

STATE OF ILLINOIS  
DEPARTMENT OF INNOVATION AND TECHNOLOGY

INFORMATION TECHNOLOGY HOSTING SERVICES

Report Required Under  
*Government Auditing Standards*

FOR THE PERIOD  
JULY 1, 2021 – JUNE 30, 2022

**STATE OF ILLINOIS**  
**DEPARTMENT OF INNOVATION AND TECHNOLOGY**  
**INFORMATION TECHNOLOGY HOSTING SERVICES**

**For the Year Ended June 30, 2022**

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**STATE OF ILLINOIS**  
**DEPARTMENT OF INNOVATION AND TECHNOLOGY**

**For the Year Ended June 30, 2022**

**DEPARTMENT OFFICIALS**

Secretary (4/9/22 – Present)	Ms. Jennifer Ricker
Acting Secretary (7/1/21 – 4/8/22)	Ms. Jennifer Ricker
Assistant Secretary	Vacant
Chief Internal Auditor	Mr. John Valtierra
Affirmative Action/Equal Employment Opportunity Officer	Ms. Vickie Simpson
Chief of Supplier Diversity (3/1/22 – Present) (Established 3/1/22)	Vacant
Chief Information Accessibility Officer (6/1/22-Present)	Mr. Michael Scott
Chief Administrative Officer	Ms. Nina Harris
Chief Service Officer (7/1/21 – 5/19/22) (Position abolished 5/20/22)	Vacant
Chief of Staff	Ms. Jenifer Johnson
ERP Program Director	Ms. Tara Kessler
Chief Data Officer	Ms. Dessa Gypalo
Chief Enterprise Architect	Mr. Brad Long
Chief Information Security Officer	Mr. Adam Ford
Chief Technology Officer	Ms. Lori Sorenson
Group Chief Information Officers Health & Human Services (11/13/21 – Present) Health & Human Services (7/1/21 – 11/12/21)	Vacant Mr. Stan Hoover
Government & Public Employee (5/16/22 – Present) Government & Public Employee (4/30/22 – 5/15/22) Government & Public Employee (7/1/21 – 4/29/22)	Mr. Sultan Raziuddin Vacant Ms. Gloria Lasley

**STATE OF ILLINOIS**  
**DEPARTMENT OF INNOVATION AND TECHNOLOGY**

**For the Year Ended June 30, 2022**

**DEPARTMENT OFFICIALS (continued)**

Business & Workforce (4/23/22 – Present)	Vacant
Business & Workforce (7/1/21 – 4/22/22)	Mr. Sunil Thomas
Natural & Cultural Resources	Mr. Troy Horton
Public Safety (7/16/21 - Present)	Mr. Troy Horton
Public Safety (7/1/21 – 7/15/21)	Vacant
Education	Ms. Mary Reynolds
Transportation (vacant)	Vacant

**DEPARTMENT OFFICES**

The Department's primary administrative offices are located at:

120 W. Jefferson Street  
Springfield, IL 62702-5170

201 W. Adams Street  
Springfield, IL 62702-5170

**STATE OF ILLINOIS**  
**DEPARTMENT OF INNOVATION AND TECHNOLOGY**  
***GOVERNMENT AUDITING STANDARDS REPORT***

**Government Auditing Report Summary**

The examination of the “Description of the State of Illinois, Information Technology Hosting Services” (System and Organization Control Report) was performed by the Office of the Auditor General in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

Based on their examination, the Service Auditors expressed an adverse opinion on the Department’s “Description of the State of Illinois, Information Technology Hosting Services”. The System and Organization Control Report was issued under separate cover dated August 3, 2022.

**Summary of Findings**

The Service Auditors identified certain deficiencies in internal controls over the “Description of the State of Illinois, Information Technology Hosting Services” that are considered to be material weaknesses.

