



**STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD**

STATE COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2024

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



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STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024

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STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
STATE COMPLIANCE EXAMINATION
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BOARD OFFICIALS

Director (5/27/2024 – Present)	Tamakia Edwards
Acting Director (5/1/2024 – 5/26/2024)	Amy Romano
Director (7/1/2022 – 4/30/2024)	James Underwood
Chief of Staff (9/1/2023 – Present)	Darnita A. Lee
Chief of Staff (5/13/2023 – 8/31/2023)	Vacant
Chief of Staff (7/1/2022 – 5/12/2023)	Tamakia Edwards
Chief Financial Officer (1/27/2025 – Present)	Joel Meints
Chief Financial Officer (1/1/2025 – 1/26/2025)	Vacant
Chief Financial Officer (7/1/2022 – 12/31/2024)	Paula Sorensen
General Counsel	Amy Romano
Deputy Director of Operations	Kathryn Martin
Deputy Director of Construction (1/1/2023 – Present)	Lisa Hennigh
Deputy Director of Construction (7/1/2022 – 12/31/2022)	Vacant
Chief Internal Auditor	Jennifer Boen

BOARD MEMBERS

Chair	Eileen Rhodes
Member	Glyn Ramage
Member	Pamela McDonough
Member	Beverly Potts
Member	Saul J. Morse
Member (7/1/2022 – 5/01/2024)	Hipolito (Paul) Roldan
Member (1/28/2022 – 6/30/2023)	David Sidney
Member (11/9/2023 – 5/14/2024)	Tamakia Edwards
Member (6/11/2024 – Present)	Ama Addai
Member (12/10/2024 – Present)	Araceli Garza

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024

BOARD OFFICE

The Board's primary administrative office is located at:

300 William G. Stratton Building
401 South Spring Street
Springfield, Illinois 62706



MANAGEMENT ASSERTION LETTER

February 10, 2025

Sikich CPA LLC
3051 Hollis Dr., 3rd Floor
Springfield, IL 62704

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, Capital Development Board (Board). 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 Board's compliance with the following specified requirements during the two-year period ended June 30, 2024. Based on this evaluation, we assert that during the years ended June 30, 2023, and June 30, 2024, the Board has materially complied with the specified requirements listed below.

- A. The Board 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 Board 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 Board 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 Board 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 Board on behalf of the State or held in trust by the Board have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

Capital Development Board


SIGNED ORIGINAL ON FILE

Tamakia Edwards, Executive Director

SIGNED ORIGINAL ON FILE


Joel Meints, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Amy Romano, General Counsel

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
STATE COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2024

STATE COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT’S REPORT

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

SUMMARY OF FINDINGS

Number of	<u>Current</u>	<u>Prior Report</u>
Findings	8	11
Repeated Findings	8	5
Prior Recommendations Implemented or Not Repeated	3	4

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-001	11	2022/2022	Inaccurate Agency Workforce Reports	Noncompliance and Significant Deficiency
2024-002	13	2022/2006	Weaknesses in Performance of Employee Evaluations	Noncompliance and Significant Deficiency
2024-003	15	2022/2020	Weaknesses in Control over Travel	Noncompliance and Significant Deficiency

STATE OF ILLINOIS
 CAPITAL DEVELOPMENT BOARD
STATE COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2024

SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings (Continued)				
2024-004	17	2022/2022	Voucher and Receipt Processing Weaknesses	Noncompliance and Significant Deficiency
2024-005	19	2022/2020	Weaknesses in Filing Required Reports	Noncompliance and Significant Deficiency
2024-006	21	2022/2022	Access Control Weaknesses	Noncompliance and Significant Deficiency
2024-007	22	2022/2020	Weaknesses in Cybersecurity Programs and Practices	Noncompliance and Significant Deficiency
2024-008	25	2022/2022	Disaster Recovery Planning Weakness	Noncompliance and Significant Deficiency
Prior Findings Not Repeated				
A	27	2022/2022	Weaknesses in Calculation of Fringe Benefits	
B	27	2022/2020	Weaknesses in Performing Reconciliations	
C	27	2022/2022	Inadequate Change Management Controls	

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2024

EXIT CONFERENCE

The Board waived an exit conference in a correspondence from Jennifer Boen, Chief Internal Auditor, on January 30, 2025. The responses to the recommendations were provided by Jennifer Boen, Chief Internal Auditor, in a correspondence dated February 6, 2025.

