



**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2021**

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

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2021**

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**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2021**

Agency Officials

Director (04/20/21 – Present)	Mr. Jerry Costello II
Director (Acting) (03/02/20 – 04/19/21)	Mr. Jerry Costello II
Director (Acting) (01/12/20 – 03/01/20)	Mr. Jeremy Flynn
Director (07/01/19 – 01/11/20)	Mr. John Sullivan
Chief Fiscal Officer (Acting) (06/01/22 – Present)	Mr. Todd Haberer
Chief Fiscal Officer (12/16/19 – 05/31/22)	Ms. Johanna Helm
Chief Fiscal Officer (07/01/19 – 12/15/19)	Mr. Tyler White
General Counsel	Mr. John Teefey
Chief Internal Auditor	Vacant

Agency Office

The Department of Agriculture’s primary administrative office is located at:

John R Block Building
801 E Sangamon Ave, IL State Fairgrounds
Springfield, IL 62702

MANAGEMENT ASSERTION LETTER

June 16, 2022

Adelfia LLC
Certified Public Accountants
400 East 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, Department of Agriculture (Department). 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 Department's compliance with the following specified requirements during the two-year period ended June 30, 2021. Based on this evaluation, we assert that during the years ended June 30, 2020, and June 30, 2021, the Department 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 Department has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. Other than what has been previously disclosed and reported in the Schedule of Findings, the Department has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. Other than what has been previously disclosed and reported in the Schedule of Findings, the Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. Other than what has been previously disclosed and reported in the Schedule of Findings, State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Other than what has been previously disclosed and reported in the Schedule of Findings, money or negotiable securities or similar assets handled by the Department on behalf of the State or held

in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, Department of Agriculture

SIGNED ORIGINAL ON FILE

Jerry Costello II, Director

SIGNED ORIGINAL ON FILE

Todd Haberer, Acting Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

John Teefey, General Counsel

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2021**

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, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes contains an adverse opinion on compliance and identifies material weaknesses in internal control over compliance.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Reports</u>
Findings	30	21
Repeated Findings	18	13
Prior Recommendations Implemented or Not Repeated	3	9

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2021-001	12	2019/2019	Inadequate Internal Audit Function	Material Weakness and Material Noncompliance
2021-002	15	2019/2015	Weaknesses Regarding System Development and Change Control Procedures	Material Weakness and Material Noncompliance
2021-003	17	2019/2007	Inadequate Controls over State Property	Material Weakness and Material Noncompliance
2021-004	21	New	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2021-005	24	2019/2017	Inadequate Controls over Petty Cash Funds	Significant Deficiency and Noncompliance
2021-006	26	2019/2019	Inadequate Controls over Contractual Agreements and Intergovernmental Agreements	Material Weakness and Material Noncompliance
2021-007	29	2019/2017	Inadequate Controls over Revenue and Refund Receipts	Material Weakness and Material Noncompliance
2021-008	32	2019/2019	Weaknesses in Administration of Grant Agreements	Material Weakness and Material Noncompliance
2021-009	36	2019/2017	Noncompliance with the Grant Information Collection Act	Material Weakness and Material Noncompliance
2021-010	38	New	Lack of Adequate Controls over the Review of Internal Controls over Service Providers	Material Weakness and Material Noncompliance
2021-011	41	2019/2019	Inadequate Controls over the Issuance and Revocation of Telecommunication Devices	Material Weakness and Material Noncompliance
2021-012	44	New	Failure to Inspect Facilities Where Dead Animals or Used Cooking Grease and Oil are Found	Material Weakness and Material Noncompliance
2021-013	45	2019/2011	Weaknesses in Internal Control over State Vehicles	Material Weakness and Material Noncompliance
2021-014	50	2019/2011	Weaknesses in Administration of Locally-Held Funds	Material Weakness and Material Noncompliance
2021-015	54	2019/2015	Weaknesses in the Preparation of Agency Fee Imposition Reports	Material Weakness and Material Noncompliance
2021-016	56	2019/2019	Noncompliance with the Investment of Public Funds Act	Material Weakness and Material Noncompliance
2021-017	58	2019/2019	Inadequate Controls over Voucher Processing	Significant Deficiency and Noncompliance

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2021-018	61	2019/2009	Noncompliance with the Illinois Noxious Weed Law	Significant Deficiency and Noncompliance
2021-019	62	2019/2019	Failure to Provide Accurate Population of Licensed Nurseries and Maintain Adequate Supporting Documentation	Material Weakness and Material Noncompliance
2021-020	64	New	Inadequate Controls over TA-2 Reports	Significant Deficiency and Noncompliance
2021-021	66	2019/2017	Lack of Disaster Contingency Planning	Significant Deficiency and Noncompliance
2021-022	68	New	Inadequate Controls over Employee Training	Significant Deficiency and Noncompliance
2021-023	70	2019/2017	Inadequate Controls over Reconciliations	Material Weakness and Material Noncompliance
2021-024	74	New	Noncompliance with the Cannabis Regulation and Tax Act	Material Weakness and Material Noncompliance
2021-025	76	New	Failure to Ensure Agricultural Co-Operative Associations File Adequate Annual Reports	Significant Deficiency and Noncompliance
2021-026	78	New	Noncompliance with the Lawn Care Products and Application and Notice Act	Material Weakness and Material Noncompliance
2021-027	81	New	Failure to Provide Agricultural Areas Annual Reports to Other State Agencies	Significant Deficiency and Noncompliance
2021-028	82	New	Inadequate Controls over Agency Workforce Reports	Significant Deficiency and Noncompliance
2021-029	84	New	Inadequate Internal Controls over Employee Personnel and Payroll Files	Material Weakness and Material Noncompliance
2021-030	87	New	Inadequate Controls over Performance Evaluations	Significant Deficiency and Noncompliance

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Prior Findings Not Repeated				
A	89	2019/2017	Weaknesses with Payment Card Industry Data Security Standards	
B	89	2019/2019	Noncompliance with the Bees and Apiaries Act	
C	89	2019/2013	Weaknesses in Administration of Accounts Receivable	

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on June 10, 2022.

Attending were:

Department of Agriculture:

- Todd Haberer, Acting Chief Financial Officer
- Tess Feagans, Deputy General Counsel

Department of Central Management Services (DCMS):

- Jack Rakers, Chief Internal Auditor
- Michael Flesch, Internal Audit
- Amy Lange, Internal Audit

Office of the Auditor General:

- Stacie Sherman, Manager
- Kathy Lovejoy, Principal

Adelfia LLC:

- Jennifer Roan, Partner (Team Leader)
- Annabelle Abueg, Principal
- Andrew Guerrero, Manager

The responses to the recommendations were provided by Amy Lange, DCMS Internal Audit, in a correspondence dated June 15, 2022.



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Department of Agriculture (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2021. Management of the Department is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Department’s compliance with the specified requirements based on our examination.

The specified requirements are:

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Department's compliance with the specified requirements.

Our examination disclosed material noncompliance with the specified requirements during the two years ended June 30, 2021. As described in items 2021-001 through 2021-030 in the accompanying Schedule of Findings, the Department did not comply with the specified requirements. Items 2021-001 through 2021-003, 2021-006 through 2021-016, 2021-019, 2021-023, 2021-024, 2021-026, and 2021-029 are each considered to represent material noncompliance with the specified requirements.

Specified Requirement A

As described in the accompanying Schedule of Findings as items 2021-006, 2021-008, 2021-009, 2021-011, and 2021-015, the Department 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.

Specified Requirement B

As described in the accompanying Schedule of Findings as items 2021-006, 2021-008, 2021-009, 2021-011, 2021-015, 2021-023, and 2021-029, the Department had not obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.

Specified Requirement C

As described in the accompanying Schedule of Findings as items 2021-001 through 2021-003, 2021-006 through 2021-016, 2021-019, 2021-023, 2021-024, 2021-026, and 2021-029, the Department had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Specified Requirement D

As described in the accompanying Schedule of Findings as items 2021-007 through 2021-009, 2021-011, 2021-014, and 2021-023, the Department had not ensured the State revenues and receipts collected by the Department were in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts was fair, accurate, and in accordance with law.

Specified Requirement E

As described in the accompanying Schedule of Findings as item 2021-014, money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department had not been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Items 2021-004, 2021-005, 2021-017, 2021-018, 2021-020 through 2021-022, 2021-025, 2021-027, 2021-028, and 2021-030, individually would have been regarded as significant noncompliance with the specified requirements; however, when aggregated, we determined these items constitute material noncompliance with the specified requirements.

In our opinion, because of the significance and pervasiveness of the material noncompliance with the specified requirements described in the preceding paragraph, the Department did not comply with the specified requirements during the two years ended June 30, 2021, in all material respects.

The Department's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Department's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did

identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2021-001 through 2021-003, 2021-006 through 2021-016, 2021-019, 2021-023, 2021-024, 2021-026, and 2021-029 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 2021-004, 2021-005, 2021-017, 2021-018, 2021-020 through 2021-022, 2021-025, 2021-027, 2021-028, and 2021-030 to be significant deficiencies.

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

The Department's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Department's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
June 16, 2022

**STATE OF ILLINOIS
DEPARTMENT OF AGRICULTURE
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2021**

2021-001 **FINDING** (Inadequate Internal Audit Function)

The Department of Agriculture (Department) failed to adhere to provisions in the Fiscal Control and Internal Auditing Act (Act).

The Act requires each designated State agency to maintain a full-time program of internal auditing (30 ILCS 10/2001(a)). The Department of Agriculture, as a Department of State government created in the Civil Administrative Code (Code) (20 ILCS 5/5-15), is a designated State agency required to maintain a full-time program of internal auditing (30 ILCS 10/1003(a)). The Act also states agencies which do not have full-time internal audit programs may have internal audits performed by the Department of Central Management Services (30 ILCS 10/2001 (b)).

In 2019, the Attorney General issued an opinion that multiple designated State agencies may not appoint the same individual as their chief internal auditor through an intergovernmental agreement. Further, State agencies seeking to consolidate or combine internal audit functions must either obtain authorization from the General Assembly or follow the process for reassigning functions among executive agencies as established by article V, section 11, of the Illinois Constitution of 1970 and the Executive Reorganization Implementation Act (15 ILCS 15).

On January 15, 2018, the Department entered into an agreement with DCMS' Bureau of Internal Audit to provide the Department with internal auditing services.

During testing, we noted the following:

- The Department's Director has not appointed an individual to fill the Department's chief internal auditor position. This position was vacated on October 17, 2017, 1,353 days prior to the end of the examination period on June 30, 2021.

The Act (30 ILCS 10/2002(a)) requires the Director to appoint a chief internal auditor.

- The Department and DCMS did not obtain the Governor's approval for DCMS to provide professional internal auditing services to the Department.

The Code (20 ILCS 405/405-293(a)) states that DCMS "is responsible for providing professional services for or on behalf of State agencies for all functions transferred to the Department by Executive Order No. 2003-10. . ." Since the part of Executive Order 2003-10 related to internal audit was

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reversed by P.A. 96-795 this portion of the Section is not applicable in the circumstances. The Section goes on to state that DCMS may “with the approval of the Governor, provide additional services to or on behalf of State agencies.” “Additional services” is not defined and no approval for DCMS to provide internal auditing services specifically to the Department, a designated State agency under the Act, was obtained from the Governor.

- Also, the Department granted DCMS authorization through its intergovernmental agreement to charge the Department’s appropriations for payroll costs associated with DCMS’ rendering of professional internal audit services to the Department; however, as indicated by the Department in its response to our requests, it is not the Department’s nor DCMS’ intent to process any vouchers against the Department’s appropriations. Specifically, the agreement states, “The Department agrees to allow DCMS to use a Department appropriation for processing payroll under this agreement. The salary and benefits shall be approximately \$137,520 annually.” As a result, we believe there is a significant internal control risk with potentially delegating a State’s appropriation authority unnecessarily.

The 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: (1) resources are utilized efficiently, effectively, and in compliance with applicable law; (2) obligations and costs are in compliance with applicable law; and (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Department management indicated the exceptions noted above were due to the Department being unable to attract qualified candidates for the position of Chief Internal Auditor and internal audit staff. Therefore, the Department is unable to comply with requirements of the Act.

Failure to establish a full-time internal audit program in accordance with the requirements of the Act – where the chief internal auditor develops a deep understanding of the Department’s functions and processes, oversees, and performs audits of the Department’s major systems of internal accounting and administrative controls on a periodic basis, and oversees and reviews major new and modifications to information systems prior to implementation – weakens the Department’s ability to assess its overall internal control environment and represents noncompliance with State law. Further, the establishment of the Department’s internal audit function by interagency agreement hinders the operational autonomy intended by the General Assembly for internal auditors. Department management cannot terminate an appointed chief internal auditor prior to the conclusion of their term without cause and a hearing before the Executive Ethics Commission, but management can terminate the interagency

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agreement with DCMS at any time for any reason. Failure to obtain the approval of the Governor for expanding the professional services provided to the Department by DCMS limits governmental oversight and represents noncompliance with the Code. Finally, granting DCMS authorization to expend the Department's payroll appropriations weakens the Department's overall internal control environment and represents noncompliance with State law. (Finding Code No. 2021-001, 2019-001)

RECOMMENDATION

We recommend the following:

- The Department's Director appoint a chief internal auditor and ensure a full-time program of internal auditing is in place and functioning at the Department.
- If another agency is to be relied upon to supplement internal audit functions at the Department, the Department should obtain written approval of the Governor for these services and ensure such services are provided in accordance with the Act's requirements.
- Finally, the Department should not grant another agency the authority to process payroll against the Department's appropriations unnecessarily or without implementing and documenting proper controls.

DEPARTMENT RESPONSE

The Department accepts this finding. We are in the process of addressing these recommendations, including intergovernmental agreements.

