These deficiencies reduce accountability and represent noncompliance with State requirements. (Finding Code No. 2025-012)

RECOMMENDATION

We recommend the Agency strengthen its internal controls over personal services to ensure performance evaluations are completed timely and in accordance with the Code and Agency policy.

AGENCY RESPONSE

The Agency agrees with the finding and recommendation. Human Resources will continue to send reminders at intervals of three, two, and one months prior to the due date, and monthly, should the due date pass. In addition, the Agency is evaluating other training options to increase compliance.

2025-013 **FINDING** (Inadequate Controls over Employee Timekeeping)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) did not maintain adequate controls over employee timekeeping.

During our testing of 24 employees' timekeeping reports, we noted the following:

- Ten (42%) employees working outside the regular work schedule did not have supporting documentation for the shift/work schedule change.

- Two (8%) employees did not have their leave requested in advance. These were requested 1 to 5 days late.

The Illinois Administrative Code (Code) (80 Ill. Admin. Code 303.300) requires the Agency to establish its regular work schedule.

The Agency's Personnel Manual (Manual) (effective until May 31, 2025) Section 4-3 *Flexible Schedules* and Employee Handbook (Handbook) (effective June 1, 2025) Section 7.6 *Flexible Schedule Policy* requires an employee wishing to work a flexible schedule to submit to their supervisor for approval a Request for Change of Working Hours form (until May 31, 2025) or Flexible Schedule Request Form (starting June 1, 2025).

The Manual Section 4-2 *Documentation of Time Worked and Timesheets* and Handbook Section 7.4 *Timekeeping Policy* requires an employee to submit their weekly time report to their supervisor in a timely manner. Further, a contract for employment entered shall set forth terms and conditions for the completion of timesheets by the contract employee in substantial accordance with these requirements.

The Code (80 Ill. Admin. Code 303.350) requires State employees to provide advance notice of absence whenever possible.

The Manual Section 12-3 *Vacation* and Handbook Section 8.3 *Vacation Time Policy* requires employees to request the use of vacation time in advance.

The Manual Section 12-4 *Personal Business Leave* and Handbook Section 8.4 *Personal Time Policy* requires employees to request the use of personal business leave in advance except in the case of a bona fide emergency.

The Manual Section 4-8 *Equivalent Earned Time* and Handbook Section 8.5 *Earned Equivalent Time (EET) Policy* requires employees to request the use of accrued EET in advance of obtaining supervisor approval.

2025-013 **FINDING** (Inadequate Controls over Employee Timekeeping) (Continued)

The Manual Section 12-5 *Sick Leave* and Handbook Section 8.2 *Sick Time Policy* requires employees to request the approval of the use of sick leave reasonably in advance of the time it will be used, except when the use of unscheduled sick leave is necessary because of a sudden illness or medical emergency.

Agency officials indicated these issues occurred due to inconsistent monitoring of timekeeping compliance and lack of enforcement of documentation requirements for schedule changes and leave requests.

Weak timekeeping controls increase the risk of noncompliance with State regulations and Agency policies, allow unauthorized work schedule changes and leave usage, and may result in inaccurate payroll reporting, which could lead to unnecessary personal services expenditures. (Finding Code No. 2025-013)

RECOMMENDATION

We recommend the Agency:

- Implement a formal review process to ensure timekeeping records, schedule changes, and leave requests comply with applicable policies and are properly documented and approved.
- Provide regular training to supervisors and employees on timekeeping requirements, including advance approval for leave and proper documentation for schedule changes.

AGENCY RESPONSE

The Agency agrees with the finding and recommendation. Human Resources has developed and will implement agency-wide timekeeping training to review timekeeping policies, processes, and procedures.

2025-014 **FINDING** (Inadequate Controls over the Access and Functional Needs Advisory Committee)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) failed to provide appropriate administrative support to the Access and Functional Needs Advisory Committee (Committee).

During our testing of the mandate, we noted the following:

- Five of 10 (50%) meetings did not have the notice of meeting publicly posted at the beginning of the calendar year or fiscal year. The notices were posted 43 to 132 days late, and the notices did not include the time and place where the meeting would be held.

- In two of 10 (20%) meetings, the Agency was unable to provide support that the notice of meeting was posted on the Agency's website.

- Five of 10 (50%) meetings did not have the agenda publicly posted at least 48 hours prior to the meeting.

- Four of 10 (40%) meetings did not document the place of the meeting in the meeting minutes.

- Two of 10 (20%) meetings did not have the meeting minutes publicly posted within 10 days after approval of the meeting minutes.

