

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

Report Required Under
Government Auditing Standards

FOR THE PERIOD
JULY 1, 2022 – JUNE 30, 2023

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

For the Year Ended June 30, 2023

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STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
For the Year Ended June 30, 2023

DEPARTMENT OFFICIALS

| | |
|---|-------------------|
| Acting Secretary (6/1/23 – present) | Sanjay Gupta |
| Acting Secretary (1/9/23 – 5/31/23) | Brandon Ragle |
| Secretary (7/1/22 – 1/8/23) | Jennifer Ricker |
| | |
| Acting Deputy Director (6/7/23 – present) (Established June 7, 2023) | Brandon Ragle |
| | |
| Acting Assistant Secretary (6/6/23 – present) | Vacant |
| Acting Assistant Secretary (6/1/23 – 6/6/23) | Brandon Ragle |
| Acting Assistant Secretary (1/9/23 – 5/31/23) | Vacant |
| Acting Assistant Secretary (7/8/22 – 1/8/23) | Brandon Ragle |
| Acting Assistant Secretary (7/1/22 – 7/7/22) | Vacant |
| | |
| Chief of Staff | Jenifer Johnson |
| | |
| Chief Administrative Officer (1/1/23 – present) | Albert Coll |
| Chief Administrative Officer (11/1/22 – 12/31/22) | Vacant |
| Chief Administrative Officer (7/1/22 – 10/31/22) | Nina Harris |
| | |
| Chief Technology Officer | Lori Sorenson |
| | |
| Chief Data Officer | Dessa Gypalo |
| | |
| Chief Information Security Officer | Adam Ford |
| | |
| Chief Enterprise Architect | Brad Long |
| | |
| ERP Program Director | Tara Kessler |
| | |
| Chief Internal Auditor | John Valtierra |
| | |
| Affirmative Action/Equal Employment Opportunity Officer | Vickie Simpson |
| | |
| Chief of Supplier Diversity (7/18/22 – present) | Alexandria Wilson |
| Chief of Supplier Diversity (7/1/22 – 7/17/22) | Vacant |
| | |
| Chief Information Accessibility Officer | Michael Scott |

Group Chief Information Officers

Health and Human Services (1/16/23 – present)
Health and Human Services (7/1/22 – 1/15/23)

Stephen Horton
Vacant

Government & Public Employees

Sultan Raziuddin

Business & Workforce (2/16/23 – present)
Business & Workforce (7/1/22 – 2/15/23)

Lora McDonald
Vacant

Natural & Cultural Resources (1/17/23 – present)
Natural & Cultural Resources (7/1/22 – 1/16/23)

William Downing
Troy Horton

Public Safety

Chris Britten

Education

Mary Reynolds

DEPARTMENT OFFICES

The Department's primary administrative offices are located at:

120 W. Jefferson Street

201 W. Adams Street

Springfield, IL 62702-5170

Springfield, IL 62702-5170

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

Government Auditing Report Summary

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

Based on their examination, the Service Auditors expressed an adverse opinion on the Department’s “Description of the State of Illinois, Information Technology Hosting Services.” The System and Organization Control Report was issued under separate cover dated August 21, 2023.

Summary of Findings

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

| <u>Item No.</u> | <u>Page</u> | <u>Last/First Reported</u> | <u>Description</u> | <u>Finding Type</u> |
|------------------------------------|-------------|----------------------------|--------------------------------------|---------------------|
| CURRENT FINDINGS | | | | |
| 2023-001 | 8 | 2022/2022 | Controls Were Not Suitably Designed | Material Weakness |
| 2023-002 | 10 | 2022/2021 | Controls Did Not Operate Effectively | Material Weakness |
| Prior Findings Not Repeated | | | | |
| A | 12 | 2022/2022 | Inaccurate Description of System | |

Exit Conference

This report was discussed with Department personnel at an exit conference on August 14, 2023. Attending were:

Representing the Department of Innovation and Technology

- Mr. Sanjay Gupta, Acting Secretary
- Mr. Brandon Ragle, Acting Deputy Secretary
- Ms. Jenifer Johnson, Chief of Staff
- Ms. Margaret van Dijk, General Counsel
- Mr. Adam Ford, Chief Information Security Officer

Mr. Markus Veile, Deputy Chief Information Security Officer, Security Business Alignment & Governance

Mr. Albert Coll, Chief Administrative Officer

Ms. Tara Kessler, ERP Program Director

Ms. Melena Warren, Confidential Assistant

Ms. Jessica Micenheimer, External Audit Coordinator

Ms. Kelly Guerrero, Internal Auditor

Office of the Auditor General

Ms. Kathy Lovejoy, Principal of IS Audits

Ms. Miranda Karger, Manager

The responses to the recommendations were provided by Kelly Guerrero, Internal Auditor on August 21, 2023.

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Office of the Auditor General
Frank J. Mautino

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

We have examined, in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the State of Illinois, Department of Innovation and Technology’s “Description of the State of Illinois, Information Technology Hosting Services” (description) for the Information Technology hosting services throughout the period from July 1, 2022, through June 30, 2023, and have issued our report thereon under separate cover dated August 21, 2023.

