



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF COMPTROLLER – FISCAL OFFICER RESPONSIBILITIES

Financial Audit
 For the Year Ended June 30, 2022

Release Date: December 21, 2022

FINDINGS THIS AUDIT: 2	AGING SCHEDULE OF REPEATED FINDINGS																							
	Repeated Since	Category 1	Category 2	Category 3																				
<table border="0"> <tr> <td></td> <td style="text-align: center;"><u>New</u></td> <td style="text-align: center;"><u>Repeat</u></td> <td style="text-align: center;"><u>Total</u></td> </tr> <tr> <td>Category 1:</td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> </tr> <tr> <td>Category 2:</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Category 3:</td> <td style="text-align: center;"><u>0</u></td> <td style="text-align: center;"><u>1</u></td> <td style="text-align: center;"><u>1</u></td> </tr> <tr> <td>TOTAL</td> <td style="text-align: center;">1</td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> </tr> </table>		<u>New</u>	<u>Repeat</u>	<u>Total</u>	Category 1:	1	0	1	Category 2:	0	0	0	Category 3:	<u>0</u>	<u>1</u>	<u>1</u>	TOTAL	1	1	2	2009			22-1
	<u>New</u>	<u>Repeat</u>	<u>Total</u>																					
Category 1:	1	0	1																					
Category 2:	0	0	0																					
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TOTAL	1	1	2																					
FINDINGS LAST AUDIT: 1																								

INTRODUCTION

This digest covers the Office of Comptroller’s Fiscal Officer’s Financial Audit as of and for the year ended June 30, 2022. The Office of Comptroller - Fiscal Officer’s Compliance Examination as of and for the year ended June 30, 2022 will be issued in a separate report at a later date.

SYNOPSIS

- (22-1) The Office of Comptroller did not ensure all statutorily mandated transfers between State funds were made within established timeframes, as required.
- (22-2) The Office of Comptroller failed to implement adequate general Information Technology (IT) controls related to its environment and applications.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

OFFICE OF COMPTROLLER - STATE OF ILLINOIS
FISCAL OFFICER RESPONSIBILITIES
FINANCIAL AUDIT
For the Year Ended June 30, 2022

FUND BALANCE (Amounts in Thousands)	Fiscal Year 2022		Fiscal Year 2021	
	Cash Balance	Budgetary Balances*	Cash Balance	Budgetary Balances*
Appropriated Funds				
General Funds.....	\$ 2,063,294	\$ (63,613)	\$ 974,912	\$ (2,803,540)
Highway Funds.....	3,388,821	3,238,200	2,567,556	2,381,559
Special State Funds.....	10,275,247	9,056,591	4,698,638	3,102,587
Bond Financed Funds.....	2,073,017	2,070,746	1,684,090	1,681,708
Debt Service Funds.....	1,869,322	1,947,519	1,892,763	2,054,182
Federal Trust Funds.....	4,176,724	2,820,672	945,229	(307,896)
Revolving Funds.....	247,234	(44,633)	115,938	(25,162)
State Trust Funds.....	1,187,082	1,169,191	534,304	274,300
Sub-Total.....	\$ 25,280,741	\$ 20,194,673	\$ 13,413,430	\$ 6,357,738
Non-Appropriated Funds				
Federal Trust Funds.....	\$ 500	\$ 500	\$ 579	\$ 500
State Trust Funds.....	3,195,580	3,200,347	2,912,474	2,952,147
Sub-Total.....	\$ 3,196,080	\$ 3,200,847	\$ 2,913,053	\$ 2,952,647
GRAND TOTAL - ALL FUNDS.....	\$ 28,476,821	\$ 23,395,520	\$ 16,326,483	\$ 9,310,385

* Budgetary Balances represent balances remaining after reduction of Cash Balances at June 30 by lapse period transactions.