As for the issue identified about the Department hiring a full-time Chief Internal Auditor, there are multiple structural challenges to finding a State-experienced Chief Internal Auditor. The Department is working with the Central Management Services' Bureau of Internal Audit to determine long term solutions for ensuring this position is filled.

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2021-002 **FINDING** (Weaknesses Regarding System Development and Change Control Procedures)

The Department of Agriculture (Department) was not able to provide the complete population of new system developments or system changes.

The Department maintains and controls several computer systems in order to meet its mission and mandates. Some of the systems include the License Renewal, Industrial Hemp, License Administration, Temporary Workers, Dockets (Administrative Hearings), Product Registrations, and Coronavirus Aid, Relief, and Economic Security Act (CARES).

During our examination, we requested the Department provide its change control procedures and the population of new system developments and changes made to the systems it maintains to determine if the Department had complied with the change control procedures.

In response to our request, the Department stated it had not implemented a standard process to monitor and track change requests.

Due to the condition noted above, we were unable to conclude if the Department's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.35).

As a result, we were unable to determine if new system developments and system changes were properly controlled, reviewed, and authorized.

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 section, requires entities to implement policies and procedures documenting the internal controls over changes.. Additionally, 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.

Department management indicated a lack of staffing made it a challenge to address all pending concerns, including monitoring status of open requests.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2015. In subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

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Without the Department providing complete and adequate documentation to enable testing, the accountants were unable to complete their procedures and provide useful feedback to the General Assembly regarding the Department's change control process. Without adequate systems development or change control procedures, there is an increased likelihood of systems that fail to meet expectations and requirements, and a greater risk of unauthorized, improper, or erroneous changes to computer systems. (Finding Code No. 2021-002, 2019-002, 2017-002, 2015-015)

RECOMMENDATION

We recommend the Department strengthen its internal controls to ensure new system developments and changes to existing systems are properly controlled, reviewed, monitored and authorized. Specifically, we recommend the Department:

- Develop and implement a standard process to monitor and track all change requests and provide support for the population of system changes.
- Implement system developments and change control procedures and ensure all change requests are in compliance.
- Maintain documentation to support the purpose, review, and approval of all changes.

DEPARTMENT RESPONSE

The Department accepts this finding. The Department utilizes an internal Electronic Service Request (ESR) system that is to be utilized for all system changes in addition to other types of information technology services requests. The Department will take steps to request additional expenditure authority to address Department of Innovation & Technology staffing levels assigned to the Department to ensure the ESR system can be updated regularly with all system changes requested and implemented.

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For the Two Years Ended June 30, 2021**

2021-003 **FINDING** (Inadequate Controls over State Property)

The Department of Agriculture (Department) did not exercise adequate controls over State property.

The following exceptions were identified from our detailed testing of the Department's State property records:

- During our list to floor testing of 60 Department property items, we noted the following:
 - Seven (12%) items, totaling \$59,038, were not tagged.
 - Five (8%) items, totaling \$21,350, were unable to be located. The items that could not be located were two golf carts, two printers, and an ID card printer.
 - Two (3%) items, totaling \$24,287, appeared obsolete, but remained on the inventory listing and approval had not been requested to dispose of the items.
 - One (2%) item, totaling \$1,422, was not functional, but remained on the inventory listing and approval had not been requested to dispose of it.
- During our floor to list testing of 60 Department property items, we noted the following:
 - Six (10%) items of undetermined value, all being golf carts, were physically identified, but not included in the Department's inventory listing
 - Four (7%) items of undetermined value were not tagged. The items that were not tagged were a laminator, a refrigerator, a sand blaster, and a paint mixer.
- During our testing of 42 property additions, we noted the following:
 - Ten (24%) items, totaling \$66,619, were recorded in the Department's property records more than 90 days after acquisition, ranging from 8 to 366 days late.
 - For 8 (19%) items, totaling \$669,950, the Department's property records did not indicate the date of when the Department received the items; therefore, we were unable to determine the timeliness of when the Department updated its property records.
 - For one (2%) item, totaling \$309, the Department was unable to provide supporting documentation of the addition; therefore, we were unable to test the timeliness and adequacy of the item added to the Department's property records.

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For the Two Years Ended June 30, 2021

- For one (2%) item, totaling \$177, the Department entered the item in its property records 100 days before the received date.
- During our testing of obsolete and unused property, we noted 11 surplus/obsolete items found in the Department’s storage room that could not be traced to the Department’s Master Property List or any monitoring list for surplus/obsolete items. As a result, not only did we determine the Department lacked an adequate internal control process for the monitoring and tracking of these items, but we were also unable to determine the value of surplus/obsolete items missing from Department records.
- During our testing of 11 vouchers relating to equipment, totaling \$157,179, we noted 2 (18%) vouchers, totaling \$3,553, could not be traced to the annual inventory report filed with the Department of Central Management Services (DCMS) or the Department’s inventory listing.

Further, during our tour of buildings and grounds, we identified extensive water damage on the ceiling of areas in the Emerson Building. In response to our noted exception, the Department provided us with a copy of its 5-year Capital Plan about the Department’s manual, policy, and guidelines for maintaining the State Fair Grounds property. In the 5-year Capital Plan, the Department states, “Many fairground buildings are very old and suffer from over 10 years of deferred maintenance. If facilities are unpleasant, appear unsafe, or are inadequate, visitors and groups will search for other locations for their events, resulting in lost revenue to the Department of Agriculture, the local community, and the State of Illinois.” The 5-year Capital Plan also notes, “roof leaks that are past the point of repair by on-site maintenance staff, mold and humidity problems, deteriorating interior finishes and damage the mechanical and electrical systems. It creates unsafe working conditions for Department personnel and for building visitors. The existing secondary electrical system which supports exhibitors, vendors and campers throughout the grounds is no longer capable of safely meeting the demands of today. Many buildings are not completely accessible and there remain portions of the site that are also not assessable.”

The Civil Administrative Code of Illinois (Department of Agriculture Law) (20 ILCS 205/205-405) grants the Department the power to be the custodian of buildings, structures, and property located on the State Fairgrounds and to maintain those buildings and structures and that property.

In addition, we reviewed 150 Office of the State Fire Marshal inspection reports of the Department’s buildings and grounds and noted 107 (71%) inspection reports indicated a result of “Fail” in one or more circumstances. Examples of failed inspections include violations of electrical systems, fire alarm systems, replacement of combustible items, portable fire extinguishers, and barn safety.

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This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2007. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

The State Property Control Act (Act) (30 ILCS 605/6.02) requires the Department to maintain a permanent record of all items of property under its jurisdiction and control. The Act (30 ILCS 605/6.03) also requires the record for each item of property to contain such information as will in the discretion of the administrator provide for the proper identification thereof. Further, the Act (30 ILCS 605/4) requires every responsible officer of State government to be accountable for the supervision, control, and inventory of all items under their jurisdiction.

The Statewide Accounting Management System (SAMS) Manual (Procedure 29.10.10) provides the Department with guidance on how to maintain such records and states that detailed records are to be organized by major asset category and include certain information for each asset to include: cost (or other value); function and activity; reference to acquisition source document; location; and date, method and authorization of disposition. The procedure also states assets that are obsolete, damaged or no longer used in operations should be identified by the Department and, if necessary, removed from the Department's asset records. The asset records should be reconciled to the results of the inventory and updated accordingly. The SAMS Manual (Procedure 11.10.50) states the purpose of assigning a correct detail object code is to report expenditure information at a more refined level within a common object.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.400) requires the Department to adjust its property records within 90 days after acquisition, change, or deletion of equipment items. The Code (44 Ill. Admin. Code 5010.210) also requires the Department to mark each piece of State-owned equipment in their possession with a unique six digit identification number. Furthermore, the Code (44 Ill. Admin. Code 5010.230) requires agencies to maintain records including identification number, location code number, description, date of purchase, purchase price, object code, and voucher number. Finally, the Code (44 Ill. Admin. Code 5010.620) requires all agencies to regularly survey their inventories for transferable equipment and report any such equipment to the Property Control Division of the DCMS. The Code (44 Ill. Admin. Code 5010.600) defines transferable equipment as State-owned equipment which is no longer needed and or useful to the agency currently in possession of it.

The State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of essential transactions of the Department designed to furnish information to protect the legal

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and financial rights of the State and of persons directly affected by the Department's activities.

Department management indicated the exceptions were due to a vacancy in the position of a Property Control Officer, competing priorities of the current staff available performing the duties, and a lack of necessary funding available to adequately address the safety concerns noted by the Office of the State Fire Marshal.

Failure to adequately tag equipment and to timely and accurately update property records increases the risk of equipment theft or loss occurring without detection, and resulted in inaccurate property reporting to DCMS. Further, improper service or maintenance of property and equipment items increases the risk of hazardous conditions to employees and visitors on the Departmental grounds, increases the risk of damage to the equipment, and may cause disruption in the operations of the Department. Finally, failure to monitor or track obsolete and transferable property may result in inaccurate statewide property control records, and represents noncompliance with the Code and the SAMS Manual. (Finding Code No. 2021-003, 2019-003, 2017-001, 2015-003, 2013-001, 11-1, 09-01, 07-1)

RECOMMENDATION

We recommend the Department strengthen its procedures over property and equipment to ensure accurate and timely recordkeeping and accountability for all State assets. We also recommend the Department work with the Office of the Governor and the Illinois General Assembly to obtain the resources necessary to address the safety conditions noted by the Office of the State Fire Marshal on Departmental grounds.

DEPARTMENT RESPONSE

The Department accepts this finding. The Department has experienced prolonged periods of vacancy with its Property Control Officer, but the position was filled in April 2022. The Bureau of Budget and Fiscal Services (BBFS) is developing a revised property policy and guidance document in order to communicate and train each Department employee on their responsibilities within the property control framework. The Department believes this will give all employees proper methods of notification and communication to appropriate staff when property is transferred between fellow employees, other Bureaus, or locations. In addition, BBFS is implementing additional procedures to perform monthly reconciliations of equipment expenditures in order for the Property Control Officer to identify and locate new equipment purchases and ensure each item is addressed properly on the Department's property records.

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2021-004 **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

The Department of Agriculture (Department) had not implemented adequate internal controls related to cybersecurity programs, practices, and control of confidential information.

The Department maintains computer systems that contain confidential or personal information such as names, addresses, and social security numbers. Per Executive Order (EO) 2016-01, the Department's information technology (IT) operations have been consolidated into the Department of Innovation and Technology (DoIT). Although DoIT was responsible for the infrastructure, the Department has the ultimate responsibility to ensure confidential or personal data is adequately secured.

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 the examination of the Department's cybersecurity program, practices, and control of confidential information, we noted the Department had not:

- Reviewed or updated internal policies to ensure compatibility with DoIT's cybersecurity policies nor formally communicated to staff the specific policies they were required to follow.
- Formally established cybersecurity roles and responsibilities.
- Taken any action to address weaknesses identified in a risk assessment performed in 2017.
- Evaluated and implemented appropriate controls to reduce the risk of attack.

In addition, we noted the following exceptions:

- Two of 60 (3%) employees selected for testing had not attended cybersecurity training for calendar year 2019.
- Three of 60 (5%) employees selected for testing had not attended cybersecurity training for calendar year 2020.

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

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

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objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

The Data Security on State Computers Act (20 ILCS 450/25(b)) states every employee shall annually undergo training by the Department of Information Technology (DoIT) concerning cybersecurity to include detecting phishing scams, preventing spyware infections and identity theft, and preventing and responding to data breaches.

The Illinois Administrative Code (80 Ill. Admin. Code 4000.205) requires each agency, board and commission with an employee required to complete cybersecurity training to designate an internal contact to monitor and track compliance with the cybersecurity training requirements.

Furthermore, generally accepted information technology guidance, including the National Institute of Standards and Technology, endorses the development of well-designed and well-managed controls to protect computer systems and data.

Department management indicated understaffing as their challenge and cause of delay to complete the full cybersecurity programs, formalize procedures, and establish internal security controls.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the Department's confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. Furthermore, information might be compromised if employees are not informed of the proper handling of confidential data and appropriate responses to data breaches. (Finding Code No. 2021-004)

RECOMMENDATION

The Department has the ultimate responsibility for ensuring confidential information is protected from accidental or unauthorized disclosure. Specifically, we recommend the Department:

- Review its internal policies to ensure compatibility with DoIT's policies.
- Formally communicate to staff the specific policies they are required to follow.
- Establish formal cybersecurity roles and responsibilities.
- Take action to address weaknesses identified in a risk assessment performed in 2017.
- Periodically perform comprehensive risk assessments to ensure adequate protection of confidential or personal information most susceptible to attack.
- Ensure all staff complete the security awareness training.

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DEPARTMENT RESPONSE

The Department accepts this finding. The Department requires all employees to complete cybersecurity training each calendar year. This training is conducted to update all Department employees on the cybersecurity policy implemented by the Department of Innovation and Technology (DoIT). In addition, a formal role responsibility document for key information technology roles assigned by DoIT for the Department has been drafted, and the Department will review and formalize these roles and staff. The Department, in concert with DoIT, has developed a formal incident response plan which includes identification of the Department's essential systems and their priority rankings.

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2021-005 **FINDING** (Inadequate Controls over Petty Cash Funds)

The Department of Agriculture (Department) did not maintain adequate controls over petty cash funds.