3051 Hollis Dr., 3rd Floor
Springfield, IL 62704
217.793.3363

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Capital Development Board

Report on State Compliance

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

The specified requirements are:

- A. The Board 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 Board 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 Board 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 Board 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 Board on behalf of the State or held in trust by the Board 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 Board complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the Board complied with the specified requirements during the two years ended June 30, 2024, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2024-001 through 2024-008.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2024-001 through 2024-008, that we consider to be significant deficiencies.

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

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

Springfield, Illinois
February 10, 2025

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-001. **FINDING** (Inaccurate Agency Workforce Reports)

The Capital Development Board (Board) did not submit accurate Agency Workforce Reports to the Secretary of State or Governor’s Office for Fiscal Year 2022 and Fiscal Year 2023.

We tested both of the reports required to be filed during the examination period and noted the Fiscal Year 2022 and 2023 reports contained inaccuracies regarding the data reported across multiple categories. When tracing the amounts reported to the supporting documentation, we determined the amounts reported on three lines did not match the amounts submitted on the report. Additionally, the Fiscal Year 2022 report was not signed by Board personnel or submitted to the Secretary of State or the Governor’s Office. Further, the Board did not submit corrected reports for Fiscal Year 2020 and 2021, whose errors were noted as part of Finding 2022-001, to the Secretary of State or Governor’s Office.

The State Employment Records Act (5 ILCS 410/5) states the purpose of this Act is to require and develop within existing State administrative processes a comprehensive procedure to collect, classify, maintain, and publish, for State and public use, information that provides the General Assembly and the People of this State with adequate information of the number of minorities, women, and persons with physical disabilities employed by State government within the State work force. Additionally, the Act is to provide State officials, administrators and the People of the State with information to help guide efforts to achieve a more diversified State work force, and the total number of persons employed within the State work force shall be tabulated in a comprehensive manner to provide meaningful review of the number and percentage of minorities, women, and persons with physical disabilities employed as part of the State work force.

The State Employment Records Act (5 ILCS 410/20) requires each State agency to collect, classify, maintain and report accurate data regarding the number of State employees, as required by the Act, on a fiscal year basis. Each agency is also required to file a copy of all reports with the Office of the Secretary of State and submit a copy to the Governor by January 1 each year. Good internal controls require the reports to be filed with correct information.

The Illinois State Auditing Act (30 ILCS 5/3-2.2) states that the required compliance audit of each State agency shall include a determination of whether that agency has complied with the requirements of the State Employment Records Act. If the Auditor General determines that a State agency has materially failed to comply with the requirements of the State Employment Records Act, the State agency, within 30 days after release of the audit by the Auditor General, shall prepare and file with the Governor and the Office of the Secretary of State corrected reports covering the periods affected by the noncompliance.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-001. **FINDING** (Inaccurate Agency Workforce Reports) (Continued)

Board management indicated that the exceptions noted were due to a lack of understanding concerning how the reports should be prepared, as well as its responsibility related to prior year noncompliance.

The State relies on agencies to report accurate demographic information in order to help guide efforts to achieve a more diversified State work force. Failure to report accurate information, sign and submit reports to the Secretary of State and Governor’s Office, 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. (Finding Code No. 2024-001, 2022-001)

RECOMMENDATION

We recommend the Board implement controls over its Agency Workforce Reports to ensure they are complete, accurate, and timely signed and submitted to the Secretary of State and Governor’s Office. We also recommend the Board file corrected reports with the Secretary of State and Office of the Governor as required by the Illinois State Auditing Act (30 ILCS 5/3-2.2).