<u>Item No.</u>	<u>Page</u>	Last/First <u>Reported</u>	<u>Description</u>	<u>Finding Type</u>
CURRENT FINDINGS				
2022-001	8	New	Inaccurate Description of System	Material Weakness
2022-002	10	New	Controls Were Not Suitably Designed	Material Weakness
2022-003	12	2021/2021	Controls Did Not Operate Effectively	Material Weakness

**Exit Conference**

This report was discussed with Department personnel at an exit conference on July 25, 2022. Attending were:

**Representing the Department of Innovation and Technology**

Ms. Jennifer Ricker, Secretary

Mr. John Valtierra, Chief Internal Auditor

Ms. Nina Harris, Chief Administrative Officer

Ms. Jenifer Johnson, Chief of Staff

Mr. Adam Ford, Chief Information Security Officer

Ms. Lori Sorenson, Chief Technology Officer

Mr. Matt Runyen, General Counsel

Representing the Office of the Auditor General

Ms. Kathy Lovejoy, Principal of IS Audits

Ms. Miranda Karger, Audit Manager

The responses to the recommendations were provided by John Valtierra, Chief Internal Auditor on August 3, 2022.

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Office of the Auditor General  
**Frank J. Mautino**

**INDEPENDENT SERVICE AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN EXAMINATION OF A SERVICE ORGANIZATION PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

We have examined, in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the State of Illinois, Department of Innovation and Technology's "Description of the State of Illinois, Information Technology Hosting Services" (description) for the Information Technology hosting services throughout the period from July 1, 2021, through June 30, 2022, and have issued our report thereon under separate cover dated August 3, 2022.

**Internal Control over Reporting**

Management of the State of Illinois, Department of Innovation and Technology is responsible for establishing and maintaining effective internal control over (1) fairly presenting the State of Illinois, Department of Innovation and Technology's "Description of the State of Illinois, Information Technology Hosting Services" throughout the period from July 1, 2021, through June 30, 2022, and (2) establishing and maintaining effective internal control over the suitable design and operating effectiveness of the controls related to the trust services criteria within the State of Illinois, Department of Innovation and Technology's "Description of the State of Illinois, Information Technology Hosting Services" throughout the period from July 1, 2021, through June 30, 2022 (internal control over reporting).

In planning and performing our examination, we considered the State of Illinois, Department of Innovation and Technology's internal control over reporting to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the State of Illinois, Department of Innovation and Technology's "Description of the State of Illinois, Information Technology Hosting Services" throughout the period from July 1, 2021, through June 30, 2022, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Department of Innovation and Technology's internal control over reporting.

Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Department of Innovation and Technology’s internal control over reporting.

A *deficiency in internal control over reporting* 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, misstatements on a timely basis. A *material weakness in internal control over reporting* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department’s description will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over reporting* 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 over reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State of Illinois, Department of Innovation and Technology’s “Description of the State of Illinois, Information Technology Hosting Services” throughout the period from July 1, 2021, through June 30, 2022, is fairly presented and the controls related to the trust services criteria in the State of Illinois, Department of Innovation and Technology’s “Description of the State of Illinois, Information Technology Hosting Services” throughout the period from July 1, 2021, through June 30, 2022, were suitably designed and operating effectively, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the State of Illinois, Department of Innovation and Technology’s “Description of the State of Illinois, Information Technology Hosting Services” throughout the period from July 1, 2021, through June 30, 2022. However, providing an opinion on compliance with those provisions was not an objective of our examination and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **State of Illinois, Department of Innovation and Technology’s Responses to Findings**

The State of Illinois, Department of Innovation and Technology’s responses to the internal control findings identified in our examination are described in the accompanying schedule of findings. The State of Illinois, Department of Innovation and Technology’s responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Illinois, Department of Innovation and Technology's internal control over reporting or on compliance. This report is an integral part of an examination performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Department of Innovation and Technology's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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### **SIGNED ORIGINAL ON FILE**

Jane Clark, CPA  
Director of Financial and Compliance Audits

Springfield, Illinois  
August 3, 2022

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### **SIGNED ORIGINAL ON FILE**

Mary Kathryn Lovejoy, CPA, CISA  
Principal of IS Audits

**STATE OF ILLINOIS**  
**DEPARTMENT OF INNOVATION AND TECHNOLOGY**  
**CURRENT FINDINGS - *GOVERNMENT AUDITING STANDARDS***  
**For the Year Ended June 30, 2022**

**2022-001      Finding      Inaccurate Description of System**

The “Description of the State of Illinois, Information Technology Hosting Services” (description of system), as provided by the Department of Innovation and Technology (Department), contained inaccuracies and omissions.

