



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

EXECUTIVE ETHICS COMMISSION

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

Release Date: August 15, 2024

FINDINGS THIS AUDIT: 6				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	1	1	2021	1	2,3,4	
Category 2:	2	3	5				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	2	4	6				
FINDINGS LAST AUDIT: 6							

SYNOPSIS

- **(23-01)** The Executive Ethics Commission’s (Commission) internal controls over its voucher processing function were not operating effectively during the examination period.
- **(23-02)** The Commission did not maintain adequate controls over personal services.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**VOUCHER PROCESSING INTERNAL CONTROLS
NOT OPERATING EFFECTIVELY**

The Executive Ethics Commission's (Commission) internal controls over its voucher processing function were not operating effectively during the examination period.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), we were able to limit our voucher testing at the Commission to determine whether certain key attributes were properly entered by the Commission's staff into the ERP. In order to determine the operating effectiveness of the Commission's internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's ERP System based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

Our testing noted 12 of 140 (9%) attributes were not properly entered into the ERP System, specifically for attribute 4 pertaining to proper receipt date. Therefore, the Commission's internal controls over voucher processing were not operating effectively.

**Receipt date not properly entered
into the ERP System**

Due to this condition, we qualified our opinion because we determined the Commission had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Even given the limitations noted above, we conducted an analysis of the Commission's expenditures data for Fiscal Years 2022 and 2023 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Illinois Administrative Code (74 Ill. Admin. Code 900.70). We noted the following noncompliance:

Failure to timely approve vouchers

- The Commission did not timely approve 147 of 326 (45%) vouchers processed during Fiscal Year 2022, totaling \$990,993. We noted these vouchers were approved between 1 and 164 days late.
- The Commission did not timely approve 46 of 353 (13%) voucher processed during Fiscal Year 2023, totaling \$1,069,478. We noted these vouchers were approved between 1 and 148 days late.

During our testing of 36 travel vouchers, we noted the following:

Incorrect object code on travel vouchers

- One (3%) travel voucher tested, amounting to \$2,239, did not have the proper object code.

Failure to document pre-approval for out-of-state travels

- Three (8%) travel vouchers tested, totaling \$5,135, did not document the pre-approval for out-of-state travels.

Travels vouchers submitted late

- Four (11%) travel vouchers tested, totaling \$3,250, were not submitted within 60 days after the last day of travel. (Finding 1, pages 10-12)

We recommended the Commission design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate and approve proper bills within 30 days of receipt. Further, we recommended the Commission use the proper object code, obtain pre-approval for out-of-state travels, and submit the travel voucher within 60 days after the last day of travel.

Commission accepted the recommendation

The Commission accepted the recommendations and stated they have implemented additional procedural checks in its fiscal and travel approval processes to ensure full compliance in future cycles.

INADEQUATE CONTROL OVER PERSONAL SERVICES

The Commission did not maintain adequate controls over personal services.

- During testing of the Commission’s Fiscal Year 2021 and Fiscal Year 2022 Agency Workforce Reports (Reports), we noted the following:

Inaccuracies in reports

- Fiscal Year 2021 Report, 9 out of 16 (56%) employee category groups, the data and statistical percentages presented did not agree to the supporting documentation.
- Fiscal Year 2022 Report, 9 out of 16 (56%) employee category groups, the data and statistical percentages presented did not agree to the supporting documentation.

Failure to correct inaccuracies in prior reports

- Fiscal Year 2019 and Fiscal Year 2020 Reports, cited as inaccurate during the prior examination, were not corrected and submitted with the Secretary of State and the Governor within 30 days after the release of

the Commission's compliance report by the Auditor General.

Employee evaluations not performed

- During our review of personal files, we noted evaluations were not performed for 3 of 19 (16%) employees selected for testing.

Leave of absence processed incorrectly

- During our testing of leave of absence, we noted that for 1 of 8 (13%) employees tested, the Commission processed employee's unpaid leave of absence as paid leave for \$1,947 and there was no subsequent adjustment for the transaction.

Census data and documentation of the reconciliation process not adequately maintained

- During our testing of census data reconciliation, we noted that the Commission provided the certification of reconciliation, however, the Commission did not adequately maintain the data and document the process of reconciliation. Upon request of the auditor, the Commission reached out to the State Employees' Retirement System of Illinois (System) representative for the data set. (Finding 2, pages 13-15)

We recommended the Commission timely submit corrected Agency Workforce Reports with the Secretary of State and the Governor and complete performance evaluations timely. Further, we recommended the Commission adjust the payment processed for the employee's unpaid leave of absence and document and maintain the reconciliation procedures over the census data.

Commission accepted the recommendations

The Commission accepted the recommendations and stated they have implemented additional procedures to ensure full compliance in future audit cycles.

OTHER FINDINGS

The remaining findings pertain to noncompliance with Identity Protection Act; lack of adequate independent internal control review over service providers; and weaknesses in cybersecurity and disaster recovery planning and testing. We will review the Commission's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the Commission for the two years ended June 30, 2023, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2023-001. Except for the noncompliance described in this finding, the accountants stated the Commission complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Adelfia LLC.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

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

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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