- One of 10 (10%) meetings did not have the approved version of the meeting minutes publicly posted.

- The Agency was unable to provide documentation demonstrating that the 2023 Annual Report was submitted to the General Assembly and Governor's Office, as required. Further, the 2024 Annual Report was submitted 7 days late.

- The 2023 and 2024 annual reports, issued on July 1, 2023, and July 1, 2024, respectively, were not submitted to the Illinois State Library.

The Illinois Emergency Management Agency Act (Act) (20 ILCS 3305/23(i)) requires the Agency to provide administrative support to the Committee. In addition, the Act (20 ILCS 3305/23(j)) requires the Committee to prepare and deliver an annual report to the General Assembly and the Governor's Office by July 1, 2022, and annually thereafter.

2025-014 **FINDING** (Inadequate Controls over the Access and Functional Needs Advisory Committee) (Continued)

The Open Meetings Act (5 ILCS 120/2.02) requires every public body to give public notice of the schedule of regular meetings at the beginning of each calendar or fiscal year and shall state the regular dates, times, and places of such meetings. Further, a public body that has a website shall post on its website the agenda at least 48 hours in advance of the holding of the meeting. In addition, the Open Meetings Act (5 ILCS 120/2.06) requires all public bodies to make available for public inspection the minutes of meetings within 10 days after the approval of such minutes. The minutes shall include the date, time, and place of the meeting.

The State Library Act (15 ILCS 320/21(a)) requires the Agency to provide and deposit with the Illinois State Library sufficient copies of all publications issued for its collection and for exchange purposes.

Agency officials indicated the exceptions resulted from employee oversight, staff turnover, and lack of training on requirements for the Committee and staff.

Failure to provide adequate administrative support may hinder the ability of the Committee to appropriately document its activities and prevents the public from attending and participating in Committee meetings. Failure to provide statutorily required reports and submissions prevents the appropriate oversight authorities from receiving relevant feedback and monitoring on programs which can have an effect on future decisions and represents noncompliance with State laws. (Finding Code No. 2025-014)

RECOMMENDATION

We recommend the Agency ensure appropriate administrative support is provided to the Committee.

AGENCY RESPONSE

The Agency accepts the finding and recommendation. The Agency provides administrative support to the Committee; however, Committee is a separate statutorily created public body for which the Agency has no substantive control.

The Agency has reviewed the controls related to Committee and will advise the Committee on compliance. The Agency has also implemented additional controls, to include guidance, oversight, and defined responsibilities for completing administrative support requirements.

2025-015 **FINDING** (Inadequate Controls over Agency Workforce Reporting)

The Illinois Emergency Management and Office of Homeland Security (Agency) did not exercise adequate controls to ensure the timely submission and accuracy of its Agency Workforce Reports (Reports) as required by State law.

During our testing, we noted the following:

- The Agency submitted the Fiscal Year 2023 report 17 days late to the Secretary of State and 16 days late to the Governor's Office. In addition, the Agency did not submit the Fiscal Year 2024 report to the Governor's Office.

- Fifty-six of 225 (25%) employee category groups presented in the Fiscal Year 2023 report and 57 of 225 (25%) employee category groups presented in the Fiscal Year 2024 report did not agree with the supporting documentation.

- Supporting documents were not provided for 1 of 225 (1%) employee category groups presented in the Fiscal Years 2023 and 2024 reports. In addition, supporting documents showing race, gender, and disability for 16 of 225 (7%) category groups presented in the Fiscal Year 2024 report were not provided.

- The Fiscal Years 2023 and 2024 Reports did not present the required percentages as mandated.

The State Employment Records Act (5 ILCS 410/15 and 410/20) requires the Agency to collect, classify, maintain, and report on its work force, including the number and statistical percentage of minorities, women, and persons with physical disabilities employed as professional employees, among others. Annual reports summarizing the information in a prescribed format are required to be filed with the Secretary of State and the Governor's Office by January 1 each year for the preceding fiscal year.

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

Agency officials indicated the delays and non-submission occurred due to oversight, high turnover and staff movement within the Human Resources Division during the reporting period.

2025-015 **FINDING** (Inadequate Controls over Agency Workforce Reporting) (Continued)

Failure to timely submit complete and accurate Reports to the appropriate parties may hinder efforts by State officials and administrators to promote workforce diversity and represents noncompliance with State law. (Finding Code No. 2025-015)

RECOMMENDATION

We recommend the Agency strengthen internal controls over workforce reporting by implementing procedures to ensure timely submission of reports to all required parties, establishing a formal review process to verify the accuracy and completeness of workforce data, and maintaining adequate supporting documentation for all reported data elements.