BOARD RESPONSE

The Board accepts the recommendation. The Agency Workforce Reports have been reassigned to staff members within the Human Resources Division. The Board will work with the Secretary of State and Office of the Governor to ensure the Agency Workforce Reports are completed.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-002. **FINDING** (Weaknesses in Performance of Employee Evaluations)

The Capital Development Board (Board) did not properly complete or perform employee performance evaluations in a timely manner.

During our testing of the performance evaluations of 15 employees, we noted evaluations were not performed on a timely basis for two (13%) employees (3 instances). The evaluations were performed between 96 and 187 days late. In addition, we noted evaluations were not performed for seven (47%) employees tested (12 instances).

This finding was first noted during the Board's Fiscal Year 2005 – Fiscal Year 2006 State compliance examination, eighteen years ago. As such, Board management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Board Personnel Policies and Procedures Chapter 16 - Performance Appraisal requires evaluations to take place no less than every twelve months. Additionally, the Illinois Administrative Code (80 Ill. Admin. Code 302.270) (Code) requires performance records to include an evaluation of employee performance prepared by each agency with such evaluation performed not less often than annually.

Board management indicated that management has been continually working to emphasize to Board supervisors the need to conduct timely employee evaluations.

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. Finally, the Board's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination. (Finding Code No. 2024-002, 2022-002, 2020-005, 2018-004, 2016-004, 2014-004, 12-4, 10-3, 08-3, 06-6)

RECOMMENDATION

We recommend the Board review the annual evaluation process and ensure timely completion of annual performance evaluations for all employees. We further recommend immediate supervisors be held responsible for completing these on a timely basis.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-002. **FINDING** (Weaknesses in Performance of Employee Evaluations) (Continued)

BOARD RESPONSE

The Board accepts the recommendation. Immediate supervisors have been made aware of the consequences for not completing these on a timely basis.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-003. **FINDING** (Weaknesses in Control over Travel)

The Capital Development Board (Board) did not properly complete Travel Headquarters Reports (Form TA-2).

During our testing of TA-2 reports, we noted that two of four (50%) employee forms and four of four (100%) Board member forms were completed incorrectly. The Board is required to file a report for all employees and Board members whose official headquarters have been designated at a location other than that which they spend the largest part of their working time. For the employees and Board members that were incorrectly listed on the form, their headquarters is the same location where they spend the majority of their working time, so they should not have been included on the form.

In the prior examination, exceptions were cited related to untimely submission of travel vouchers by employees for approval. Such exceptions were not noted in the current examination.

This finding was first noted during the Board's Fiscal Year 2019 – Fiscal Year 2020 State compliance examination, four years ago. As such, Board management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The State Finance Act (30 ILCS 105/12-3) requires each State agency to file reports of all its officers and employees for whom official headquarters have been designated at any location other than at which their official duties require them to spend the largest part of their working time.

Board management indicated these deficiencies were due to a misunderstanding of the proper way to complete the TA-2 reports.

Failure to file an accurate Form TA-2 decreases the effectiveness of oversight controls and results in noncompliance with State statute. Finally, the Board's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination. (Finding Code No. 2024-003, 2022-004, 2020-006)

RECOMMENDATION

We recommend the Board ensure TA-2 forms are completed accurately.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-003. **FINDING** (Weaknesses in Control over Travel) (Continued)

BOARD RESPONSE

The Board accepts the recommendation and will continue to make every effort to ensure TA-2 forms are completed accurately.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-004. **FINDING** (Voucher and Receipt Processing Weaknesses)

The Capital Development Board (Board) did not timely submit its vouchers for payment to the Comptroller’s Office and approve all interest due to vendors during the examination period. Additionally, the Board did not timely submit receipts for deposit into the State’s treasury.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), we were able to limit our voucher testing at the Board to determine whether certain key attributes were properly entered by the Board’s staff into ERP. In order to determine the operating effectiveness of the Board’s internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State’s ERP System based on supporting documentation. For vouchers, the attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services. For receipts, the attributes tested were (1) amount, (2) fund being deposited into, (3) date of receipt, (4) date deposited, and (5) Statewide Accounting Management System (SAMS) Source Code.