During our testing of 7 petty cash funds, we noted the following:

- Six of 7 (86%) Petty Cash Fund Usage Reports (C-18) due in Fiscal Year 2021 were filed 74 days late with the Office of Comptroller (Comptroller).
- For 1 of 7 (14%) C-18s due in Fiscal Year 2020, the Department was unable to provide submission support; therefore, we were unable to determine the report was submitted to the Comptroller.
- For 1 of 7 (14%) C-18s due in Fiscal Year 2020, the Department was unable to provide supporting documentation for the report; therefore, we were unable to test accuracy of the report filed.
- For 1 of 7 (14%) C-18s due in Fiscal Year 2021, the Department was unable to provide supporting documentation for the report; therefore, we were unable to test accuracy of the report filed.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2017. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

The Statewide Accounting Management System (SAMS) Manual (Procedure 09.10.40) requires the Petty Cash Fund Usage Report (Form C-18) be completed for those petty cash funds exceeding \$100 and filed with the Comptroller no later than January 31 for the preceding calendar year.

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

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

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Department management indicated the exceptions noted above were due to employee error and competing priorities.

Failure to maintain adequate internal control over petty cash funds may lead to questioned costs and could cause an inability to monitor operations appropriately. (Finding Code No. 2021-005, 2019-005, 2017-005)

RECOMMENDATION

We recommend the Department timely complete and file with the Comptroller the required forms for Petty Cash Funds, and ensure the proper documentation is retained by the Department as required by the State Records Act.

DEPARTMENT RESPONSE

The Department accepts this finding. The Department has revised procedures relating to petty cash requirements to ensure timely reporting and internal controls are maintained. Staff responsible for petty cash funds have been trained on the updated procedures to ensure that the requirements are met. In addition, the Department will continue to assess the need for each petty cash fund on an annual basis to determine whether each fund continues to be necessary to maintain operations.

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2021-006 **FINDING** (Inadequate Controls over Contractual Agreements and Intergovernmental Agreements)

The Department of Agriculture (Department) did not exercise adequate controls over contractual agreements and intergovernmental agreements.

During our testing, we requested the Department provide a population of contractual agreements in place during Fiscal Year 2020 and Fiscal Year 2021. In response to our request, the Department provided the population; however, it did not provide documentation demonstrating the Fiscal Year 2020 population was complete and accurate.

Due to these conditions, we were unable to conclude the Department’s Fiscal Year 2020 population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35).

Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed testing over 60 contractual agreements and noted the following exceptions:

- Eight (13%) contractual agreements, totaling \$4,958,676, were not filed timely with the Office of Comptroller (Comptroller), ranging from 2 to 33 days late.

The Illinois Procurement Code (Code) (30 ILCS 500/20-80 (b)) requires any State agency that incurs a contract liability exceeding \$20,000 to file a copy of the contract or lease with the Comptroller within 30 days of the contract's execution. If the contract is not filed with the Comptroller within 30 days of execution, the Code (30 ILCS 500/20-80(c)) requires when a contract, purchase order, grant, or lease required to be filed by this Section has not been filed within 30 calendar days of execution, the Comptroller shall refuse to issue a warrant for payment thereunder until the agency files with the Comptroller the contract, purchase order, grant, or lease and an affidavit, signed by the chief executive officer of the agency or his or her designee, setting forth an explanation of why the contract liability was not filed within 30 calendar days of execution. A copy of this affidavit shall be filed with the Auditor General.

- Two (3%) contractual agreements, totaling \$253,720, were missing the printed name and/or title of one or more required signers of the Department.

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- Two (3%) contractual agreements, totaling \$535,389, did not contain the signature and signature date of the required individuals. One of the noted exceptions was missing the Chief Fiscal Officer’s signature and signature date for an amendment to the contractual agreement and the other agreement was not signed by any individual.

Prudent business practice and effective internal control requires contracts to be reviewed and approved prior to their inception to be binding and enforceable on both parties. Contractual agreements entered into must be approved by all parties prior to the beginning of the services.

- Four (7%) contractual agreements, totaling \$344,741, did not include a clause for the vendor’s federal taxpayer identification number and legal status.

The Statewide Accounting Management System Manual (Procedure 15.20.20) requires State contracts to include the following clauses: subcontractor utilization statement, vendor’s Federal Taxpayer Identification Number and legal status disclosure certification.

Further, during our testing, we requested the Department provide a population of intergovernmental agreements in place during Fiscal Year 2020 and Fiscal Year 2021. In response to our request, the Department provided a population; however, it did not provide documentation demonstrating either fiscal year’s population was complete and accurate.

Due to these conditions, we were unable to conclude the Department’s population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35).

Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed testing over eight intergovernmental agreements and noted no exceptions.

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

Department management indicated the exceptions were due to employee error.

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Without the Department providing complete and adequate documentation to enable testing, we were impeded in completing our procedures and providing useful and relevant feedback to the General Assembly regarding the Department’s compliance of State laws and regulations governing contractual and intergovernmental agreements. In order to assess whether an agreement is reasonable, appropriate, and sufficiently documents the responsibilities of the appropriate parties, the agreement needs to be approved prior to the effective date, and executed prior to the commencement of services. Lack of required disclosures within contracts may increase legal and financial risk to the Department. Further, failure to timely file contractual agreements with the Comptroller hinders the ability of the Comptroller to adequately monitor operations. (Finding Code No. 2021-006, 2019-006)

RECOMMENDATION

We recommend the Department ensure contracts are signed by all parties prior to the beginning of services, ensure contracts include all required disclosures, and file contracts timely with the Office of Comptroller. Further, we recommend the Department strengthen its internal controls to ensure complete and accurate populations of contractual agreements and intergovernmental agreements are maintained.

DEPARTMENT RESPONSE

The Department accepts this finding. The Department added intergovernmental agreements as an agreement type that must be routed and logged into a revised contract tracking tool at the beginning of 2021. Illinois Department of Agriculture Legal (Legal) will work with Procurement staff on standard forms used for contract signature to ensure titles and names are not omitted. The Bureau of Budget and Fiscal Services and Legal have collaborated to identify how to help effectuate timely filing with the Comptroller and will continue to revise practices as necessary.

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2021-007 **FINDING** (Inadequate Controls over Revenue and Refund Receipts)

The Department of Agriculture (Department) did not have adequate controls over its revenue and refund receipts.

During our detail testing of 60 receipts, the following exceptions were noted:

- Six of 60 (10%) receipts tested, totaling \$133,862, were not deposited timely, ranging from 1 to 6 days late.
- For 1 of 60 (2%) receipts tested, totaling \$6,188, the Department was unable to provide supporting documentation of when the receipt was deposited. As such, we were unable to test the timeliness of the deposit.

During our testing, we requested the Department provide the population of refund receipts during the examination period.

In response to our request, the Department provided a population that we reconciled to external data and noted discrepancies. Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.35) to fully test the Department's compliance with requirements for refund receipts.

Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed testing on 17 refund receipts and noted the following:

- Two of 17 (12%) refund receipts tested, totaling \$50,750, were not deposited timely, ranging from 1 to 74 days late.
- For 4 of 17 (24%) refund receipts tested, totaling \$13,095, the Department was unable to provide supporting documentation of when the refund receipts were received by the Department. As a result, we were unable to test timeliness of the deposits.
- One of 17 (6%) refund receipts tested, totaling \$11,107, was erroneously documented in the Department's records as being received after the deposit date.

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The State Officers and Employees Money Disposition Act (30 ILCS 230/2(a)) requires the Department to deposit into the State Treasury individual receipts or refunds exceeding \$10,000 in the same day received, an accumulation of receipts of \$10,000 or more within 24 hours, receipts valued between \$500 and \$10,000 within 48 hours, and cumulative receipts valued up to \$500 on the next first or fifteenth day of the month after receipt. As of January 27, 2020, the Department was granted an extension by the Office of Comptroller for a 30 day extension for deposits into the Cannabis Regulation Fund (Fund 912), 10 day extension into the General Revenue Fund (Fund 001) related to meat, poultry, and livestock, and a 5 day extension for all other applicable funds.

Further, during our testing of non-sufficient funds (NSF) transactions processed by the Department during the examination period, the Department was unable to provide supporting documentation for 1 of the 23 (4%) NSF transactions selected for testing, totaling \$2,422. As such, we were not able to determine if the license related to the NSF transaction was canceled or revoked until alternative payments was received, and if the alternative payments were timely deposited by the Department.

The State Records Act (5 ILCS 160/8) requires each agency head to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency.

In addition, during our testing of statutory mandates regarding the sale of farm signs designating centennial farms, bicentennial farms, and sesquicentennial farms, the Department failed to provide deposit support for 2 of 60 (3%) receipts tested, totaling \$100; therefore, we were unable to test timeliness of receipt. In addition, 6 of 60 (10%) receipts, totaling \$300, were not properly approved, and for 1 of 60 (2%) receipts, we were unable to determine if the sign was sold for cost due to missing supporting documents.

Based on the Department's internal operating procedures over the Centennial Farm Signs Fund, receipts for the purpose of signage are to be received by the administrative assistant and approved by the Bureau Chief of Marketing, Promotion, and Grants.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2017. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property and other assets

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be safeguarded against waste, loss, unauthorized use, and misappropriation. Effective internal controls should include procedures to ensure statutory requirements are followed and checks are timely deposited.

Department management indicated exceptions were due to competing priorities and logistical challenges during the COVID-19 pandemic.

Failure to deposit collections in a timely manner may result in lost interest revenue and increases the risk of misappropriation of funds. In addition, failure to maintain deposit slips and supporting documentation can lead to inaccurate records. Failure to obtain proper approval for farm signage may subject the Department to legal or financial risk. (Finding Code No. 2021-007, 2019-007, 2017-007)

RECOMMENDATION

We recommend the Department strengthen its controls over revenue and cash receipts to ensure fees are collected, deposited, properly approved, and adequately supported in accordance with State statutes. Deposits should also be made on a timely basis to maximize interest earned.

DEPARTMENT RESPONSE

The Department accepts this finding. The Department received approval for extended deposit processing times during the COVID-19 pandemic in order to ensure employee safety while still prioritizing essential operations, including receipt processing. Bureau of Budget & Fiscal Services has developed improved communications with other areas of the Department that initially process receipts to ensure that all relevant employees are aware of the requirement for timely deposit and added guidance to receipt processing procedures.

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2021-008 **FINDING** (Weaknesses in Administration of Grant Agreements)

The Department of Agriculture (Department) did not exercise adequate internal controls over the monitoring of grant agreements under its purview during the examination period.

During our testing, we requested the Department provide us the population of awards and grants active during the examination period.

In response to our request, the Department provided a population of grant programs active during the examination period. However, when reviewing the population, we noted the Department was unable to identify all grantees who participated in the Department's various grant programs. Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.35) to fully test the Department's compliance with requirements governing grant agreements. During the examination period, the Department expended a total of \$35,428,684 in grant funds.

Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed testing and noted the following:

In order to preclude the possibility of the delay or suspension of funding, the grantees were required by the grant agreements to timely file all required reports. Reports included, but were not limited to, an annual budget, quarterly financial reports, quarterly progress reports, and all reports included in the closeout materials.

During our detailed testing of the Department's administration of grant agreements related to the Soil and Water District Bureau in Fiscal Years 2020 and 2021, we noted the following exceptions:

- Nine of 55 (16%) grantees tested did not provide the Department quarterly financial reports for all appropriate quarters starting in Fiscal Year 2020, ranging from 1 quarter missing to 5 quarters missing. Twelve of 55 (22%) grantees starting in Fiscal Year 2020 did not timely submit the quarterly financial reports with the Department, ranging from 2 to 73 days late.

According to grant agreement requirements for Fiscal Year 2020, the quarterly financial reports were due no later than 30 calendar days following the three-month period covered by the report. Failure to meet the reporting dates established for the particular reports should have resulted in a delay or suspension of funding.

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- Twenty-six of 55 (47%) grantees tested did not submit the consolidated year-end financial report with the Department.

According to the grant agreements, the consolidated year-end financial reports were due 180 days after the grantee's fiscal year ending on or after June 30. Failure to meet the reporting dates established for the particular reports should have resulted in a delay or suspension of funding.

- Grantees are required to submit either a Financial Management Report or Annual Audit Report as agreed upon within the applicable grant agreement. Four of 55 (7%) grantees did not submit either the Financial Management Report or Annual Audit Report. Sixteen of 55 (29%) Financial Management Reports or Annual Audit Reports were not submitted timely, ranging from 1 to 236 days late. One of 55 (2%) Annual Audit Reports did not indicate whether the report was conducted in accordance with Generally Accepted Government Auditing Standards.

According to the grant agreements, the grantee must complete the financial management report provided by the Department or must have an audit, performed under Generally Accepted Governmental Auditing Standards, conducted by a certified public accountant for the fiscal year just ending prior to the end of the grant agreement. The financial management report or annual audit report is to be sent to the Department prior to October 15 following the end of each fiscal year of the grant agreement period.

- Thirty-nine of 55 (71%) grantees did not submit an annual budget. Thirteen of 55 (24%) grantees did not submit the annual budget timely, ranging from 330 to 576 days late. Three of 55 (5%) annual budgets were not dated; therefore, we are unable to test timeliness of submission.

According to the grant agreements, at the beginning of each fiscal year of the grant agreement period, the grantee must prepare an annual budget and submit the budget to the Department no later than September 15, 2019, and September 15, 2020, for Fiscal Years 2020 and 2021, respectively.

- For 14 of 55 (25%) grantees tested, the grantee did not assign a Resource Conversationist.

According to the grant agreements specific to employee salaries and benefits, grant monies must be used for an Administrative Coordinator and/or Resource Conservationist position.

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During our detailed testing of the Department’s administration of its Premiums to 4-H Clubs Grant Program, we noted 5 of 97 (5%) counties’ Accountability for Agricultural Premium Reports were missing the applicable county fair Director’s signature and signature date. Therefore, we were unable to determine if the reports were received timely or if the 4-H exhibition expenses paid during the examination period, totaling \$22,029, were justified.