FINANCIAL HIGHLIGHTS (Amounts in Thousands)	FY 2022	FY 2021
Total Revenues - All Funds.....	\$ 241,800,569	\$ 207,214,530
Total Expenditures - All Funds.....	227,715,435	203,844,877
Net Change in Budgetary Fund Balance - All Funds.....	<u>\$ 14,085,134</u>	<u>\$ 3,369,653</u>

STATE COMPTROLLER

During Engagement Period: Honorable Susana Mendoza

Currently: Honorable Susana Mendoza

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

LATE PAYMENT OF STATUTORILY MANDATED TRANSFERS

The Office of Comptroller (Office) did not ensure all statutorily mandated transfers between State funds were made within established timeframes, as required.

Late payments for inter-fund transfers totaling \$877 million were made after June 30, 2022

The Office processed transfers from 31 to 365 days after the mandated transfer date. The late transfers outstanding as of and paid after June 30, 2022 totaled \$877 million. The Office also made 71 late transfers, totaling \$156 million, between State funds that were made between one and 30 days after the statutorily mandated transfer date. Lastly, we noted 201 late transfers, totaling \$1.470 billion, which were still outstanding as of October 12, 2022, relating to fiscal year 2022, fiscal year 2021, and fiscal year 2020. (Finding 1, pages 58-60) **This finding was first reported in 2009.**

We recommended the Office make transfers within timeframes established by applicable statutes. While we realize the lack of available funds in the State Treasury requires prioritization and cash management decisions, we recommended the Office continue in its efforts to make transfers in as timely a manner as possible.

Office accepts the recommendation

Office officials accepted the recommendation and stated the Office will make efforts to make required transfers timely but given all the competing payments from limited resources in the State Treasury there will always be some that are late. Office officials also stated the Office staff continues to collaborate with various State fiscal officers on regular ongoing basis to complete fund transfers that are essential throughout the fiscal year to avoid disruptions in the delivery of State services or programs.

FAILURE TO IMPLEMENT ADEQUATE INFORMATION TECHNOLOGY CONTROLS

The Office failed to implement adequate general Information Technology (IT) controls related to its environment and applications.

Instances noted where the network's security settings were not current or configured

The Office was unable to provide certain requested information covering the audit period concerning the network and related security policies and procedures. In addition, we noted instances where the network's security settings were not current or suitably configured.

Weaknesses noted over access provisioning

Also, during our testing of the Office's controls over access provisioning, we noted instances where the Office had not established policies and procedures documenting requirements for reviewing security logging reports for the network or their various applications and had not established policies and procedures documenting the process for terminating external users' access. In addition, we noted the Office did not document its review of mainframe security violation reports or approval for users' access to applications, did not timely terminate separated users' access and did not conduct a periodic review of users' access to the environment and applications.

Change Management Procedures were not current and did not reflect the Office's process

Our review of the Office's System Development Methodology, System Request Procedures, and Network Change Authorization Form Procedures noted they were not current and did not reflect the Office's process for change management. Also, the Office was unable to provide a complete and accurate population of network changes. As a result, we were unable to test changes to the network.

Further, in order to determine whether the Office maintained proper segregation of duties our network applications, we requested the population of developers. Although the Office provided numerous listings, the Office could not demonstrate any of the listings were complete and accurate. Due to these conditions, we were unable to conclude the Office's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 500.08).

Lack of segregation of duties over application changes

Even given the population limitations noted above, we tested a sample of application changes to ensure proper segregation of duties. We noted developers migrated the change into the production environment, or sufficient documentation was not provided to determine who conducted the migration. (Finding 2, pages 61-63)

We recommended the Office implement adequate general IT controls related to its environment and applications.

Office accepts the recommendation

Office officials accepted the recommendation.

AUDITOR'S OPINION

The auditors stated the fund balances at June 30, 2022, and the revenues and expenditures for the year then ended relating to the State of Illinois, Office of Comptroller - Fiscal Officer Responsibilities' Traditional Budgetary Financial Report, are fairly presented in all material respects. The auditors noted the financial statements have been prepared on a basis of accounting other than accounting principles generally accepted in the United States of America.

This financial audit was conducted by Sikich LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

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

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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