We then conducted an analysis of the Board’s expenditures data for Fiscal Years 2023 and 2024 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Illinois Administrative Code (74 Ill. Admin. Code 900.70) (Code). We noted the following noncompliance:

- The Board owed six vendors interest, totaling \$2,244 as of June 30, 2024, for Fiscal Year 2023; however, the Board had not approved these vouchers for payment to the vendor.

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

- The Board did not timely approve of 658 of 7,602 (9%) vouchers processed during Fiscal Years 2023 and 2024, totaling \$115,108,987. We noted these vouchers were approved between 1 and 346 days late.

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

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-004. **FINDING** (Voucher and Receipt Processing Weaknesses) (Continued)

We conducted an analysis of the Board’s receipt deposits for Fiscal Years 2023 and 2024 to determine compliance with the State Officers and Employees Money Disposition Act (30 ILCS 230). We noted the following noncompliance:

- In Fiscal Year 2023, 16 of 777 (2%) receipts tested were not deposited timely. The total dollar amount of untimely receipts was \$1,412,620.
- In Fiscal Year 2024, 11 of 564 (2%) receipts tested were not deposited timely. The total dollar amount of untimely receipts was \$361,006.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2(b)) requires the Department to pay into the State treasury any single item of receipt exceeding \$10,000 on the day received. Additionally, receipt items totaling \$10,000 or more are to be deposited within 24 hours. Further, receipt items, in total exceeding \$500 but less than \$10,000, are to be deposited within 48 hours. Lastly, receipt items totaling less than \$500 are to be deposited once the total exceeds \$500 or on the 1st or 15th of the month, whichever is earlier.

Board management indicated the untimely processing of vouchers was due to delays in fiscal receiving the approved voucher, and the unpaid interest and untimely deposits of receipts was due to oversight.

Failure to timely process proper bills and approve vouchers for payment of interest due represents noncompliance with the State Prompt Payment Act and Code, and the untimely deposit of receipts represents noncompliance with the State Officers and Employees Money Disposition Act. Failure to timely approve vouchers could result in unnecessary interest incurred by the Board. Untimely deposits of receipts by the Board delays realization of cash available for expenditure in the State Treasury and could result in untimely payment of vouchers by the Office of Comptroller. (Finding Code No. 2024-004, 2022-005)

RECOMMENDATION

We recommend the Board approve proper bills within 30 days of receipt, approve vouchers for payment of interest due to vendors, and ensure receipts are deposited timely.

BOARD RESPONSE

The Board accepts the recommendation. The Board will make every effort to approve proper bills within 30 days of receipt. In addition, the Board will make every effort to timely review the prompt payment vouchers that are automatically generated in ERP to ensure they qualify for the interest and take proper actions if they do not. Lastly, the Board will ensure receipts are deposited timely.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-005. **FINDING** (Weaknesses in Filing Required Reports)

The Capital Development Board (Board) failed to file required reports and did not provide and deposit with the State Library sufficient copies of all publications issued during the engagement period.

The Board did not submit an annual report as required under the State Finance Act (30 ILCS 105/3(a)) for Fiscal Years 2022 or 2023. In addition, the Board did not provide and deposit with the State Library sufficient copies of all publications issued by the Board as required under the State Library Act (15 ILCS 320/21(a)) for Fiscal Years 2023 and 2024. We examined the Reference Library on the Board’s website and noted manuals and forms were created during the examination period, but not submitted to the State Library.