According to the grant agreements, no later than December 31 of the contract year, the 4-H shall certify to the Department the amount actually paid out in judges’ fees and ribbons, and the name of the officer and/or organization making those payments. The Accountability for Agricultural Premium Report is utilized to determine the justification of noted allowable 4-H exhibition expenses.

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

Department management indicated the exceptions noted above were due to the vacant position of a Grant Administrator.

Without the Department providing complete and adequate documentation to enable testing, we were impeded in completing our procedures and providing useful and relevant feedback to the General Assembly regarding the Department’s compliance of State laws and regulations governing grant agreements. Failure to adequately monitor adherence to the conditions contained within the grant agreement represents noncompliance with the terms of the grant and could result in grantee reporting inaccuracies, State resources being used in an inefficient and ineffective manner, could jeopardize grant funding, and pose legal risks to the Department. (Finding Code No. 2021-008, 2019-008)

RECOMMENDATION

We recommend the Department implement controls to ensure all reporting requirements are adhered to and ensure grantor agreements with the grantee are adequately documented and maintained. Further, we recommend the Department strengthen its internal controls to ensure it maintains complete and accurate populations of grantees.

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DEPARTMENT RESPONSE

The Department accepts this finding. The Department has recently filled its Grant Administrator position to assist grant program managers with monitoring and follow-up of grantees. The Grant Administrator will assist in revising procedures to ensure required deadlines are met by award recipients. In addition, the Department has added additional reporting requirement enforcement language to grant agreements for Soil & Water Conservation Districts to help promote compliance with reporting activities required by grant agreements.

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2021-009 **FINDING** (Noncompliance with the Grant Information Collection Act)

The Department of Agriculture (Department) did not comply with certain provisions of the Grant Information Collection Act (Act).

During our testing, we requested the Department provide us the population of awards and grants active during the examination period.

In response to our request, the Department provided a population of grant programs active during the examination period. However, when reviewing the population, we noted the Department was unable to identify all grantees who participated in the Department's various grant programs. Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.35) to fully test the Department's compliance with requirements governing grant agreements. During the examination period, the Department expended a total of \$35,428,684 in grant funds.

Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed testing and noted the following:

During our testing of the administration of grant agreements, we noted 4 of 60 (7%) grant agreements tested were not published on the website at data.illinois.gov. Out of the remaining 56 grant agreements that were published on the website, 28 (50%) grant agreements' award dates were not published at data.illinois.gov.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2017. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

The Act (30 ILCS 707/10) requires the Department to coordinate with the Secretary of the Department of Innovation and Technology to provide for the publication, at data.illinois.gov or any other publicly accessible website designated by the Chief Information Officer, of data sets containing information regarding awards of grant funds that the grantor agency has made during the previous fiscal year. Data sets are to be published on at least a quarterly basis and should include, at a minimum, the following: (1) the name of the grantor agency; (2) the name and postal zip code of the grantee; (3) a short description of the purpose of the award of grant funds; (4) the amount of each award of grant funds;

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(5) the date of each award of grant funds; and (6) the duration of each award of grant funds.

Department management indicated the exceptions noted above were due to the vacant position of a Grant Administrator.

Without the Department providing complete and adequate documentation to enable testing, we were impeded in completing our procedures and providing useful and relevant feedback to the General Assembly regarding the Department's compliance of State laws and regulations governing grant agreements. Further, failure to provide required grant information to the Chief Information Officer of the State results in a lack of transparency of State awarded grants and may reduce the effectiveness of governmental oversight. (Finding Code No. 2021-009, 2019-009, 2017-016)

RECOMMENDATION

We recommend the Department provide the required grant information to the Chief Information Officer of the State. Further, we recommend the Department strengthen its internal controls to ensure it maintains complete and accurate populations of grantees.

DEPARTMENT RESPONSE

The Department accepts this finding. As of November 2021, the Department has filled the previously vacant position of Grant Administrator. The Grant Administrator will assist in revising grant procedures in addition to coordinating reporting requirements for all grants that the Department administers, including publication of required data points to data.illinois.gov.

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2021-010 **FINDING** (Lack of Adequate Controls over the Review of Internal Controls over Service Providers)

The Department of Agriculture (Department) had not implemented adequate internal controls over its service providers.

During our testing, we requested the Department to provide the population of service providers utilized during the examination period to determine if the Department had reviewed the internal controls over its service providers. In response to our request, the Department provided a population; however, it did not provide documentation demonstrating the population was complete and accurate.

Due to these conditions, we were unable to conclude the Department’s population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35).

Even given the population limitations noted above, we performed testing over the four service providers identified by the Department. The Department utilized service providers for hosting services, software as a service, and infrastructure as a service.

During testing, we noted the Department had not:

- Developed a process to identify external contractors and assess whether those engaged by the Department were classified as service providers or vendors.
- Developed a process for identifying service providers and assessing the effect on internal controls of these services.
- Obtained System and Organization Control (SOC) reports or conducted independent internal control reviews for its service providers.
- Conducted an analysis of SOC reports to determine the impact of the modified opinion(s) or the noted deviations.
- Conducted an analysis of the Complementary User Entity Controls (CUECs) documented in SOC reports.
- Obtained and reviewed SOC reports for subservice organizations or performed alternative procedures to determine the impact on its internal control 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 funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State’s resources.

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The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, requires entities outsourcing their IT 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.

Department management indicated they were unaware of the need to formally document their review of the SOC reports.

The Department is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to assure its critical and confidential data are adequately safeguarded. This responsibility is not limited due to the processes being outsourced.

Without having developed a process for identifying service providers or having reviewed a SOC report or another form of independent internal controls review, the Department does not have assurance the service providers' internal controls are adequate. (Finding Code No. 2021-010)

RECOMMENDATION

We recommend the Department develop a process to identify external contractors and assess whether those engaged by the Department are classified as service providers or vendors. For those classified as service providers, we recommend the Department determine and document if a review of controls is required. If required, we recommend the Department:

- Obtain SOC reports or (perform independent reviews) of internal controls associated with outsourced systems at least annually.
- Monitor and document the operation of the CUECs relevant to the Department's operations.
- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself the usage of the subservice organizations would not impact the Department's internal control environment.
- Review SOC reports and analyze any noted deviations or modified opinions impacting the Department's internal controls.
- Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Department, and any compensating controls.

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- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.
- Develop and implement a standard process to track all service providers and provide support for the population of service providers used during the period.

DEPARTMENT RESPONSE

The Department accepts this finding. The Department identified four service providers, including one providing hosting, software, and infrastructure, with the additional three service providers with software hosted on internal Department of Innovation and Technology (DoIT) servers. Internal controls of service providers were reviewed by DoIT regularly on behalf of the Department and other executive agencies, as well as the Complementary User Entity Controls.

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2021-011 **FINDING** (Inadequate Controls over the Issuance and Revocation of Telecommunication Devices)

The Department of Agriculture (Department) did not maintain adequate controls for the issuance and revocation of portable telecommunication devices.

During our testing, we requested the Department provide us populations of portable telecommunication devices issued during Fiscal Year 2020, active during the entire span of the engagement period, those deactivated during the engagement period, and those lost or returned during the engagement period. The testing was to be conducted in order to examine the following:

- whether the Department followed its established criteria for issuing, using, and revoking a device;
- whether devices issued during the examination period were reasonable and necessary in light of the individual’s duties at the Department;
- whether devices were timely deactivated if they were lost, canceled, or returned during the examination period; and
- whether the device’s specific billings for charges and usage, on a test basis were reasonable and complied with the Department’s policy.

The Department was unable to provide us the populations requested above. The Department was only able to provide a listing of current, active portable telecommunication devices as of June 20, 2021. Due to these conditions, we were unable to conclude the Department’s population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.35) to fully test the Department’s compliance with requirements for portable telecommunication devices.

Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we selected 25 portable telecommunication devices from the Department’s June 20, 2021 listing for the detailed testing described above. For all 25 (100%) portable telecommunication devices selected for testing, the Department was unable to provide us documentation supporting the portable telecommunication devices’ issuance and usage. As such, we are unable to determine whether or not the Department complied with its governing policies and procedures for the issuance and monitoring of portable telecommunication devices.

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

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resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

The Department's Employee Handbook (Section 5.2.100 Telecommunications) states the procurement of telecommunication services and equipment are to be justified and approved by the Bureau Chief or above. After the request is approved, it should be submitted to the Department's Telecommunications Coordinator for processing. Upon notice that an employee is separating from the agency, the immediate supervisor is responsible for providing written notification to the Telecommunications Coordinator, requesting all necessary changes to the telephone and voice mail services. The written notification must include the employees name, telephone number, and the proposed effective date for the changes in service.

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

Department management indicated exceptions noted above were due to management turnover and employee oversight.

Without the Department providing complete and adequate documentation to enable testing, we were impeded in completing our procedures and providing useful and relevant feedback to the General Assembly regarding the Department's compliance of State laws and regulations governing the issuance, monitoring, and termination of portable telecommunication devices. Further, failure to maintain adequate controls over issuance and revocation of telecommunication devices may result in unauthorized or questionable transactions. (Finding Code No. 2021-011, 2019-011)

RECOMMENDATION

We recommend the Department strengthen its internal controls to ensure complete and accurate populations of portable telecommunication devices issued, active, lost or returned, and/or terminated are maintained. We further recommend the Department implement internal controls to ensure each device's corresponding processing documents are retained as required by State law.

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DEPARTMENT RESPONSE

The Department accepts this finding. A new vehicle and telecommunications coordinator was recently hired within the Department, and management will share these findings with the new coordinator so improved and additional procedures can be implemented as appropriate.

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2021-012 **FINDING** (Failure to Inspect Facilities Where Dead Animals or Used Cooking Grease and Oil are Found)

The Department of Agriculture (Department) did not comply with the Animal Mortality Act. Specifically, we noted the Department failed to inspect all licensed facilities where dead animals or used cooking grease and oil were found during Fiscal Year 2020 and 2021. According to Department records, there were 33 and 32 active licenses in Fiscal Year 2020 and 2021, respectively.

The Animal Mortality Act (Act) (225 ILCS 610/13) requires the Department to inspect each facility licensed where dead animals or used cooking grease and oil are found at least once each year, or as often as it deems necessary.

Department management stated the lack of inspections were due to staffing shortages and inadequate training.

Failure to perform the mandated inspections increases the risk of improperly managed facilities where dead animals or used cooking grease and oil are found that could lead to the harm of public health, crops, livestock, land, or other property. (Finding Code No. 2021-012)

RECOMMENDATION

We recommend the Department allocate additional resources to ensure all licensed facilities under this Act are inspected annually as required by State law.

DEPARTMENT RESPONSE

The Department accepts this finding. The Department's position is that it is carrying out its regulatory authority as required by the Act.

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2021-013 **FINDING** (Weaknesses in Internal Control over State Vehicles)

The Department of Agriculture (Department) demonstrated weaknesses in internal control over its vehicle maintenance records, reporting of vehicle accidents, assignment of State vehicles for personal use, assignment of fleet vehicles, and monitoring of liability insurance certifications of privately-owned vehicles used for State business.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2011. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

Vehicle Maintenance Records

During our testing of proper vehicle maintenance, we noted the following:

- For 35 of 60 (58%) vehicles tested, we noted 108 instances where the vehicle did not have oil changes performed in accordance with the Department of Central Management Services (DCMS) guidelines. Of the 108 instances of vehicles having untimely oil changes, 97 (90%) instances were untimely regarding both miles driven and months passed, 10 (9%) instances were untimely based on the months passed since the previous oil change, and 1 (1%) instance was untimely regarding the number of miles driven from the previous oil change. The number of miles that oil changes were overdue ranged from 517 to 22,064 miles, while the amount of time oil changes were overdue ranged from 1 to 12 months.
- For 13 of 60 (22%) vehicles tested, we noted 25 instances where vehicles were not brought in for an annual inspection as required by DCMS.
- For 13 of 60 (22%) vehicles tested, the Department did not provide any supporting documentation for oil changes, tire rotations, and annual inspections. As a result, we were unable to determine if the Department complied with laws and regulations governing the timing of oil changes, tire rotations, and annual inspections.
- For 3 of 60 (5%) vehicles tested, we noted inconsistencies in odometer readings between services. There were 4 instances where the subsequent odometer reading was less than the previous odometer reading, ranging in differences from 4,994 to 17,418. Also, there was one instance where the odometer reading reported decreased from 115,796 to 14,884, resulting in a negative mileage of 100,912.

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- For 2 of 60 (3%) vehicles tested, the vehicles were not brought in for a tire rotation during Fiscal Year 2020 or 2021.

The Illinois Administrative Code (44 Ill. Admin. Code 5040.400) requires all state-owned or leased vehicles which fall under this Part to undergo regular service and/or repair in order to maintain the vehicles in road worthy, safe, operating condition and appropriate cosmetic condition. Further, DCMS policy indicates that oil change intervals are every 6 months or 3,000 miles, whichever comes first, for vehicles with model years older than 2002 and every 6 months or 5,000 miles, whichever comes first, for vehicles with model years 2003 or newer. The DCMS Vehicle Usage Program, effective July 1, 2012 requires agencies to follow prescribed maintenance intervals to keep fleet costs down. In addition, DCMS policy indicates that vehicles must undergo at least one Annual Preventative Maintenance check through a Division of Vehicles State Garage or authorized vendor.

Department management indicated the exceptions were due to employee error and travel restrictions during the COVID-19 pandemic.

Reporting of Vehicle Accidents

During our testing of vehicle accidents, we noted 3 of 5 (60%) Motorist's Report of Illinois Motor Vehicle Accident forms (Form SR-1) were not submitted timely, ranging from 7 to 23 days late.