AGENCY RESPONSE

The Agency agrees with the finding and recommendation. The Agency has implemented a system to ensure timely completion and submission of all reports and has developed a tracking system for reminders.

2025-016 **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) had not implemented adequate internal controls related to cybersecurity programs, practices and control of confidential information.

To assist the Agency in meeting its mission of providing emergency management assistance, the Agency 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 and practices. During our examination of the cybersecurity program, practices, and control of confidential information, we noted the Agency had not:

- Developed policies documenting the onboarding controls over employees and contractors.
- Established a comprehensive risk assessment methodology, conducted comprehensive risk assessment and implemented risk reducing internal controls
- Classified its data to identify and ensure adequate protection of information, including safeguards associated with storage, access, retention, and destruction for each data classification.
- Established a comprehensive project management framework to ensure new applications were adequately developed and implemented in accordance with management's expectations.
- Developed comprehensive system development methodology to document or define key roles throughout the development process and the requirements for management involvement and approval.
- Developed policies documenting the controls over verification of the environment, application and data backups.
- Established policies to document detailed procedures to be conducted in the event of a security incident.
- Developed a comprehensive cybersecurity plan.

In addition, the cybersecurity roles and responsibilities documented in the Guidelines for Agency Roles and Responsibilities and Delegating Authority and the Overarching Agency Information Security Policy did not align with each other.

2025-016 **FINDING** (Weaknesses in Cybersecurity Programs and Practices) (Continued)

We also selected for testing electronic data processing (EDP) equipment items disposed and missing. The Agency was not able to provide documentation for 60 (100%) equipment items disposed and 35 (100%) missing equipment items to support that stored data had been wiped and undergone proper IT disposal procedures and missing equipment items did not contain confidential information at the time they were reported missing.

This finding was first noted during the Agency's State compliance examination for the two years ended June 30, 2021. As such, Agency management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The *Framework for Improving Critical Infrastructure Cybersecurity and the Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology requires entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Agency to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

In addition, Agency management is responsible for implementing timely and adequate corrective action on all of the findings identified during a State compliance examination.

Agency officials indicated the weaknesses were due to competing priorities, lack of staff and expertise and overreliance on the Department of Innovation and Technology's (DoIT) policies and procedures.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the Agency's confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. Failure to implement adequate controls over EDP equipment inventory may result in potential confidential information being exposed. (Finding Code No. 2025-016, 2023-009, 2021-008)

2025-016 **FINDING** (Weaknesses in Cybersecurity Programs and Practices) (Continued)

RECOMMENDATION

We recommend the Agency:

- Develop policies documenting the onboarding controls over employees and contractors.
- Establish a comprehensive risk assessment methodology, conduct comprehensive risk assessment and implement risk reducing internal controls.
- Classify its data to identify and ensure adequate protection of information, including safeguards associated with storage, access, retention, and destruction for each data classification.
- Establish a comprehensive project management framework to ensure new applications were adequately developed and implemented in accordance with management's expectations.
- Develop comprehensive system development methodology to document or define key roles throughout the development process and the requirements for management involvement and approval.
- Develop policies documenting the controls over verification of the environment, application and data backups.
- Establish policies to document detailed procedures to be conducted in the event of a security incident.
- Develop a comprehensive cybersecurity plan.
- Ensure the cybersecurity roles and responsibilities documented in the Guidelines for Agency Roles and Responsibilities and Delegating Authority and the Overarching Agency Information Security Policy align with each other.
- Maintain documentation of all equipment items disposed and missing equipment to support that stored data had been wiped and undergone proper IT disposal procedures and missing equipment items did not contain confidential information at the time they were reported missing.

AGENCY RESPONSE

The Agency agrees with the finding and recommendations. The Agency is in the process of creating and adopting a comprehensive Agency Information Technology Security Policy. In addition, Agency staff have begun modifying a Cybersecurity and Information Technology Security policy template provided by the DoIT Governance Risk and Compliance team. The Agency will ensure the newly created documents address the concerns identified in the findings and will be transferring all information technology equipment that stores data to DoIT for wiping data and documenting equipment disposal.

2025-017 **FINDING** (Weaknesses in Access Control)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) had not established adequate controls for system access.