This finding was first noted during the Board’s Fiscal Year 2019 – Fiscal Year 2020 State compliance examination, four years ago. As such, Board management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

According to the State Finance Act, each officer of the executive department and all public institutions of the State shall, at least ten days preceding each regular session of the General Assembly, make and deliver to the Governor an annual report of their acts and doings, respectively, arranged so as to show the acts and doings of each for the fiscal year ending in the calendar year immediately preceding the calendar year in which that regular session of the General Assembly convenes. The State Library Act requires State agencies to provide and deposit with the Illinois State Library sufficient copies of all publications issued by the agency, including electronic publications, for its collection and exchange purposes.

Board management indicated that the deficiencies related to the annual report were due to staff error regarding this statutory requirement. Board management indicated that at the time, they did not believe they issued any publications during the engagement period that would qualify as a publication requiring submission to the Illinois State Library.

Failure to submit required reports represents noncompliance with statutory requirements and prevents the Board from communicating its activities to the General Assembly, Governor, and citizens of Illinois. Finally, the Board’s management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination. (Finding Code No. 2024-005, 2022-007, 2020-004)

RECOMMENDATION

We recommend the Board comply with its statutory requirements and submit all required reports on a timely basis. In addition, we recommend the Board file copies of publications issued with the Illinois State Library.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-005. **FINDING** (Weaknesses in Filing Required Reports) (Continued)

BOARD RESPONSE

The Board accepts the recommendation and has met with the Illinois State Library to schedule training on statutory requirements and will work to comply.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-006. **FINDING** (Access Control Weaknesses)

The Capital Development Board (Board) had inadequate controls over access provisioning.

During our examination, we noted an access control policy had not been established.

In the previous examination, we noted access rights to the CDB Main system were beyond what was required for the job duties of two employees. This exception was not noted during the current examination.

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, Access Control section, requires entities to develop access provisioning policies and establish controls to ensure authorized users only have needed access.

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

Board management indicated a continued lack of available resources contributed to the weaknesses noted.

Failure to implement effective controls over access provisioning could result in unauthorized access and manipulation of data. (Finding Code No. 2024-006, 2022-008)

RECOMMENDATION

We recommend the Board establish an access control policy to control access to its applications and data.

BOARD RESPONSE

The Board accepts the recommendation and will establish an access control policy.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-007. **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

The Capital Development Board (Board) had not implemented adequate internal controls related to cybersecurity programs and practices.

As a result of the Board’s mission to manage the State’s building and capital improvement program, the Board maintains computer systems that contain confidential or personal information such as names, addresses, and Social Security Numbers of citizens of the State.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During our examination of the Board’s cybersecurity program, practices and control of confidential information, we noted the Board had not:

- Developed policies and procedures related to:
 - On-boarding of employees and contractors,
 - Disaster recovery and response
- Ensured the Acceptable Use Policy and Personnel Policies and Procedures Manual depicted the current environment.
- Developed a project management framework.
- Developed a data classification methodology nor classified all its data.
- Developed a risk management methodology.
- Developed policies and procedures, including documentation requirements, for monitoring security events.

This finding was first noted during the Board’s Fiscal Year 2019 – Fiscal Year 2020 State compliance examination, four years ago. As such, Board management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

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

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-007. **FINDING** (Weaknesses in Cybersecurity Programs and Practices) (Continued)

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

Board management indicated their efforts to comply with the recommendations from the prior engagement were hindered by not having information technology staff, thus having to rely on the Department of Innovation and Technology (DoIT) for assistance in establishing their cybersecurity program.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the Board's confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. Finally, the Board's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination. (Finding Code No. 2024-007, 2022-010, 2020-008)

RECOMMENDATION

We recommend the Board continue to work with DoIT to obtain a detailed understanding of each party's responsibilities related to cybersecurity controls. Further, we recommend the Board:

- Develop policies and procedures related to:
 - On-boarding of employees and contractors,
 - Disaster recovery and response.
- Ensure the Acceptable Use Policy and Personnel Policies and Procedures Manual depict the current environment;
- Develop a project management framework to ensure new applications are adequately approved, developed, tested and implemented in accordance with management's expectations;
- Develop a data classification methodology, including data classifications and details on determining the classifications are adequately secured;
- Develop a risk management methodology, and,
- Develop procedures for implementing and monitoring identified security events.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-007. **FINDING** (Weaknesses in Cybersecurity Programs and Practices) (Continued)

BOARD RESPONSE

The Board accepts the recommendation and will continue to work with DoIT to ensure roles and responsibilities are understood. The Board will then establish policies and procedures to govern the cybersecurity processes.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-008. **FINDING** (Disaster Recovery Planning Weaknesses)

The Capital Development Board (Board) had weaknesses in their disaster recovery planning.

During our examination, we noted:

- A comprehensive disaster recovery plan has not been developed.
- The Continuity of Operations Plan (COOP) did not contain specific information regarding procedures or timeframes related to business resumptions.
- The COOP did not document contact information of 13 of 24 (54%) business processes. Additionally, five of 13 (38%) business functions did not have recovery scripts established.
- The COOP included a listing of recommended risk mitigation steps. However, the Board could not provide documentation demonstrating the steps were being performed.

In addition, the Board had not conducted recovery testing during the examination period.

In the previous examination we noted the Board did not document their review of backup failure notifications received from the Department of Innovation and Technology (DoIT). In the current examination, we examined evidence of this review. As a result, this portion of the prior finding was not repeated.

The Contingency Planning Guide for Information Technology Systems published by the National Institute of Standards and Technology requires entities to have an updated and regularly tested disaster contingency plan to ensure the timely recovery of applications and data.

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

Board management indicated they continue to work with DoIT to develop a disaster recovery plan, but are restricted by limited resources.

Failure to adequately develop and test disaster contingency plans could result in the loss of data and the inability to recover within an acceptable time period. (Finding Code No. 2024-008, 2022-011)

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2024

2024-008. **FINDING** (Disaster Recovery Planning Weaknesses) (Continued)

RECOMMENDATION

We recommend the Board establish an adequate disaster contingency plan. Additionally, we recommend the Board update its COOP to ensure all critical business processes and functions have been adequately documented and appropriate recovery scripts established. Once established, we recommend the Board ensure the plans are tested at least annually to ensure the plans continue to meet the Board’s recovery needs.

We also recommend the Board document performance of risk mitigation steps as recommended within the COOP. Such performance should be documented and maintained.

BOARD RESPONSE

The Board accepts the recommendation. The Board will work to establish an adequate disaster recovery plan and ensure the plan addresses all critical business processes and functions. Once the Board has established an adequate disaster recovery plan, the Board will ensure the plan is tested annually and that the risk mitigation steps are operational and performing as intended. The Board will maintain the documentation.

STATE OF ILLINOIS
CAPITAL DEVELOPMENT BOARD
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2024

A. **FINDING** (Weaknesses in Calculation of Fringe Benefits)

During the prior examination, the Capital Development Board (Board) did not determine the value of fringe benefits provided, nor did it include the value of fringe benefits within the employee's other compensation subject to withholdings, on the employee payroll voucher.

During the current examination, the Board implemented corrective action after the prior compliance examination report was released on May 3, 2023. This finding was not repeated. (Finding Code No. 2022-003)

B. **FINDING** (Weaknesses in Performing Reconciliations)

During the prior examination, the Board had weaknesses in performing reconciliations of appropriations to the Illinois Office of Comptroller (IOC) records.

During the current examination, our testing indicated the Board was able to properly perform its reconciliations of appropriations to IOC records and timely correct any differences noted. (Finding Code No. 2022-006, 2020-007)

C. **FINDING** (Inadequate Change Management Controls)

During the prior examination, the Board had not implemented adequate change management controls.

During the current examination, we noted that the Board established change management procedures. (Finding Code No. 2022-009)