According to the Illinois Administrative Code (Code) (44 Ill. Admin. Code 5040.520), a driver of a state-owned or leased vehicle which is involved in an accident of any type is to report the accident to the appropriate law enforcement agency and to CMS by completing the Form SR-1. The Form SR-1 is required to be completed within three days and must be received by CMS within 7 calendar days following an accident.

Department management indicated the exceptions were due to competing priorities of staff.

Assignment of State Vehicles for Personal Use

During our testing, we requested the Department provide us a population of employees who were assigned State vehicles for personal use during Fiscal Year 2020 and Fiscal Year 2021. In response to our request, the Department provided the population; however, it did not provide documentation demonstrating the Fiscal Year 2020 and Fiscal Year 2021 population was complete and accurate.

Due to these conditions, we were unable to conclude the Department's Fiscal Year 2020 and Fiscal Year 2021 population records were sufficiently precise and

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detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35).

Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed testing and noted the following exceptions:

During our testing of the 2 employees approved by the Department’s Director for personal use of a State vehicle during Fiscal Years 2020 and 2021, we noted the Department was unable to provide support documenting the Department correctly calculated fringe benefit amounts included in one (50%) employee’s payroll vouchers. Yearly fringe benefits of \$669 for the employee should have been used in the calculation of federal and state income taxes.

The Internal Revenue Services’ Employer’s Tax Guide to Fringe Benefits (Publication 15-B) states that any commute that an individual makes with an assigned vehicle is considered a fringe benefit and is to be valued at \$1.50 per one-way commute, or \$3 per day. Fringe benefits are to be included in the employee’s wages for tax purposes.

Department management indicated the exceptions were due to competing priorities.

Privately-owned Vehicles Used for State Business

We also tested 14 employees using a privately-owned vehicle for State business to ensure the employees were properly licensed and insured and noted the following exceptions:

- Five (36%) employees did not submit an auto certification in Fiscal Year 2020.
- Eight (57%) employees did not submit an auto certification in Fiscal Year 2021.

The Department’s Employee Handbook on Privately Owned Vehicles (7.1.110) requires for each fiscal year, every Department employee is required to complete a Certification of Auto Liability Coverage. These forms are maintained by the Agency Vehicle Coordinator and state that the employee is duly licensed and maintains appropriate auto liability insurance.

Department management indicated the exceptions were due to competing priorities and a lack of supervisory review.

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Further, during our testing of Departmental employees assigned a fleet State vehicle, we requested the Department provide us a copy of the respective employee's liability insurance certification. For 9 of 60 (15%) employees selected for, the Department failed to provide us with a copy of the liability insurance certifications for Fiscal Year 2020. For all 60 (100%) employees selected for testing, the Department failed to provide us with a copy of the liability insurance certifications for Fiscal Year 2021. Therefore, we were unable to determine the employee had liability insurance coverage extending to the employee when the assigned vehicle is used for other than official State business or the employee had filed a bond with the Secretary of State as proof of financial responsibility, in an amount equal to, or in excess of the requirements.

The Illinois Vehicle Code (Code) (625 ILCS 5/7-601(a)) states, "No person shall operate, register or maintain registration of, and no owner shall permit another person to operate, register or maintain registration of, a motor vehicle designed to be used on a public highway in this State unless the motor vehicle is covered by a liability insurance policy." The Code (625 ILCS 5/7-601(c)) further requires every employee of the Department who is assigned a specific vehicle owned or leased by the State on an ongoing basis to provide the certification annually to the Department's Director.

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

Department management indicated the exceptions were due to management turnover and employee error.

The Fiscal Control and Internal Auditing Act (FCIAA) (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 that transfers of assets are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over the State's resources.

Failure to identify, track, and retain supporting documentation of all personally assigned State vehicles, assigned fleet vehicles, and privately-owned vehicles used for State business increases the risk the Department will fail to monitor and ensure compliance with applicable requirements and may subject the Department to litigation or loss. Good business practice dictates that vehicles should be

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maintained to prevent excessive repair costs in the future. Failure to adequately maintain vehicles can cost the State significant amounts in future years through additional repair bills and shortened useful lives for vehicles. Untimely submission or failure to maintain and track submission of the forms for vehicle accidents or for individually assigned vehicle usage may result in increased risk of loss or failure to report an employee's taxable vehicle usage income. Finally, without the Department providing complete and adequate documentation to enable testing, we were impeded in completing our procedures and providing useful and relevant feedback to the General Assembly regarding the Department's compliance of State laws and regulations governing the Department's use of State vehicles. (Finding Code No. 2021-013, 2019-013, 2017-013, 2015-004, 2013-006, 11-5)

RECOMMENDATION

We recommend the Department implement adequate internal controls and sufficient oversight to timely report vehicle accidents, properly maintain State vehicles, and ensure liability insurance policy certifications are appropriately submitted and retained for those employees who are personally assigned State vehicles, who are assigned a fleet vehicle, or who use privately-owned vehicles for State business.

DEPARTMENT RESPONSE

The Department accepts this finding. A new vehicle and telecommunications coordinator was recently hired within the Department, and management will share these findings with the new coordinator so improved and additional procedures can be implemented as appropriate.

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2021-014 **FINDING** (Weaknesses in Administration of Locally-Held Funds)

The Department of Agriculture (Department) had weaknesses in its administration of locally-held funds.

The Department maintains 12 locally-held funds, which include 1 locally-held fund that was inactive and 1 locally-held fund that was unfunded. For purposes of testing quarterly Reports of Receipts and Disbursements for Locally-Held Funds (Form C-17), we subjected testing to the 11 active funds. For purposes of testing bank reconciliations, the Illinois Colt Stakes/Championship Purse Fund (Fund 1113) and State Fair Promotional Activities Fund (Fund 1350) includes two bank accounts per each fund. As such, we subjected the Department’s 10 active and funded funds to testing which totaled to 12 monthly bank accounts tested.

During our review of the bank reconciliations for the 10 locally-held funds for Fiscal Years 2020 and 2021, we noted the following exceptions:

- One of 10 (10%) locally-held funds tested did not agree with the reconciled bank and ending book balance, resulting in a difference of \$794 for the Illinois Colt Stakes/Championship Purse Fund (Fund 1113) in Quarter 4 of Fiscal Year 2020. The Department erroneously included an \$800 deposit in transit in the bank reconciliation that was already captured on the bank statement. The remaining \$6 difference was due to a closing error.
- 109 of 288 (38%) bank reconciliations were not prepared during Fiscal Year 2020 and 2021. See below for breakdown of missing bank reconciliations:

Fund	# of months not prepared
Centennial Farms Signs Fund (Fund 1112)	24 of 24 (100%)
Illinois Colt Stakes/Championship Purse Fund (Fund 1113)	10 of 48 (21%)
Agricultural Products Promotional Fund (Fund 1114)	24 of 24 (100%)
White Experimental Farm Fund (Fund 1335)	24 of 24 (100%)
State Fair Promotional Activities Fund (Fund 1350)	3 of 48 (6%)
Zell Farm Fund (Fund 1351)	24 of 24 (100%)

- For 62 of 164 (38%) bank reconciliations performed and tested, the reconciliations did not contain the reviewer’s signature and/or signed date; therefore, we are unable to test for timeliness of review. This occurred in all 24 (100%) bank reconciliations for the Carcass Evaluation Fund (Fund 1218) and 38 of 48 (79%) bank reconciliations for the Illinois Colt Stakes/Championship Purse Fund (Fund 1113). Further, one of 48 (2%) bank reconciliations for the State Fair Promotional Activities Fund (Fund 1350) was reviewed 21 days prior to month end.

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- For 148 of 164 (90%) bank reconciliations performed and tested, the reconciliations did not contain the preparer’s signature and/or signed date; therefore, we are either unable to determine proper segregation of duties between preparer and reviewer or determine the bank reconciliation was prepared timely. This occurred in all 24 (100%) bank reconciliations for the Grain Indemnity Trust Fund (Fund 1116) and the Illinois Grain Insurance Fund (Fund 1205). In addition, this occurred in 38 of 48 (79%) bank reconciliations for the Illinois Colt Stakes/Championship Purse Fund (Fund 1113), 45 of 48 (94%) for the State Fair Promotional Activities Fund (Fund 1350), and 17 of 24 (71%) bank reconciliations for the Carcass Evaluation Fund (Fund 1218).

Good internal controls require monthly bank reconciliations be reviewed by the preparer’s supervisor for accuracy and timely resolution of reconciling items.

The SAMS Manual (Procedure 33.10.10) requires a monthly reconciliation of imprest accounts be prepared by the Department and a copy be submitted within the 30-day period following the bank statement date to the State Treasurer and the Office of Comptroller.

In addition, during our overall receipts and disbursement testing of the Department’s 10 active and funded locally-held funds, we noted the Department was unable to provide us with a copy of its receipt and disbursement ledgers for 3 (30%) of the locally-held funds. The Department recorded the following year-end receipt and disbursement totals in the 3 locally-held funds’ Form C-17s:

Fund	6-30-20	6-30-21
Centennial Farms Signs Fund (Fund 1112)		
Receipts	\$13,950	\$12,050
Disbursements	\$0	\$17,124
Illinois Colt Stakes/Championship Purse Fund (Fund 1113)		
Receipts	\$172,474	\$81,054
Disbursements	\$189,861	\$103,656
Agricultural Products Promotional Fund (Fund 1114)		
Receipts	\$398,895	\$223,234
Disbursements	\$364,138	\$200,371

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In addition, for the White Experimental Farm Fund (1335), there was a discrepancy between the Form C-17 balance and ledger of \$181 for the 4th quarter of Fiscal Year 2021.

Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.35) to adequately test the Department's compliance requirements for its locally-held fund receipts and disbursements for the 4 locally-held funds noted above.

Finally, based on our testing, we determined there was an inadequate segregation of duties for the Agriculture Products Promotional Fund (Fund 1114) and Research Farms Checking Account Fund (Fund 1335). Instances consisted of one individual performing two or more of the following functions: opens the mail, enters financial information, makes deposits, and performs bank reconciliations.

Prudent business practice and adequate internal controls require proper segregation of duties to safeguard assets and to provide appropriate checks and balances. As defined by SAMS (20.50.50), segregation of duties are duties assigned to individuals so that no one individual controls all phases of the processing of a transaction, thereby permitting errors of omission or commission to go undetected.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2011. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

The State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of 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 Department's activities.

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

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Department management indicated the exceptions were due to employee oversight and miscommunication of proper internal controls and procedures. In addition, for Funds 1335 and 1351, the Department stated the monthly reconciliations were not performed because the transactions were minimal and the Department deemed the risks associated for unauthorized or unrecorded transactions were low.

Failure to provide accurate quarterly reports prevents the Comptroller from maintaining accurate year-to-date records of receipts and disbursements of locally-held funds. Failure to timely submit reconciliations for imprest accounts is noncompliance with SAMS. Additionally, the failure to segregate duties could prevent the early detection and correction of errors and increases the chance for theft or misappropriation of receipts. (Finding Code No. 2021-014, 2019-014, 2017-014, 2015-006, 2013-004, 11-3)

RECOMMENDATION

We recommend the Department accurately and consistently prepare quarterly Form C-17s based on balances reported on the Department's accounting records. We also recommend the Department ensure reconciliations for imprest accounts are performed and submitted in a timely manner and establish controls to ensure an adequate segregation of duties for locally-held funds.

DEPARTMENT RESPONSE

The Department accepts this finding. The Department has updated locally-held fund monthly procedures to include documentation of the preparer and reviewer for each account, and to ensure reconciliation preparation and review timeliness is documented. The Bureau of Budget & Fiscal Services is developing a locally-held fund policy to aid the Department in maintaining a baseline level of internal controls necessary to ensure the safeguarding of public resources, and assigning additional staff to monitor activities.

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2021-015 **FINDING** (Weaknesses in the Preparation of Agency Fee Imposition Reports)

The Department of Agriculture (Department) displayed weaknesses in the preparation of Agency Fee Imposition Reports.

During our detailed testing over the accuracy of the Agency Fee Imposition Report due in Fiscal Year 2021, we noted 13 of 39 (33%) fees reported did not agree to Department records, resulting in a net difference of \$745,429. In addition, we noted the Department was unable to account for \$464,965 of Fiscal Year 2020 receipts and \$77,071 Fiscal Year 2019 receipts when comparing the reports to the Office of Comptroller records.

During our detailed testing over the completeness of the Agency Fee Imposition Reports due in Fiscal Year 2021 and 2020, we noted the following exceptions:

- Thirteen of 78 (17%) fees reported were missing the use of revenue, if earmarked.
- Five of 78 (6%) fees reported did not provide the degree to which the goals of the program was met.
- Two of 78 (3%) fees reported did not indicate the general population affected by the fee.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2015. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

The State Comptroller Act (15 ILCS 405/16.2) requires the Department to annually file an Agency Fee Imposition Report for the fees that it imposes during the preceding fiscal year.

Further, the Statewide Accounting Management System (SAMS) Manual (Procedure 33.16.10) requires the Agency Fee Imposition Report to state the following: (1) A list and description of fees imposed by the agency. (2) The purpose of the fees. (3) The statutory or other authority for the imposition of the fees. (4) The amount of revenue generated. (5) The general population affected by the fee. (6) The funds into which the fees are deposited. (7) The use of the funds, if earmarked. (8) The cost of administration and the degree to which the goals of the program are met

Department management stated the exceptions were due to employee oversight and competing priorities with performing supervisory review relating to the COVID-19 pandemic.

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Failure to ensure accurate and complete submission of the Agency Fee Imposition Report may result in wrong decisions by State officials using such information and may cause late and inefficient operations of the State. (Finding Code No. 2021-015, 2019-015, 2017-015, 2015-009)

RECOMMENDATION

We recommend the Department ensure the Agency Fee Imposition Report is accurate and includes all necessary information before submitting to the Office of Comptroller.