During fieldwork, we examined the Agency's general information technology controls over eleven significant applications. During our testing, we noted that the Agency had not:

- Established detailed processes for access creation, modifications and terminations.
- Performed periodic user access reviews for the eleven significant applications tested.
- Maintained proper documentation of user access requests and approval for 3 of 18 (17%) new access samples.
- Obtained formal access request approval prior to granting access for 3 of 18 (17%) new access samples. Approvals were obtained 76 to 423 days after access creation date.
- Nine of 39 (23%) sampled users were not removed timely upon termination. The users were removed 191 to 486 days after termination date.

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), Access Control and System and Communication Protection sections require entities to implement adequate internal controls over access to their environments, applications and data.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53 (Fifth Revision)) published by the NIST, Access Control section, requires entities to develop and comply with control over the timely termination of access rights and the periodic review of access rights

Furthermore, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Agency 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.

2025-017 **FINDING** (Weaknesses in Access Control) (Continued)

Agency officials indicated that competing priorities, staff turnover, and missing key leadership positions have prevented the establishment of Agency policies and procedures for access management, including performance of periodic access reviews. In addition, employee oversight in not completing proper onboarding tickets caused the exceptions for new user access.

Without the development and implementation of adequate controls and procedures for system access, including annual reviews for all applications and software, there is an increased risk that unauthorized individuals may gain access to these resources or changes made may be inappropriate or might not meet the Agency's needs. These deficiencies could result in unauthorized access, manipulation, and misuse of the Agency's computer systems. (Finding Code No. 2025-017)

RECOMMENDATION

We recommend the Agency:

- Establish detailed processes for access creation, modifications and terminations.
- Perform periodic user access reviews for the eleven significant applications tested.
- Maintain proper documentation of user access request and approval.
- Obtain formal access request approval prior to granting access.
- Remove terminated users timely upon termination.

AGENCY RESPONSE

The Agency agrees with the finding and recommendations. The Agency will create and adopt formal policy and processes for periodic user access review, and access creation, modification, or terminations.

2025-018 **FINDING** (Weaknesses in Change Control)

The Illinois Emergency Management Agency and Office of Homeland Security (Agency) had weaknesses in its internal controls related to change management.

During our testing of change samples, we noted the Agency had not:

- Maintained proper documentation of the approval date for 8 of 12 (67%) sampled changes. Therefore, we were unable to verify if the changes were properly approved prior to change implementation.
- Maintained proper documentation of change tickets showing change requests, details and approval for 1 of 12 (8%) change samples.
- Maintained proper segregation of duties between the person who requested, implemented and approved the change for 1 of 12 (8%) change samples.

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 Communication Protection sections, requires entities to develop and document control over changes, for changes to follow the documented controls, and for developers' access to the production environment to be restricted.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Agency to maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently and effectively. Such controls should include adequate segregation of duties to reduce the risk that improper changes could be made and not detected.

Agency officials indicated these exceptions were due to resource constraints and oversight.

Failure to establish adequate controls and documentation around the change control process may lead to the Agency being unable to monitor and ensure only valid, authorized changes are deployed in the Agency's Information Technology environment. Also, changes requested, approved and implemented by the same individual results in segregation of duties weaknesses and increases the risk of unauthorized changes being made to the computing system. (Finding Code No. 2025-018)

2025-018 **FINDING** (Weaknesses in Change Control) (Continued)

RECOMMENDATION

We recommend the Agency:

- Maintain proper documentation of the approval date for changes and ensure changes are properly approved prior to change implementation.
- Maintain proper documentation of change tickets showing change request details and approval.
- Maintain proper segregation of duties between the person who requested, implemented and approved the change.

AGENCY RESPONSE

The Agency agrees with the finding and recommendations. The Agency will create processes for staff to request changes and obtain approval.

SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2025

A. **FINDING** (Noncompliance with Lease Reporting Requirements)

During the prior examination, the Illinois Emergency Management Agency and Office of Homeland Security (Agency) did not comply with the Statewide Accounting Management System requirement regarding lease reporting.

During the current examination, we noted that the Agency did not have any leases requiring reporting. (Finding Code No. 2023-003, 2021-004)

B. **FINDING** (Inadequate Controls over Census Reconciliation)

During the prior examination, the Illinois Emergency Management Agency and Office of Homeland Security (Agency) did not have a reconciliation process to provide assurance census data submitted to its pension and other post-employment benefits plans was complete and accurate.

During the current examination, our testing indicated that the Agency was able to establish a reconciliation process and submit the Fiscal Years 2023 and 2024 reconciliations to the State Employees' Retirement System. (Finding Code No. 2023-005)