

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

A Component Unit of the State of Illinois

STATE COMPLIANCE EXAMINATION

For the Two Years Ended December 31, 2024

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



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THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Two Years Ended December 31, 2024

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Illinois Tollway Officials and Financial Staff

Executive Director	Cassaundra Rouse
Chief Operating Officer	Vacant
Chief of Staff	John Donato
Chief Financial Officer	Cathy R. Williams
Controller	Patricia Pearn (until 7/31/2025)
General Counsel	Kathleen Pasulka-Brown

Illinois Tollway Board Members

Governor, State of Illinois	JB Pritzker – Ex-Officio
Secretary, Illinois Dept. of Transportation	Omer Osman – Ex-Officio (until 12/31/2024)
	Terrence Glavin – Ex-Officio (effective 1/1/2025 until 1/12/2025)
	Gia Biagi – Ex-Officio (effective 1/13/2025)
Chairman	Arnaldo Rivera
Vice Chairman	James Connolly
Board Member	Jacqueline Gomez Fuentes
Board Member	Karen McConnaughay (until 4/29/2025)
	Manish Mehta (effective 7/7/2025)
Board Member	Melissa Neddermeyer
Board Member	Scott Paddock
Board Member	Gary Perinar
Board Member	James Sweeney
Board Member	Mark Wright

Tollway's Central Administrative offices are located at:

2700 Ogden Avenue
Downers Grove, Illinois 60515



ILLINOIS TOLLWAY
2700 Ogden Avenue, Downers Grove, IL 60515
(630) 241-6800 • illinoistollway.com

August 1, 2025

CliftonLarsonAllen LLP
2021 Spring Rd, Suite 200
Oak Brook, IL 60523

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 Illinois State Toll Highway Authority (Tollway). 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 Tollway's compliance with the following specified requirements during the two-year period ended December 31, 2024. Based on this evaluation, we assert that during the years ended December 31, 2023, and December 31, 2024, the Tollway has materially complied with the specified requirements listed below.

- A. The Tollway has obligated, expended, received, and used public funds of the Tollway in accordance with the purpose for which such funds have been authorized by law.
- B. The Tollway has obligated, expended, received, and used public funds of the Tollway in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Tollway has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The revenues and receipts collected by the Tollway 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 Tollway or held in trust by the Tollway have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

Illinois State Toll Highway Authority

SIGNED ORIGINAL ON FILE

Cassandra Rouse, Executive Director

SIGNED ORIGINAL ON FILE

Kathleen Pasulka-Brown, General Counsel

SIGNED ORIGINAL ON FILE

Cathy Williams, Chief Financial Officer

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
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STATE COMPLIANCE EXAMINATION
For the Two Years Ended December 31, 2024

State Compliance Report

Summary

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

Accountant's Report

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, or other significant non-standard language.

Summary of Findings

<u>Number of:</u>	<u>Current report</u>	<u>Prior report</u>
Findings	4	4
Repeated findings	1	1
Prior recommendations implemented or not repeated	3	7

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
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STATE COMPLIANCE EXAMINATION
For the Two Years Ended December 31, 2024

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
<u>Current Findings</u>				
2024-001	8	New	Failure to Comply with Procurement Code and Open Meetings Act	Significant Deficiency and Noncompliance
2024-002	10	New	Failure to Comply with the Public Constructors Bonds Act	Significant Deficiency and Noncompliance
2024-003	11	2022-004	Weaknesses in Cybersecurity Program and Practices	Significant Deficiency and Noncompliance
2024-004	13	New	External Service Providers	Significant Deficiency and Noncompliance

Prior Findings Not Repeated

Item No.	Page	Last/First Reported	Description
A	14	2022/2022	Inadequate Internal Controls over Intergovernmental Agreements
B	14	2022/2014	Inadequate Procedures to Approve Timecards
C	14	2022/2022	Inadequate Controls over System Access

Exit Conference

The Tollway waived an exit conference in a correspondence from Shaun Farmer, Chief Internal Auditor, on July 31, 2025. The responses to the recommendations were provided by Shaun Farmer, Chief Internal Auditor, in a correspondence dated August 1, 2025.



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

Honorable Frank J. Mautino
Auditor General
State of Illinois
and
Board of Directors
Illinois State Toll Highway Authority

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the Illinois State Toll Highway Authority (Tollway) 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 December 31, 2024. Management of the Tollway is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Tollway's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Tollway has obligated, expended, received, and used public funds of the Tollway in accordance with the purpose for which such funds have been authorized by law.
- B. The Tollway has obligated, expended, received, and used public funds of the Tollway in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Tollway has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The revenues and receipts collected by the Tollway 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 Tollway or held in trust by the Tollway have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Honorable Frank J. Mautino
Auditor General
State of Illinois
and
Board of Directors
The Illinois State Toll Highway Authority

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 Tollway complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Tollway 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 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 Tollway's compliance with the specified requirements.

In our opinion, the Tollway complied with the specified requirements during the two years ended December 31, 2024, 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 2024-001 through 2024-004.