DEPARTMENT RESPONSE

The Department accepts this finding. The Department will revise procedures for the Agency Fee Imposition Report submission to ensure that all required fields are properly completed with submission of the Fiscal Year 2022 report. In prior years, the Department had implemented a formal reconciliation of receipt amounts to the Illinois Office of the Comptroller's (IOC) SB04 report to ensure accuracy of the report. This procedure will continue to be followed in addition to implementing measures to ensure data entry of the report into the IOC's reporting system is accurate prior to final submission.

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2021-016 **FINDING** (Noncompliance with the Investment of Public Funds Act)

The Department of Agriculture (Department) did not comply with the Accountability for the Investment of Public Funds Act (Act).

During our testing, we noted the Department did not make available on its website any information concerning the investment of public funds held by the Department. The Department had 10 locally held funds that should have been reported to be in compliance with the Act.

The Act (30 ILCS 237/10) requires each State agency to make available on the Internet, and update at least monthly by the 15th of the month, sufficient information concerning the investment of public funds held by that State agency to identify the following:

1. the amount of funds held by that agency on the last day of the preceding month or the average daily balance for the preceding month;
2. the total monthly investment income and yield for all funds invested by that agency;
3. the asset allocation of the investments made by that agency; and,
4. a complete listing of all approved depository institutions, commercial paper issuers, and brokers-dealers approved to do business with that agency.

Department management indicated the Department was unable to finalize formal written procedures to implement and comply with the Act due to competing priorities.

Failure to publish online information related to the investment of public funds creates a lack of transparency regarding Department activities. (Finding Code No. 2021-016, 2019-016)

RECOMMENDATION

We recommend the Department immediately publish online information related to its investment in public funds to ensure compliance with the Act and develop a mechanism to ensure the information is updated monthly.

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DEPARTMENT RESPONSE

The Department accepts this finding. The Department has developed a formal procedure to publish the required reporting to its public-facing website, and publishing of the report on a monthly basis began in December 2021. The Department's position is completion and publishing of the report has been addressed.

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2021-017 **FINDING** (Inadequate Controls over Voucher Processing)

The Department of Agriculture (Department) did not maintain adequate controls over voucher processing.

During our testing of 60 contractual services vouchers, totaling \$3,529,782, we noted the following exceptions:

- Twenty-three (38%) vouchers, totaling \$1,470,001, were approved more than 30 days after receiving the proper bill, ranging from 3 to 95 days late.

During our testing of 60 awards and grants vouchers, totaling \$3,384,041, we noted the following exception:

- One (2%) voucher relating to the grants provided to Soil and Water Conservation Districts, totaling \$33,079, was approved 49 days after the Department received the proper bill.

During our testing of 60 refund vouchers, totaling 1,448,061, we noted the following exception:

- For 1 (2%) voucher, totaling \$240, the Department was unable to provide supporting documentation for the expenditure. Therefore, we were unable to test the validity of the payment.

During our testing of 60 travel vouchers, totaling \$26,769, we noted the following exceptions:

- Seventeen (28%) vouchers, totaling \$7,724, were approved more than 30 days after receiving the proper bill, ranging from 2 to 67 days late.
- Two (3%) vouchers, totaling \$1,509, did not match supporting documentation, ranging from a \$5.50 to \$8.00 difference.

During our testing of 9 vouchers related to out-of-state travel, totaling \$10,000, we noted the following exceptions:

- For 1 (11%) voucher, totaling \$1,024, the Request of Travel Form was submitted by the employee to their supervisor 12 days late.

Department policy (3.1.107) requires Request of Travel Forms for out-of-state travel to be submitted for the Director’s approval no later than 45 days prior to the conference or meeting.

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During our testing of 60 vouchers with generally applicable attributes, totaling \$20,759,800, we noted the following exceptions:

- For one of 60 (2%) vouchers, totaling \$5,470, the invoice was charged to the wrong fiscal year and was approved 200 days after the Department received the proper bill.

The Statewide Accounting Management System (SAMS) Manual (Procedure 17.20.10) and Sections 2800.240, 2800.250, 2800.400, and 2800.260 from A Travel Guide for State of Illinois Employees outline the proper method to complete and submit a travel voucher. Within these rules the purpose of travel, lodging, direct billed invoices, employee headquarters and residence, applicable points of departure, destination, dates and times, are all vital to an expedient processing of the voucher. Department's Employee Policy Manual (Section 3.1.101) gives the employee responsibility for accuracy on the travel voucher.

The Illinois Administrative Code (74 Ill. Admin. Code 900.30) requires the Department to maintain written or electronic records reflecting the date or dates on which the proper bill was received and approval for payment of the bill was made.

The Illinois Administrative Code (74 Ill. Admin. Code 900.70) requires the Department to review a bill and either deny the bill in whole or in part, ask for more information necessary to review the bill, or approve the bill in whole or in part, within 30 days after physical receipt of the bill.

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

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

Department management indicated exceptions were due to management oversight and competing priorities during the COVID-19 pandemic.

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Failure to maintain adequate internal controls over voucher processing, including not retaining supporting documentation, may result in inaccurate vouchers being processed and paid by the State. In addition, failure to approve vouchers timely could lead to late payment of expenditures, subjecting the State to unnecessary interest charges. (Finding Code No. 2021-017, 2019-017)

RECOMMENDATION

We recommend the Department review its current internal control practices over voucher processing to ensure all supporting documentation for the expenditures are retained, vouchers are processed for the correct amounts, and vouchers are approved timely in accordance with State law and regulations.

DEPARTMENT RESPONSE

The Department accepts this finding. The Department has developed formal written procedures to guide front-line accounts payable processing staff with voucher processing to assist with the timeliness of entry and approval. Bureau of Budget & Fiscal Services (BBFS) conducted a formal training on vouchering in October 2021 and posted the training documents to its employee intranet to be used as a continuous resource for relevant staff. In addition, BBFS has developed automated weekly reports that are issued to relevant staff as a notification of vouchers' pending action within the State's accounting software to ensure processing delays are minimized.

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2021-018 **FINDING** (Noncompliance with the Illinois Noxious Weed Law)

The Department of Agriculture (Department) did not comply with the Illinois Noxious Weed Law.

During testing, we noted the Department failed to issue a Notice of Noncompliance to the Control Authority for 4 of 21 (19%) noncompliant counties that failed to submit a complete written report and comprehensive work plan due in Fiscal Year 2020.

This finding was first reported in the Department’s *State Compliance Examination* for the two years ended June 30, 2009. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

The Illinois Noxious Weed Law (Law) (505 ILCS 100/4) states if a Control Authority fails to carry out its duties and responsibilities under this Act or fails to follow the Department’s rules, the Director shall enforce the Law and Illinois Administrative Code by sending a Notice of Noncompliance to the Control Authority.

The Illinois Administrative Code (8 Ill. Admin. Code 220.170) states that prior to December 31 of each year, each weed control superintendent shall prepare and submit to the Control Authority, with a copy to the Director, a comprehensive work plan for the coming calendar year.

Department management indicated the exceptions were due to employee error.

Failure to enforce the Law may result in an inability to demonstrate accountability and could lead to the harm of public health, crops, livestock, land, or other property. (Finding Code No. 2021-018, 2019-018, 2017-018, 2015-014, 2013-009, 11-6, 09-7)

RECOMMENDATION

We recommend the Department implement internal controls to ensure all Notices of Noncompliance are sent to counties that fail to submit required reports and plans.

DEPARTMENT RESPONSE

The Department accepts the finding. The Department’s position is that it is carrying out its regulatory authority as required by the Act.

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2021-019 **FINDING** (Failure to Provide Accurate Population of Licensed Nurseries and Maintain Adequate Supporting Documentation)

The Department of Agriculture (Department) was not able to provide an accurate listing of licensed nurseries in the State of Illinois (State) and failed to maintain adequate supporting documentation of inspections conducted.

During our testing, we requested the Department provide us a population of nurseries licensed during the examination period. The testing was to be conducted in order to ensure all nurseries in the State were inspected to determine whether they were infested with insect pests or infected with plant diseases.

In response to our request, the Department was unable to provide us an accurate population of licensed nurseries. The Department was only able to provide a population that included locations that were not nurseries, due to the nature and function of the database used to track Environmental Program licensees. Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.35) to fully test the Department's compliance with requirements for licensed nurseries.

Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we tested the licensed nurseries identified accordingly and noted the following exceptions:

During the testing of 60 nurseries, we noted the Department was unable to provide supporting documentation of inspections performed for 1 (2%) nursery tested in calendar year 2020.

The Insect Pest and Plant Disease Act (Act) (505 ILCS 90/5) requires the Department to inspect at least once each year all nurseries in the State as to whether they are infested with insect pests or infected with plant diseases.

The State Records Act (5 ILCS 160/8) requires the Department to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency.

Department management indicated the population was not accurate due to the nature and function of the database used to track Environmental Programs licensees.

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Failure to maintain an accurate population of licensed nurseries in the State reduces the effectiveness of governmental oversight and may lead to the harm of public health, plants, or property. Further, without the Department providing complete and adequate documentation to enable testing, we were impeded in completing our procedures and providing useful and relevant feedback to the General Assembly regarding the Department’s compliance of State laws and regulations to ensure all nurseries in the State are inspected to determine whether they are infested with insect pests or infected with plant diseases. (Finding Code No. 2021-019, 2019-019)

RECOMMENDATION

We recommend the Department implement an adequate monitoring tool for identifying and tracking licensed nurseries in the State. We further recommend the Department maintain all documentation supporting the inspections it performs.

DEPARTMENT RESPONSE

The Department accepts this finding. With over 3,000 nursery licensees of multiple types, and a database that does not allow for filtering solely by “nursery,” the Department was not able to segregate a small number of other, non-nursery entities when providing the total population due to time constraints.

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2021-020 **FINDING** (Inadequate Controls over TA-2 Reports)

The Department of Agriculture (Department) did not maintain adequate controls over the filing of its Travel Headquarter (TA-2) Reports.

During our testing, we noted the TA-2 Report for the period ended June 30, 2020, was filed 167 days after the due date of July 15, 2020.

Further, during our sample testing of 60 travel vouchers related to travel reimbursements, we noted the following exceptions:

- Five (8%) vouchers tested, totaling \$3,608, were paid to employees that were not included in the Department’s TA-2 Reports.
- Four (7%) vouchers tested, totaling \$1,029, indicated a different employee headquarter than the one stated on the Department’s TA-2 Reports.

Based on the exceptions noted above, we determined the TA-2 reports were not complete and accurate prior to submission to the Legislative Audit Commission.

The State Finance Act (30 ILCS 105/12-3) requires each State agency to file reports for all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time. The reports shall be filed with the Legislative Audit Commission no later than each July 15 for the period from January 1 through June 30 of that year and no later than each January 15 for the period from July 1 through December 31 of the preceding year. The report shall list, for each such officer or employee, the place designated as his or her official headquarters and the reason for that designation. If an agency has more than one facility or institution, the report shall indicate on its face to which facility or institution the data pertain. Agencies with no officers or employees in this status shall file negative reports.

Department management indicated the exceptions noted above were due to employee oversight and competing priorities during the COVID-19 pandemic.

Failure to accurately and timely submit TA-2 Reports may result in unnecessary spending of State funds and an inability to monitor operations. (Finding Code No. 2021-020)

RECOMMENDATION

We recommend the Department establish procedures to ensure TA-2 reports are accurate and timely submitted to the Legislative Audit Commission.

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DEPARTMENT RESPONSE

The Department accepts this finding. The Department has communicated report due dates to assigned staff to ensure reporting deadline is met going forward, in addition to cross-training another staff member to serve in a backup capacity for report compilation and submission.

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2021-021 **FINDING** (Lack of Disaster Contingency Planning)

The Department of Agriculture (Department) had not developed a disaster contingency plan or conducted recovery testing to ensure recovery of its applications and data.

The Department utilizes a myriad of applications in order to carry out its mission. The Department’s critical applications include the General Permit, Grain Warehouses, and Fair Management Systems.

As part of our examination, we requested the Department’s disaster contingency plan and documentation demonstrating recovery testing of its applications and data during the examination period. In response to our request, the Department was unable to provide its disaster contingency plan and stated the Department had not conducted disaster recovery testing of its applications and data.

Department management stated it was working with the Department of Innovation and Technology (DoIT) during the examination period to update a business impact analysis completed in 2019. The updated analysis will help determine and evaluate the potential effects of an interruption to critical business functions and could be used as a component of a disaster contingency plan.

This finding was first reported in the Department’s *State Compliance Examination* for the two years ended June 30, 2017. In subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

The Contingency Planning Guide Information Technology Systems published by the National Institute of Standards and Technology endorses the formal development and testing of disaster contingency plans. Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Department management indicated it did not create and test a disaster contingency plan due to understaffing.

Without an adequately developed and tested disaster contingency plan, the Department cannot ensure its applications and data can be recovered within an acceptable time period. (Finding Code No. 2021-021, 2019-021, 2017-021)

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RECOMMENDATION

We recommend the Department finalize the update of the business impact analysis and use the results to develop a disaster contingency plan, which details a current listing of prioritized applications and detailed recovery scripts for each application. In addition, we recommend the Department perform a comprehensive test of the plan at least annually.

DEPARTMENT RESPONSE

The Department accepts this finding. The Department has engaged the Department of Innovation and Technology (DoIT) to assist in developing its disaster recovery plan. During Fiscal Year 2022, the Department has completed several business impact analyses over several functions within the Department and will continue to work with DoIT to formalize its disaster recovery plan based on the results of the impact analyses completed.

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2021-022 **FINDING** (Inadequate Controls over Employee Training)

The Department of Agriculture (Department) did not maintain adequate controls over employee training.