The Department provides State agencies with an environment to host their applications and data. As such, the Department, as a service provider, provides services which are likely relevant to user agencies’ internal controls. Therefore, the Department is required to develop an accurate and complete description of system documenting its internal controls over the services provided.

During our examination of the Department’s description of system, we noted it contained inaccuracies. Specifically, we noted:

<b>Control stated in the description of system</b>	<b>Actual control in place</b>
The Department conducts risk assessments for customer agencies.	The Department was to conduct risk assessments for all agencies, boards, and commissions under the Governor.
In the event of an emergency, only verbal approval by the appropriate management personnel is required to begin remediation.	The emergency Change Advisory Board (eCAB) approval is required in order for remediation actions to begin.

In addition, our examination noted the Department’s description of system did not document the Department’s recovery activities associated with the midrange environment.

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

The State of Illinois, Department of Innovation and Technology’s Risk Management Program states the Department is to conduct risk assessments on all agencies, boards, and commissions under the Governor. In addition, the September 16, 2016 Directive from the Governor’s Office states the Department is to conduct an assessment at every agency, board, and commission that reports to the Governor.

The Department indicated the weaknesses were due to oversight.

Failure to provide an accurate description of system resulted in an adverse opinion on the Department’s System and Organization Control Report. Additionally, without an accurate

description of system, the user agencies' internal controls may have unidentified deficiencies and the user agencies' auditors are unable to rely on the internal controls related to the services provided by the Department. (Finding Code No. 2022-001)

### **Recommendation**

We recommend the Department review the description of system to ensure it accurately depicts all internal controls over the services provided to user agencies.

### **Department Response**

The Department agrees. The Department will review the description of system and make any necessary changes as needed.

**STATE OF ILLINOIS**  
**DEPARTMENT OF INNOVATION AND TECHNOLOGY**  
**CURRENT FINDINGS - *GOVERNMENT AUDITING STANDARDS***  
**For the Year Ended June 30, 2022**

**2022-002      Finding      Controls Were Not Suitably Designed**

The controls related to the trust services criteria stated in the “Description of the State of Illinois, Information Technology Hosting Services” (description of system), as provided by the Department of Innovation and Technology (Department), were not suitably designed to provide reasonable assurance the trust services criteria would be achieved.

During our testing we noted the Department’s Change Management Guide and the Change Management Process did not document:

- The change prioritization requirements;
- Required fields to be completed for each type of change;
- Documentation requirements for Post Implementation Reviews;
- Documentation requirements for testing, implementation and backout plans; and
- The approval process in place.

In addition, the Department had not documented the internal controls regarding access provisioning of staff and vendors to gain access to network devices. Further, the Department had not documented the internal controls over modification and revocation of mainframe access.

As a result, we were unable to determine if the controls were suitably designed.

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

The Department indicated the weaknesses were due to oversight and system limitations.

Failure to provide controls that were suitably designed resulted in an adverse opinion on the Department’s System and Organization Control Report. Additionally, without controls that are suitably designed at the Department, the user agencies’ auditors will be unable to rely on the operating effectiveness of the Department’s controls over the user agencies’ internal controls. (Finding Code No. 2022-002)

**Recommendation**

We recommend the Department ensure the controls are suitably designed over the services provided to user agencies.

## **Department Response**

The Department agrees. The Department will review the controls in place to ensure they are effectively designed.

**STATE OF ILLINOIS**  
**DEPARTMENT OF INNOVATION AND TECHNOLOGY**  
**CURRENT FINDINGS - *GOVERNMENT AUDITING STANDARDS***  
**For the Year Ended June 30, 2022**

**2022-003      Finding      Controls Did Not Operate Effectively**

The controls related to the trust services criteria stated in the “Description of the State of Illinois, Information Technology Hosting Services” (description of system), provided by the Department of Innovation and Technology (Department), did not operate effectively.