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

Honorable Frank J. Mautino
Auditor General
State of Illinois
and
Board of Directors
The Illinois State Toll Highway Authority

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 material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2024-001 through 2024-004 that we consider to be significant deficiencies.

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

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

CliftonLarsonAllen LLP

Oak Brook, Illinois
August 1, 2025

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

A Component Unit of the State of Illinois

Schedule of Findings

Current Findings

For the Two Years Ended December 31, 2024

Finding 2024-001 – Failure to Comply with the Illinois Procurement Code and Open Meetings Act

The Illinois State Toll Highway Authority (Tollway) failed to comply with the Illinois Procurement Code (Code) and the Open Meetings Act (Act).

The Tollway awarded a contract for \$323,875,273 in relation to a construction project but failed to apply the 4% bid preference provision for Illinois businesses set forth in and required by the Code. Upon recognizing its inadvertent error, the Tollway terminated the contract. Subsequently, pursuant to regular Tollway procedures, the Tollway awarded the contract to another vendor, specifically, the vendor to which the contract should have been awarded in the first instance. As a result of the termination, the vendor to which the contract initially was awarded filed a lawsuit as well as an administrative protest. The Tollway and that vendor settled and resolved said matters for \$32,135,437 of which approximately \$22,150,000 was paid for construction costs already incurred and \$9,985,437 was paid as damages.

The Tollway Board of Directors (Board) approved the settlement of the lawsuit and administrative protest on August 29, 2024. More specifically, after ending the closed session of its August 29, 2024, board meeting, the Board voted to approve the settlement during the live streamed, open session of the meeting. However, before taking that vote, the Board failed to notify members of the public who were attending the meeting in person that it had resumed open session. This failure precluded members of the public who attended the meeting in person from observing the reconvened portion of the board meeting.

The Code (30 ILCS 500/45-105(e)) requires State agencies procuring construction services for projects with a total value that exceeds the small purchase maximum established by Section 20-20 of the Code (\$100,000) to provide a 4% bid preference to a responsive and responsible bidder that is an Illinois business when a business that is not an Illinois business submits a bid.

The Act (5 ILCS 120/2) requires all meetings of public bodies to be open to the public unless, pursuant to a specific exception within the Act, public bodies are authorized to meet in closed session. Effective internal controls would ensure all members of the public whether in person or virtual are notified when the board returns to open session in compliance with the Act.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to establish and maintain a system or systems of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure compliance with all statutory requirements.

Tollway officials stated they misunderstood the mandatory nature of Section 45-105(e) of the Code, which led to the Tollway's inadvertent failure to apply the 4% bid preference before awarding the contract. The failure to notify members of the public attending in person that the Board was resuming the open session of its meeting was the result of human error.

Failure to comply with statutory requirements resulted in a waste of resources and could violate the trust of the public. (Finding Code No. 2024-001)

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Schedule of Findings

Current Findings

For the Two Years Ended December 31, 2024

**Finding 2024-001 – Failure to Comply with the Illinois Procurement Code and Open Meetings Act
(Continued)**

RECOMMENDATION

We recommend the Tollway review all legislative changes affecting the Tollway in a timely manner to mitigate potential instances of noncompliance with state legislation in the future. We also recommend that during board meetings, the Tollway notify members of the public when the board has ended closed session and will be resuming open session.

TOLLWAY RESPONSE

The Tollway concurs with the auditor's findings and has made appropriate revisions to its policies and procedures. Specifically, the Tollway's Procurement Department has instituted additional review procedures to ensure the appropriate application of the bid preference for Illinois businesses. The Tollway also instituted measures to ensure that members of the public who attend Tollway board meetings in person are notified when the Board resumes open session after concluding the closed session of a board meeting.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

A Component Unit of the State of Illinois

Schedule of Findings

Current Findings

For the Two Years Ended December 31, 2024

Finding 2024-002 – Failure to Comply with the Public Construction Bonds Act

The Illinois State Toll Highway Authority (Tollway) failed to comply with the Public Construction Bonds Act.

During our testing of the Public Construction Bonds Act (Act), we noted the Tollway did not publicly display the identities of the sureties providing contract bonds, payment, and performance bonds, or both for its public works contracts.

The Public Construction Bonds Act (30 ILCS 550/1) requires the Illinois State Toll Highway Authority to publicly display each of its public works contracts, regardless of contract value, the identity of the surety provided the contract bond, payment, and performance bond, or both, via website or annual report.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Authority to establish and maintain a system or systems of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure compliance with all statutory requirements.

Tollway officials stated the incomplete posting of construction contractor's surety company information was due to an oversight relating to a recent statute change.

Failure to publicly display required public works contracts constitutes noncompliance with the Act. (Finding Code No. 2024-002)

RECOMMENDATION

We recommend the Tollway review its procedures to ensure all required information is publicly available in compliance with the Act.