During our testing of employee training, we noted the following:

- Three of 11 (27%) newly hired employees selected for testing did not conduct the initial ethics training within 30 days of employee’s hiring date.
- Four of 11 (36%) newly hired employees selected for testing did not conduct the initial sexual harassment training within 30 days of the employee’s hiring date.
- Three of 11 (27%) newly hired employees selected for testing did not complete the initial ethics and sexual harassment training timely, ranging from 8 to 34 days late.
- One of 60 (2%) employees selected for testing did not conduct their annual Sexual Harassment training and annual ethics training for calendar year 2019 and 2020.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-10(a)) requires all officers, members, and employees to complete annual ethics training. The Act (5 ILCS 430/5-10(c)) also requires a person who fills a vacancy in an elective or appointed position or is employed in a position requiring ethics training to complete his or her initial ethics training within 30 days after commencement of his or her office or employment. Further, the Act (5 ILCS 430/5-10.5) requires each officer, member, and employee to complete, at least annually, a sexual harassment training program until 2020 and a harassment and discrimination prevention training program beginning in 2020.

Department management indicated exceptions were due to management oversight and logistical challenges during the COVID-19 pandemic.

Failure to comply with statutory requirements related to employee training results in statutory noncompliance and could fail to establish expectations for employee behavior. (Finding Code No. 2021-022)

RECOMMENDATION

We recommend the Department allocate sufficient resources to document and monitor training and follow up to ensure employees complete required training.

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DEPARTMENT RESPONSE

The Department accepts this finding. The Department's Ethics Officer and Human Resources work closely together to notify new employees of their training requirements and timelines. With the switch to online only training, there are some technical hurdles that can delay a new employee's ability to complete trainings. Specifically, the training is on a website. The process to get an account can ultimately take several workdays, and employees cannot be notified to take the training until the process is complete.

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2021-023 **FINDING** (Inadequate Controls over Reconciliations)

The Department of Agriculture (Department) failed to ensure adequate controls over performing monthly reconciliations between its internal records and the Office of Comptroller (Comptroller) reports. Specifically, we noted the Department either did not perform required reconciliations, did not perform them in a timely manner, and/or performed them inaccurately. In addition, for the monthly reconciliations performed, the Department failed to notify the Office of the Comptroller (Comptroller) and resolve the differences noted.

We noted the following exceptions during our testing:

- The Department failed to perform all of its Fiscal Year 2020 and 2021 monthly reconciliations with the Comptroller’s Monthly Appropriation Transfer Report (SB03), Comptroller’s Monthly Object Expense/Expenditures by Quarter Report (SA02), and Comptroller’s Monthly Revenue Status Report (SB05).
- The Department failed to perform all 15 (100%) Fiscal Year 2020 reconciliations with the Comptroller’s Agency Contract Report (SC14) and the Comptroller’s Obligations Activity Report (SC15). During Fiscal Year 2021, the Department failed to perform 8 of 15 (53%) SC14/15 reconciliations. In addition, 1 of 15 (7%) SC14/15 reconciliation during Fiscal Year 2021 was reviewed 26 days late.
- The Department failed to complete monthly reconciliations with the Comptroller’s Monthly Revenue Status Report (SB04) during Fiscal Year 2020 from August 2019 through May 2020 for all 23 funds under its responsibility. Furthermore, we noted exceptions in the July 2019 and June 2020 reconciliations. The Department’s June 2020 reconciliation contained an irreconcilable difference of \$345,806 and the Comptroller balance on the reconciliation did not agree to Comptroller records noted on the SB04, resulting in an understatement of \$59,630. In addition, we noted both the July 2019 and June 2020 reconciliations did not contain a supervisory level of review of the reconciliations.

For the testing of Fiscal Year 2021 SB04 reconciliations, we noted the following:

- For 10 of 12 (83%) monthly SB04 reconciliations tested, the total dollar amounts for: 1) Year-to-Date Receipts, 2) Prior Year Deposits in Transit, 3) Current Year Deposits in Transit, 4) Adjusted Department Balance, 5) Comptroller Year-to-Date Balance, and 6) Comptroller

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Adjusted Balance, were not accurately calculated, ranging in differences from \$44,276 to \$2,056,363.

- Eleven of 12 (92%) monthly SB04 reconciliations tested were not completed timely, ranging from 1 to 166 days late.
 - We compared the Comptroller balance of revenue on the SB04 reconciliations with Comptroller records and noted differences in 11 of 12 (92%) monthly reconciliations, resulting in differences from \$80,476 to \$16,811,998.
 - The January 2021 SB04 reconciliation did not contain a supervisory level of review as it was prepared and reviewed by the same employee.
- Monthly Revenue Status Report (SB01) reconciliations were not completed properly during Fiscal Year 2020. We noted the following exceptions for 15 SB01 monthly reconciliations tested:
 - Four (27%) SB01 monthly reconciliations were not completed timely, ranging from 3 to 34 days late.
 - One (7%) SB01 monthly reconciliation was missing documentation supporting the preparer's signature/date and documentation showing the reconciliation was reviewed by a supervisor; therefore, we were unable to test the timeliness of reconciliations.
 - One (7%) SB01 monthly reconciliation was missing documentation showing the reconciliation was reviewed by a supervisor.
 - We compared the Comptroller balance of appropriation amount reported on the Department's SB01 reconciliations with Comptroller records and noted differences in all 15 (100%) monthly reconciliations, resulting in differences from an understatement of \$936,389 to an overstatement of \$11,917,381.
 - We compared the Comptroller balance of expenditures amount report on the Department's SB01 reconciliations with Comptroller records and noted differences in 9 (60%) monthly reconciliations, resulting in differences from an understatement of \$363 to an overstatement of \$912,475.

For the testing of 15 Fiscal Year 2021 SB01 reconciliations, we noted the following:

- Eleven (73%) SB01 monthly reconciliations were not completed timely, ranging from 3 to 145 days late.
- We compared the Comptroller balance of appropriation amount reported on the Department's SB01 reconciliations with Comptroller records and noted differences in 11 (73%) monthly reconciliations, resulting in differences from an understatement of \$9,808,614 to an overstatement of \$5,000,000.

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- We compared the Comptroller balance of expenditures amount reported on the Department's SB01 reconciliations with Comptroller records and noted differences in 7 (47%) monthly reconciliations, resulting in overstatements from \$300 to \$5,161,008.
- Three (20%) SB01 monthly reconciliations was missing documentation showing the reconciliation was reviewed by a supervisor.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2017. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

The Statewide Accounting Management System (SAMS) Manual (Procedure 07.30.20) requires the Commission to perform reconciliations of the SB04, SB05, SB01, SC14, SC15, SB03, and SA02 to its internal records within 60 days of month end to ensure the early detection and correction of errors.

The Statewide Accounting Management System (SAMS) Manual (Procedure 07.30.20) states the effectiveness of any accounting and financial information system is very much dependent on the accuracy of data submitted and the confidence of its users that the system handled that data properly.

Further, SAMS Manual (Procedure 02.50.10) requires supervisors to review and approve the assigned work of their staff to minimize errors.

Department management indicated the exceptions noted above were due to staff turnover, competing priorities, and logistical challenges during the COVID-19 pandemic.

Failure to timely and properly document reconciliations of the Department's records to the Office of Comptroller's reports hinders the ability of staff to identify and correct errors which could result in incomplete or inaccurate financial information and represents noncompliance with the SAMS Manual. (Finding Code No. 2021-023, 2019-004, 2017-008)

RECOMMENDATION

We recommend the Department perform, review, and approve monthly reconciliation with Comptroller's reports. We also recommend the Department notify the Comptroller and resolve all differences noted during the reconciliation process.

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DEPARTMENT RESPONSE

The Department accepts this finding. The Department recognizes performing required reconciliations to the Illinois Office of the Comptroller (IOC) records as an important internal control measure within the State's accounting framework. SB01 and SB04 reconciliations preparation during the audit period were completed using the Statewide Accounting Management System (SAMS) Data Warehouse which provided up-to-date data for reconciliation each month. The Department has revised procedures to include steps to ensure that data is queried at specific times each month and reconciliation total figures are reconciled back to reports provided by IOC. SA02 reconciliations are being performed as of July 2022 and have been incorporated into the SB01 reconciliation process. SC14 and SC15 reconciliations will continue to be performed going forward and procedures to complete reconciliations will continually be assessed and revised as necessary to ensure accuracy and efficiency of completion. SB05 reconciliation procedures are being developed, and a template has been designed based on one of the Department's Special State Funds and will be transitioned for use with other Special State Funds. In addition, the Department will be adopting SAMS as the system of record for shared State funds for the SB05 reconciliation per SAMS Manual Procedure 09.40.30.

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2021-024 **FINDING** (Noncompliance with the Cannabis Regulation and Tax Act)

The Department of Agriculture (Department) did not comply with the Cannabis Regulation and Tax Act.

During our testing of 8 cultivation center renewal licenses tested, we noted the following exceptions:

- One (13%) renewal licenses tested was issued although the Department did not receive a completed diversity report.

The Act (410 ILCS 705/20-45) requires the Department to grant a renewal within 45 days of submission of a renewal application if statutory requirements were met. Specifically, the cultivation center is required to submit an agent, employee, contracting, and subcontracting diversity report as required by the Department. The Act further states the cultivation center will submit a renewal application and the required nonrefundable renewal fee of \$100,000 and the Department will deposit the fee into the Cannabis Regulation Fund.

During our testing, we requested the Department provide us a population of cultivation center agent identifications issued or renewed during the examination period.

In response to our request, the Department was unable to provide us a population of cultivation center agent identifications issued or renewed during the examination period. The Department was only able to provide us a population of individuals who had received an initial identification card prior to the effective date of the mandate. Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.35) to fully test the Department's compliance with requirements for cultivation center agent identification cards.

Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed testing of 60 identification (ID) cards for cultivation center agents from the population the Department provided to us, and noted the following exceptions:

- Three (5%) ID cards tested were not approved timely, ranging from 4 to 40 days late.
- For 19 (32%) ID cards tested, the Department was unable to provide the renewal application submission date; therefore, we were unable to test timeliness of the Department's approval/denial.

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The Act (410 ILCS 705/20-35) requires the Department to verify the information contained in an initial application or renewal application for an agent identification card submitted under this Act, and approve or deny an application within 30 days of receiving a completed initial application or renewal application and all supporting documentation required by rule. In addition, the Act states agent identification cards shall contain a photograph of the cardholder.

The State Records Act (5 ILCS 160/8) requires the Department to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency.

Department management indicated exceptions were due to lack of staffing and employee oversight.

Without the Department providing complete and adequate documentation to enable testing, we were impeded in completing our procedures and providing useful and relevant feedback to the General Assembly regarding the Department's compliance of State laws and regulations governing cultivation center agents. Further, failure to comply with the Act reduces the effectiveness of governmental and market oversight by reducing their ability to make informed decisions. (Finding Code No. 2021-024)

RECOMMENDATION

We recommend the Department allocate necessary resources in order to comply with the Act. Specifically, we recommend the Department establish policies and procedures to ensure licenses are timely approved or denied. Finally, we recommend the Department strengthen its internal controls to ensure it maintains complete and accurate populations of identification (ID) cards for cultivation center agents.

DEPARTMENT RESPONSE

The Department accepts this finding. The Department is working to increase staffing in the Division of Cannabis Regulation and will ensure staff are properly trained on statutory requirements for licensees.

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2021-025 **FINDING** (Failure to Ensure Agricultural Co-Operative Associations File Adequate Annual Reports)

The Department of Agriculture (Department) failed to ensure agricultural co-operative associations filed adequate annual reports with the Department as required by the Agricultural Co-Operative Act (Act).

During our testing of 31 agricultural co-operative associations who were required to final annual reports in Fiscal Year 2020 and Fiscal Year 2021, we noted the following:

- For 4 of 62 (6%) annual reports tested, the agricultural co-operative association did not state the amount of capital stock paid up during the respective year.
- For 3 of 62 (5%) annual reports tested, the agricultural co-operative association did not state the number of stockholders of the stock association.
- For 4 of 62 (6%) annual reports tested, the agricultural co-operative association did not state the number of members of the non-stock association.
- For 8 of 62 (13%) annual reports tested, the agricultural co-operative association did not state the membership fees received of a non-stock association.

The Act (805 ILCS 315/21) requires each agricultural co-operative association to file an annual report with the Department and provide a general statement of its business operations during the fiscal year, which includes showing the amount of capital stock paid up, and the number of stockholders of a stock association or the number of members and amount of membership fees received, if a non-stock association.

Department management indicated the exceptions were due to employee oversight.

Failure to ensure annual reports submitted by agricultural co-operative associations (agricultural and foreign) contain all required information is noncompliance with the Act and reduces the effectiveness of governmental and market oversight by reducing their ability to make informed decisions. (Finding Code No. 2021-25)

RECOMMENDATION

We recommend the Department establish formalized policies and procedures to ensure agriculture co-operative associations include all information required in the annual reports in accordance with the Act.

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DEPARTMENT RESPONSE

The Department accepts this finding. The Department lacks statutory enforcement power to ensure proper completion of these reports and will continue to request cooperation from the industry.

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2021-026 **FINDING** (Noncompliance with the Lawn Care Products Application and Notice Act)

The Department of Agriculture (Department) did not comply with the Lawn Care Products Application and Notice Act.

Under the Illinois Pesticide Act (415 ILCS 60/4), a “certified applicator” is defined as any individual who is certified under the Illinois Pesticide Act to purchase, use, or supervise the use of pesticides which are classified for restricted use.

During testing, we noted the following exceptions for applicator licenses certified by the Department during the examination period:

- Six of 60 (10%) applicator license applications tested did not certify one of the following options: 1) I am not subject to a child support order; 2) I am not more than 30 days delinquent in complying with a child support order; or 3) I am more than 30 days delinquent in complying with a child support order. For one of the six exceptions, the application was not signed.
- One of 60 (2%) applicator license applications was not provided by the Department; therefore, we were unable to test the adequacy of the license.