Internal Control over Reporting

Management of the State of Illinois, Department of Innovation and Technology is responsible for establishing and maintaining effective internal control over (1) fairly presenting the State of Illinois, Department of Innovation and Technology’s “Description of the State of Illinois, Information Technology Hosting Services” throughout the period from July 1, 2022, through June 30, 2023, and (2) establishing and maintaining effective internal control over the suitable design and operating effectiveness of the controls related to the trust services criteria within the State of Illinois, Department of Innovation and Technology’s “Description of the State of Illinois, Information Technology Hosting Services” throughout the period from July 1, 2022, through June 30, 2023 (internal control over reporting).

In planning and performing our examination, we considered the State of Illinois, Department of Innovation and Technology’s internal control over reporting to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the State of Illinois, Department of Innovation and Technology’s “Description of the State of Illinois, Information Technology Hosting Services” throughout the period from July 1, 2022, through June 30, 2023, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Department of Innovation and Technology’s internal control over reporting.

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

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

Our consideration of internal control over reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois, Department of Innovation and Technology’s “Description of the State of Illinois, Information Technology Hosting Services” throughout the period from July 1, 2022, through June 30, 2023, is fairly presented and the controls related to the trust services criteria in the State of Illinois, Department of Innovation and Technology’s “Description of the State of Illinois, Information Technology Hosting Services” throughout the period from July 1, 2022, through June 30, 2023, were suitably designed and operating effectively, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the State of Illinois, Department of Innovation and Technology’s “Description of the State of Illinois, Information Technology Hosting Services” throughout the period from July 1, 2022, through June 30, 2023. However, providing an opinion on compliance with those provisions was not an objective of our examination and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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

Purpose of this Report

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

SIGNED ORIGINAL ON FILE

Jane Clark, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
August 21, 2023

SIGNED ORIGINAL ON FILE

Mary Kathryn Lovejoy, CPA, CISA
Principal of IS Audits

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
CURRENT FINDINGS - *GOVERNMENT AUDITING STANDARDS*
For the Year Ended June 30, 2023

2023-001 Finding Controls Were Not Suitably Designed

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

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

- New hires and Personal Service Contractors;
- Risk assessments completed;
- New Agency Application Administrator logical access requests;
- Active Directory access requests, modifications and terminations;
- Security Software accounts created, modified, and revoked;
- New Security Software Administrator accounts;
- New and terminated physical access request, including non-State employees;
- Major outage incidents; and
- Changes made to applications.

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

The Department did not provide a complete and accurate report demonstrating employees and Personal Service Contractors had completed Security Awareness Training and Information Safeguarding Training. In addition, the Department did not respond to our request regarding staff and vendors with a business need to access or modify network devices.

Our testing also noted the Department did not follow their change management procedures or processes for changes to the mainframe operating system and the network security tool. Lastly, the Department was unable to demonstrate they were monitoring for compliance with the enterprise information security policies.

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

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources and funds applicable to operations are properly recorded and accounted for to permit

the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

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

Failure to provide controls that were suitably designed resulted in an adverse opinion on the Department's System and Organization Control Report. Additionally, without controls that are suitably designed at the Department, the user agencies' auditors will be unable to rely on the operating effectiveness of the Department's controls over the user agencies' internal controls. (Finding Code No. 2023-001, 2022-002)

Recommendation

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

Department Response

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

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
CURRENT FINDINGS - *GOVERNMENT AUDITING STANDARDS*
For the Year Ended June 30, 2023

2023-002 **Finding** Controls Did Not Operate Effectively

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

During our testing of the controls related to the control objectives stated in the description of system, we noted specific controls which did not operate effectively. Specifically, we noted:

Human Resource

- Performance evaluations were not provided to the auditors or were not always completed.

Change Management

- Post Implementation Reviews were not always completed timely.
- Some changes did not have a test plan.
- Changes to the environment operating systems were not always approved.

Physical Security

- A monthly review of the Central Computing Facility (CCF) secured area was not completed.
- Individuals were issued temporary badges with inappropriate access to the Department’s buildings.

Logical Security

- Security software weekly violation reports did not document if violations were followed up on or reviewed.
- The Department did not provide several proxy agencies a listing of their security software accounts for review.
- Security settings did not always conform to the Department’s or vendor’s standards. The IT Service Desk emailed the security software account temporary password, instead of contacting the individual.
- Some lost or stolen devices did not have verification conducted to determine if encryption was installed.

Security Violations

- Security violation reports did not document followup actions taken related to security violations.
- Mainframe monitoring reports were not always completed and distributed.
- Some security incidents did not document the agency was notified or the Executive Summary or Incident Report was provided.

Environments

- Several policies and procedures had not been updated to reflect current processes.

Subservice Providers

- Subservice providers' contracts did not always contain the requirement for the subservice provider to contact the Department in the event of an incident or information breach.
- A subservice provider's contract did not cover the entire examination period.
- Meetings between the Department and the subservice providers were not conducted in accordance with the documented schedule.
- System and Organization Control Reports and bridge letters were not always obtained documenting the subservice providers' internal controls extended throughout the examination period.

This finding was first reported in the Fiscal Year 2021 *Government Auditing Standards* report. The Department has been unsuccessful in implementing a corrective action plan to remediate the deficiencies.

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

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

Failure to ensure controls operated effectively to provide reasonable assurance the control objectives stated in the description were achieved resulted in an adverse opinion on the Department's System and Organization Control Report related to the Information Technology Hosting Services. (Finding Code No. 2023-002, 2022-003, 2021-001)

Recommendation

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

Department Response

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

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

A. **FINDING** (Inaccurate Description of System)

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

During the current examination, our testing did not note any inaccuracies in the description of system. (Finding Code No. 2022-001)