As part of our testing to determine if the controls were operating effectively, we requested the Department provide populations related to:

- Risk assessments completed;
- New administrator logical access request for access;
- Active Directory access modifications;
- Security Software accounts created;
- Lost or stolen laptops;
- Physical access request for non-State employees;
- Incident tickets; and
- Changes made to applications and the environment, including emergency changes.

However, the Department did not provide complete and accurate populations.

In addition, the Department provided a report regarding the Security Awareness Training completed during the examination period; however, we determined the report to be incomplete.

Due to these conditions, we were unable to conclude the Department’s population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 320.30) to test the effectiveness of the controls. As such, we could not perform testing.

Additionally, during our testing of the controls related to the trust services criteria stated in the description of system, we noted specific controls which did not operate effectively. Specifically, we noted:

**Compliance with Policies**

- The Department did not ensure the Department’s compliance with all of the enterprise information security policies.

**Human Resources**

- The specified required background checks were not always completed.
- Employees and contractors did not always complete the required training within 30 days of hiring.
- Employees did not always complete the annual Ethics Training Program for State of Illinois Employees and Appointees and the Information Safeguard training.

- Annual and probationary evaluations were not always completed or completed timely.

#### Subservice Providers

- Subservice providers' contracts did not always contain the requirement for the subservice provider to contact the Department in the event of a security incident or information breach.
- Meetings between the Department and the service providers were not conducted in accordance to the documented schedule.

#### Change Management

- The Endpoint Protection Group did not follow the Department's Change Management Process.

#### Logical Security

- Documentation demonstrating separated employees' and contractors' midrange logical access was revoked was not provided for all of the instances selected.
- Separated employees and contractors did not always have their midrange logical access revoked on their last working day.
- Documentation demonstrating access with powerful privileges, high-level access and access to sensitive system functions was restricted to authorized personnel was not provided.
- Documentation demonstrating separated employees' and contractors' mainframe accounts had been revoked was not provided for all of the instances selected.
- Security settings did not conform to the Department's or vendor's standards.
- New requests for access to the Department's midrange resources were not always properly approved.
- Service requests or Exit forms were not always completed for separated employees and contractors.
- Guidance was not provided to the agencies related to the remediation of identified vulnerabilities.

#### Physical Security

- Physical security controls were not always properly implemented.
- Documentation demonstrating separated or terminated individuals' physical access had been deactivated was not provided.
- New employee and contractor badge request forms were not always properly completed or did not contain documentation of proof of identity.
- New employees' and contractors' access to the data center's secured location was not always approved.
- Individuals were issued temporary badges with inappropriate access to the Department's buildings.
- The Building Admittance Registers were not always maintained.

#### Security Violations

- The Incident Management Response Process Guide had not been updated to reflect the transition of service management tools and processes.
- Thresholds had not been established to determine which violations were followed up on.

- Mainframe monitoring reports were not always completed and distributed monthly.
- Security incidents did not always contain notification to the agency, documentation the Executive Summary or Incident Report was provided to the affected agency, and status updates.

#### Backups

- Documentation demonstrating the replication between the Department's data center and alternate data center occurred and the Enterprise Storage and Backup group received an alert if the data was out of sync for a defined period of time was not provided.
- Midrange server backup reports were not provided for all of the instances selected.

#### Disaster Recovery

- Several mainframe critical applications tested were aborted before user testing was completed.

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

The Department indicated the weaknesses were due to oversight and system limitations.

Failure to ensure controls operated effectively to provide reasonable assurance the control objectives stated in the description were achieved resulted in an adverse opinion on the Department's System and Organization Control Report related to the Information Technology Shared Services. (Finding Code No. 2022-003, 2021-001)

#### **Recommendation**

We recommend the Department ensure its controls operate effectively over the services provided to user agencies.

#### **Department Response**

The Department agrees. The Department will review the controls in place to ensure they are operating effectively.

**STATE OF ILLINOIS  
DEPARTMENT OF INNOVATION AND TECHNOLOGY  
PRIOR YEAR FINDINGS NOT REPEATED  
For the Year Ended June 30, 2022**

All prior year findings were repeated.