TOLLWAY RESPONSE

The Tollway concurs with the auditor's recommendation. The Tollway's Procurement Department has revised the Active Construction Contracts report that is currently provided on the Tollway's website to include the name of the surety company for each contract. The revised Active Construction Contract report (with surety company listed) has been uploaded to the Tollway's website and will continue to be uploaded regularly to ensure compliance with the Public Construction Bonds Act.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

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Schedule of Findings

Current Findings

For the Two Years Ended December 31, 2024

Finding 2024-003 – Weaknesses in Cybersecurity Program and Practices

The Illinois State Toll Highway Authority (Tollway) had not implemented adequate internal controls related to cybersecurity programs, practices, and control of confidential information.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity program and practices. During our examination of the Tollway's cybersecurity program, practices, and control of confidential information, we noted the following:

- Policy acknowledgements were not provided for five (5) out of eight (8) current consultants selected for testing.
- The active directory automated script that disabled user accounts after 18 days of inactivity did not capture users that logged on via Azure.

During the current examination, it was noted that the Tollway had made improvements to controls over cybersecurity.

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 all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and maintain accountability over the State's resources.

Tollway officials stated the lack of acknowledgements for current consultants was due to an oversight. Additionally, Tollway officials also stated the automated active directory script inadvertently did not account for new Azure logins.

Weaknesses in cybersecurity programs and practices could prevent the Tollway from holding consultants accountable to comply with policies and procedures in the absence of signed acknowledgements. Additionally, failure to disable user accounts timely could lead to unauthorized access to Tollway information. (Finding Code No. 2024-003, 2022-004)

RECOMMENDATION

We recommend the Tollway strengthen its controls to ensure all consultants provide policy acknowledgements. In addition, we also recommend the Tollway strengthen its controls to ensure active user accounts associated with terminated employees are disabled in accordance with its policies.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
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Schedule of Findings
Current Findings
For the Two Years Ended December 31, 2024

Finding 2024-003 – Weaknesses in Cybersecurity Program and Practices (continued)

TOLLWAY RESPONSE

The Tollway concurs with the auditor's recommendation. The Tollway will research and implement best practices in managing Tollway contractors to ensure applicable training is completed timely. As of May 2025, the automated active directory script has been rewritten, tested effectively, and put into production. An evaluation process will be implemented to review applicable scripts and coding to ensure their completeness and accuracy.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
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Schedule of Findings
Current Findings
For the Two Years Ended December 31, 2024

Finding 2024-004 – External Service Providers

The Illinois State Toll Highway Authority (Tollway) failed to implement adequate controls over its service providers.

The DoIT SOC Reports for the period of July 1, 2022 through June 30, 2023 were dated August 21, 2023, and the Tollway was not notified until September 8, 2023 that the reports were available for download. Those reports were not reviewed by the Tollway until March 2024. In addition, the SOC Reports for the period of July 1, 2023 through June 30, 2024 were dated October 23, 2024 but were not reviewed until June 2025.

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 System and Organization Control reports or independent reviews.

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

Tollway officials stated the review of the DoIT SOC reports were not completed timely due to an oversight.

Failure to implement adequate controls over service providers could result in weaknesses not being recognized by the Tollway within its service provider(s) environment. (Finding Code No. 2024-004)

RECOMMENDATION

We recommend the Tollway review the current procedures to ensure controls and operations of external service providers are consistently reviewed in a timely manner.

TOLLWAY RESPONSE

The Tollway concurs with the auditor's recommendation and confirms that the required SOC reviews were completed. The Tollway will review and adjust our SOC report review process to ensure the timeliness of reviews. The Tollway is exploring automated processes that can assist and enhance the review process.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
Schedule of Findings
Prior Findings Not Repeated
For the Two Years Ended December 31, 2024

A. Inadequate Internal Controls over Intergovernmental Agreements

During the 2022 financial audit, the Illinois State Toll Highway Authority (Tollway) did not have adequate internal controls in place to ensure transactions over Intergovernmental Agreements (IGA) were properly recorded for financial reporting purposes.

During the 2023 financial audit, we noted the Tollway strengthened its controls over accounting of IGA's. Similar exceptions were not noted during our 2023 financial audit. The condition was noted to be remediated during the financial audit for the year ended December 31, 2023. (Finding Code No. 2022-001)

B. Inadequate Procedures to Approve Timecards

During the prior examination, the Illinois State Toll Highway Authority (Tollway) did not ensure all employee timecards were properly approved in accordance with its formal policies and procedures.

During the current examination, we noted the Tollway had enhanced its policies and procedures and implemented a technology-based time clock system which includes reporting capabilities to monitor compliance. Similar exceptions were not noted during our current examination. (Finding Code No. 2022-002, 2020-006, 2019-002, 2018-003, 2017-004, 2016-006, 2015-006, 2014-006)

C. Inadequate Controls over System Access

During the prior examination, the Illinois State Toll Highway Authority (Tollway) failed to implement adequate controls over system access.

During the current examination, we noted the Tollway strengthened its controls over system access including disabling user accounts related to employee separations and periodic user account validation. Similar exceptions were not noted during our current examination. (Finding Code No. 2022-003)



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