The Lawn Care Products Application and Notice Act (Act) (415 ILCS 65/4) states applicators for hire must be certified and licensed by the Department under the Illinois Pesticide Act before they can apply lawn care products to lawns.

Further, the Illinois Administrative Procedures Act (5 ILCS 100/10-65(c)) requires the Department to have licensees certify on the application forms, under penalty of perjury, that they are not more than 30 days delinquent in complying with a child support order. Every application is required to state that failure to so should result in disciplinary action, and that making a false statement may subject the licensee to contempt of court. Section 10-65(c) also requires the Department to retain a copy of the application in the Department's records pertaining to the license.

In addition, we noted the following exceptions for facilities who held permits for lawn care containment permits granted by the Department during the examination period:

- For 1 of 60 (2%) facilities tested, the Department was unable to provide copies of the facilities’ application or renewal application for the lawn care containment area. As such, we were unable to test the adequacy of the permit

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or renewal permit granted. In addition, we were unable to determine if the Department granted the permit prior to the containment area's operation and if the Department was paid for the applicable \$100 permit or permit renewal application fee. Finally, we were unable to determine if such fees were correctly deposited into the Pesticide Control Fund as required.

The Act (415 ILCS 65/5) states there is to be no loading of lawn care products for distribution to a customer or washing or rinsing of pesticide residues from vehicles, application equipment, mixing equipment, floors or other items used for the storage, handling, preparation for use, transport, or application of pesticides to lawns by a facility except in designated containment areas in accordance with Section 5 of the Act. A lawn care containment permit, issued by the Department, is to be obtained prior to the operation of the containment area. The Department is required to issue a lawn care containment permit when the containment area or facility complies with Section 5 of the Act and the rules and regulations adopted under Sections 5 and 6 of the Act. A permit fee of \$100 is to be submitted to the Department with each permit application or permit renewal application. All moneys collected pursuant to Section 5 of the Act are to be deposited into the Pesticide Control Fund.

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

Department management indicated the exceptions were due to management oversight.

Without the Department providing complete and adequate documentation to enable testing, we were unable to complete our procedures and provide useful and relevant feedback to the General Assembly regarding whether or not the Department granted applicator licenses and containment area permits during the examination period. Further, failure to have potential applicators submit complete applications with the required certifications reduces the effectiveness of governmental oversight, and is considered noncompliance with the Illinois Administrative Procedures Act. (Finding Code No. 2021-026)

RECOMMENDATION

We recommend the Department implement adequate internal control to ensure it obtains, retains, and adequately reviews for completion applicator and containment area permit applications as required by State law. We further

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recommend the Department strengthen its internal controls over application fees to ensure fees are correctly deposited in the Pesticide Control Fund.

DEPARTMENT RESPONSE

The Department accepts this finding. It is the Department's position that verifying the completion of a certification is required, and therefore the Department is meeting its statutory mandate.

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2021-027 **FINDING** (Failure to Provide Agricultural Areas Annual Reports to Other State Agencies)

The Department of Agriculture (Department) did not provide a copy of its 2019 or 2020 Agricultural Areas Annual Reports (Reports) to other State agencies as required by the Agricultural Areas Conservation and Protection Act (Act).

Specifically, the Act (505 ILCS 5/20.1) requires the Department to provide a description of all agricultural areas to the following agencies and to notify the following agencies of the creation, alteration, or dissolution of agricultural areas: the Governor's Office of Management and Budget, the Department of Natural Resources, the Illinois Commerce Commission, the Department of Commerce and Economic Opportunity, the Environmental Protection Agency, the Capital Development Board, and the Department of Transportation. The Department fulfills the reporting requirement by preparing the Agricultural Areas Annual Report (Report) which is prepared on a calendar year-end basis.

During the examination period, we noted the Department prepared and submitted a copy of the 2020 Report to the Governor's Office of Management and Budget, and posted copies of the 2019 Report to its website. However, we also noted the Department failed to provide copies of both years' Reports to the Department of Natural Resources, the Illinois Commerce Commission, Department of Commerce and Economic Opportunity, Environmental Protection Agency, Capital Development Board, and Department of Transportation. We further noted the Department did not provide a copy of the 2019 Report to the Governor's Office of Management and Budget.

Department management indicated the exceptions were due to management oversight.

Failure to provide the required information to all appropriate State agencies may cause late and inefficient operations of the State regarding those agencies' planning of project alternatives. (Finding Code No. 2021-027)

RECOMMENDATION

We recommend the Department provide the appropriate State agencies the information as required by the Act.

DEPARTMENT RESPONSE

The Department accepts this finding. The Department posts the Agricultural Areas Annual Reports on its public website on a page titled "Agricultural Areas Reports."

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2021-028 **FINDING** (Inadequate Controls over Agency Workforce Reports)

The Department of Agriculture (Department) did not have adequate controls over the filing of its Agency Workforce Reports (Report).

During testing, we noted the Department did not submit its Fiscal Year 2019 Report, due in Fiscal Year 2020, to the Governor’s Office. Furthermore, we requested the Department provide us with the supporting documentation used to prepare its Fiscal Year 2019 Report, due in Fiscal Year 2020, submitted to the Office of the Secretary of State. The Department was unable to provide the supporting documentation requested. Therefore, we were unable to test the accuracy of the Fiscal Year 2019 Report.

The State Employment Records Act (Act) (5 ILCS 410/20) requires the Department to collect, classify, maintain, and report certain employment statistics for women, disabled, and minority groups. Annual reports summarizing the information in as prescribed format are required to be filed with the Secretary of State and the Governor by January 1 each year for the preceding fiscal year.

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

In addition, the Illinois State Auditing Act (30 ILCS 5/3-2.2(b)) states that if the Auditor General determines that the Department has materially failed to comply with the requirements of the State Employment Records Act, the Department, within 30 days after the release of the audit by the Auditor General, shall prepare and file with the Governor and Secretary of State corrected reports covering the periods affected by the noncompliance.

Department management indicated the exceptions were due to employee error.

Failure to include complete and accurate information on the Department’s reports, submit reports timely, and file amended reports could deter efforts by State officials, administrators, and residents to achieve a more diversified State workforce and represents noncompliance with State laws. The data contained in the Report is important to the State’s effort in achieving a diversified workforce. Failure to accurately prepare and submit the Report to appropriate parties reduces governmental oversight and may result in wrong decisions. (Finding Code No. 2021-028)

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RECOMMENDATION

We recommend the Department implement controls over its Agency Workforce Reports to ensure they are complete and accurate and supporting documentation is maintained. We also recommend the Department timely submit its reports to the Office of the Secretary of State and the Office of the Governor. Lastly, we recommend the Department file corrected reports with the Office of the Governor and the Office of the Secretary of State within 30 days of release of this examination report as required by the Illinois State Auditing Act.

DEPARTMENT RESPONSE

The Department accepts this finding. The Department has hired new human resources personnel and will ensure they receive proper training on the completion of Agency Workforce Reports and its submission.

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2021-029 **FINDING** (Inadequate Internal Controls over Employee Personnel and Payroll Files)

The Department of Agriculture (Department) did not adequately maintain employee personnel and payroll files.

We requested the Department provide the population of employees hired, separated, and on leave of absence. In response to our request, the Department provided a population that contained inconsistencies. Due to these conditions, we were unable to conclude the Department’s population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.35) to fully test the Department’s compliance with requirements for employee personnel and payroll files.

Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we selected a sample of employee personnel and payroll files and identified exceptions as noted below.

During our detailed testing of 60 personnel files, we noted the following exceptions:

- For 8 (13%) employees tested, the Department was unable to provide us the employees’ personnel file. As a result, we were unable to test completeness and adequacy of the records.
- Three (5%) employees did not have properly completed the U.S. Citizenship and Immigration Services (USCIS) 1-9 Employment Eligibility Verification Forms (I-9). One was missing the employer’s representative date of signature and two were missing the employee’s date of signature.

USCIS instructions for I-9s require Section 1 to be completed no later than the first day of employment. After completing Section 1, the employee is to sign their name and document the date signed. Additionally, Section 1 of the I-9 Form requires the employee to indicate whether a preparer, translator, or other individual provided assistance in completing the I-9. The employer is to complete and sign Section 2 of the I-9 within 3 days of the employees’ first day of employment.

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During our detailed testing of 60 payroll files, we noted 3 (5%) employee payroll files did not contain supporting documentation for health, dental, and life insurance; therefore, we were unable to test accuracy of deductions.

The Statewide Accounting Management System Manual (Procedure 23.10.30) requires the Department to be responsible for completing the payroll voucher each pay period and attesting to the employee's rate of pay, gross earnings, deductions, net pay, and other required information on the voucher and file and states that the initial control of each payroll is at the agency level. The control that all deductions from an employee's gross pay are supported by source documents is meant to ensure conformance with the State Salary and Annuity Withholding Act (5 ILCS 365).

During our testing of 60 timesheets, we noted the following:

- Nine (15%) timesheets tested were missing support of proper approval by the employees' supervisor.
- For 1 (2%) timesheets selected for testing, the Department was unable to provide us copies of the timesheets. As a result, we were unable to test them for accuracy and proper accrual of used/unused time.

The State Officials and Employees Ethics Act (5 ILCS 430/5-5) requires State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour. State employees are required to submit timesheets on paper, electronically, or both and timesheets shall be maintained in either paper or electronic format by the applicable fiscal office for a period of at least two years.

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 the State's funds and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

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

Department management stated the exceptions noted above were due to employee error and employee turnover.

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Without the Department providing complete and adequate documentation to enable testing, we were impeded in completing our procedures and providing useful and relevant feedback to the General Assembly regarding the Department's compliance of State laws and regulations governing employee personnel and payroll files. Further, failure to complete I-9s within the required timeframe is a violation of USCIS requirements and could expose the Department to penalties. In addition, inaccurate and unsupported payroll calculations can result in improper withholding and payroll payment amounts. Finally, inadequate completion, review, and retention of employee timesheets increases the risk the Department would pay for services not rendered by employees. (Finding Code No. 2021-029)

RECOMMENDATION

We recommend the Department strengthen its internal controls to ensure all necessary personnel and payroll documentation is properly maintained. We further recommend the Department review its current procedures to prepare, review, and retain I-9s and make any necessary changes to ensure compliance with USCIS requirements. We also recommend the Department review its processes to ensure payroll is accurately computed and timesheets are adequately prepared and reviewed.

DEPARTMENT RESPONSE

The Department accepts this finding. The Department will seek a legal opinion from the Office of the Attorney General to determine how it may keep insurance files for employees that have separated without violating any privacy provisions in Illinois law.

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2021-030 **FINDING** (Inadequate Controls over Performance Evaluations)

The Department of Agriculture (Department) did not complete performance evaluations for its employees or did not timely complete employee performance evaluations.

During the testing of performance evaluations for 60 employees, we noted the following:

- Eleven (18%) employees' annual performance evaluations for Fiscal Year 2021 were not performed timely, ranging from 78 to 287 after the end of the evaluation period.
- Eight (13%) employees' annual performance evaluations for Fiscal Year 2020 were not performed timely, ranging from 71 to 379 after the end of the evaluation period.
- Seven (12%) employees did not have an annual performance evaluation in Fiscal Year 2021.

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.

In addition, it is prudent business practice to complete performance evaluations on a regular and timely basis.

Department management indicated not all employees were properly evaluated due to delays associated with the COVID-19 pandemic.

Employee performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Without timely completion of an employee performance evaluation, the employee would not be provided with formal feedback or assessment of his or her performance and areas for improvements, and current year's performance goals and objectives may not be identified and communicated in a timely manner. Further, employee performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharges, layoffs, recalls, or reinstatement decisions. (Finding Code No. 2021-030)

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RECOMMENDATION

We recommend the Department evaluate and update its procedures for monitoring employee performance evaluations to ensure they are timely completed. These procedures should include upper management following-up with supervisors to ensure compliance with these procedures.

DEPARTMENT RESPONSE

The Department accepts this finding. Department management will continue to stress the importance of timely performance evaluations to supervisors.

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

During the prior examination, the Department of Agriculture (Department) had not completed all requirements to demonstrate full compliance with the Payment Card Industry Data Security Standards (PCI DSS). Specifically, we noted the Department had not performed an assessment of its programs accepting credit card payments, completed Self-Assessment Questionnaires, and obtained an assurance over the control environment of the Treasurer’s ePay service provider.

During the current examination, our testing indicated the Department performed an assessment of its programs accepting credit card payments, completed Self-Assessment Questionnaires, and obtained an assurance over the control environment of the Treasurer’s ePay service provider. (Finding Code No. 2019-010, 2017-022)

B. **FINDING** (Noncompliance with the Bees and Apiaries Act)

During the prior examination, the Department did not comply with the Bees and Apiaries Act. Specifically, we noted the Department untimely submitted annual reports to the Governor and Illinois State Beekeepers’ Association.

During the current examination, our testing indicated the Department timely submitted the annual reports to the Governor and Illinois State Beekeepers’ Association. (Finding Code No. 2019-012)

C. **FINDING** (Weaknesses in Administration of Accounts Receivable)

During the prior examination, the Department did not have adequate controls over its administration of accounts receivable including the preparation of accounts receivable reports, related financial records, and its collection efforts. Specifically, we noted the Department did not timely submit accurate and supported accounts receivable reports to the Office of Comptroller.

During the current examination, our sample testing indicated the Department significantly improved internal controls over the administration of accounts receivable. As a result, this finding is not repeated. (Finding Code No. 2019-020, 2017-020, 2015-008, 2013-008)