

LEGISLATIVE AUDIT COMMISSION



Review of
Guardianship & Advocacy Commission
Two Years Ended June 30, 2019

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**REVIEW: 4511
GUARDIANSHIP & ADVOCACY COMMISSION
TWO YEARS ENDED JUNE 30, 2019**

FINDINGS/RECOMMENDATIONS - 14

**IMPLEMENTED – 4
ACCEPTED - All
PARTIALLY IMPLEMENTED – 10
REPEATED RECOMMENDATIONS - 5**

NEW AUDIT FINDINGS/RECOMMENDATIONS - 9

This review summarizes the auditors' report on the Guardianship and Advocacy Commission (GAC) for the two years ended June 30, 2019, filed with the Legislative Audit Commission on March 3, 2020. The auditors conducted a compliance examination in accordance with state law and *Government Auditing Standards*.

GAC was created in 1979 with the directive to take any action to receive any and all private, federal and other public funds to help support the divisions and to safeguard the rights of eligible persons. The GAC Director is to carry out the policies and programs and coordinate the activities of the **3 divisions**:

- Legal Advocacy Services – provides legal consultation and representation to disabled people in a variety of settings, including mental health facilities, residential programs, community placements and nursing homes;
- Human Rights Authority – investigates violations of disabled persons' rights residing in public or private facilities; and
- Office of the State Guardian – handles the personal, financial, and legal affairs of developmentally disabled, mentally ill, and elderly persons with disabilities.

GAC is bi-partisan and is comprised of 11 members appointed by the Governor and confirmed by the Senate for 3 year terms. The **11 commissioners** serve in a voluntary capacity to govern the agency and are chosen for a particular area of expertise. Current commissioners include:

- Anthony E. Rothert – Chairperson;
- Honorable Andrea M. Schleifer - Vice Chairperson;
- Senator Julie Morrison;
- Representative Tom Bennett;
- Representative Johnathan Carroll;
- Representative William Q. Davis;
- Sharon Jenkins-Collins, D.C.;
- Donald J. Dew, MSW, ACSW;
- Mary Kennelly;

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- Sonni Choi Williams;
- Kathryn E. Eisenhart.

GAC is required to meet at least quarterly to perform its **mandated duties** through the following functions:

- Establish policy guidelines for agency operations;
- Renew actions taken by regional authorities;
- Establish rules and regulations to work conduct of the 3 divisions;
- Approve and evaluate the GAC directors;
- Approve the budget and annual report on its operations for submission to the Governor and General Assembly.

GAC's Long Term Goals are to protect the rights and promote the welfare of persons with disabilities. To accomplish the goal, the **short term objectives** include:

1. Maintain and improve essential programs and services provided by the 3 divisions;
2. Respond and provide leadership to implement consent decree compliance and assessment, screening, and development of opportunities for integrating persons with disabilities into the community or other setting of their choice;
3. Provide educational, training, advocacy support and other assistance to those working with service provisions to those with disabilities; and
4. Continue a leadership role nationally and within Illinois in the continued development of professionalism of individuals working with persons with disabilities in the area of GAC's expertise and mandate the continued development of innovative, responsive, and cost or otherwise effective service models.

Dr. Mary L. Milano, Executive Director, was a Professor of Theology for 22 years at the St Mary's College in the Woods located in Indiana and was an Associate Director of ICJIA. Prior to that, she was the Director of Hunger Education for the Evangelical Lutheran Church in America.

Regional office locations include:

- Chicago, 160 N LaSalle, Suite S500;
- Des Plaines, 9511 Harrison Ave, W-335;
- Hines, PO Box 7009;
- Champaign, 2125 S. 1st St;
- Anna, Route 127;
- Alton, 4500 College Ave, Suite 100;
- Peoria, 401 Main St, Suite 620;
- Rockford, 4302 N Main St, Suite 108;
- Springfield, 521 Stratton Bldg.

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The GAC executive management team and their location includes:

- Teresa Parks (Peoria), Deputy Director – Director of Programs – Human Rights Authority Director;
- Barry Lowry (Springfield), Director, Office of State Guardian;
- Gia Orr (Chicago), Legislative Affairs – Director of Community Relations & Resources – Chief Results Officer – Director of Training – EEO/AA/ADA Coordinator;
- Kenya Jenkins-Wright (Chicago), General Counsel;
- Daniel Campbell (Springfield), Chief Fiscal Officer;
- Veronique Baker (Chicago), Director, Legal Advisory Service;
- Constance Umbles-Sailers (Chicago), Director of Human Resources – Director of Labor;
- Florence Martin (Chicago), Agency Procurement Officer – Confidential Assistant to the Director;
- Atul Chokshi (Chicago), Private Secretary to the Director.

The average number of full-time employees, by division, during the years indicated was:

Division	FY17	FY18	FY19
General Office (Admin/Clerical)	18	20	19
Office of the State Guardian	61	61	62
Legal Advocacy	13	13	14
Human Rights Authority	8	8	10
Total Employees	100	102	105

Appendix E summarizes GAC's services and performance measures.

Appropriations and Expenditures

According to Appendix A, the General Assembly appropriated a total of \$12.37 million GAC in FY19. Whereas, total expenditures from appropriated funds were \$11.2 million in FY19 compared to \$9.8 million in FY18. Of total expenditures in FY19, \$9.6 million was from GRF and \$1.6 million from the Guardianship and Advocacy Fund. There were no significant lapse period spending in FY19, and lapse period balances for FY19 were \$1.1 million of which \$365,000 was GRF.

Cash Receipts

Appendix D provides a summary of cash receipts for FY17-FY19. Total cash receipts changed from \$101,200 in FY17 to \$188,600 in FY18 to \$153,200 million in FY19.

Fee Assessments:

The increase in revenue was because in FY18, the Office of the State Guardian (OSG) was appointed legal guardian of more wards (66% of cases in FY18 vs. 70% in FY19), following a new collection priority. During the examination period, GAC made a concerted effort to more aggressively pursue the award of fees during litigation.

Cook County Reimbursements:

The decrease in revenue was because in FY 19, a lawyer who performed grant work for GAC was hired. Therefore, there were less outsourced work performed than in FY18 resulting in lower reimbursable expenditures.

Property and Equipment

Appendix C shows property and equipment decreases of \$280,000 between FY18-19. The majority of the amount, \$264,000, was a deletion of state property.

Accountants' Findings and Recommendations

Condensed below are the 14 findings and recommendations included in the audit report. Of these, 5 are repeated, and 9 are new from the previous audit. The following recommendations are classified on the basis of information provided by GAC, via electronic mail received April 9, 2021.

Recommendations

- 1. The Office of Auditor General (OAG) recommends GAC ensure it processes its refund receipts correctly, maintains adequate segregation of duties over receipt processing, and prepares monthly reconciliations as required. In addition, if errors are noted during the reconciliation process, they should be followed up on and corrected. (New)**

Finding: GAC did not exercise adequate controls over its receipt processing.

Records maintained by GAC indicate receipts totaling \$188,213 and \$164,910 were processed during FY18 and FY19, respectively.

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Commission management indicated the issues noted were caused by employee error and turnover.

Response: GAC agrees. GAC has implemented controls over refund receipts, segregation of duties, and reporting.

Updated Response: Implemented.

**2. Ensure interagency agreement records are properly tracked and maintained.
(New)**

Finding: GAC did not maintain adequate controls over its interagency agreements.

GAC provided an initial list of interagency agreements but later added an additional agreement. Also, GAC removed agreements from the initial listing as GAC later determined they were not interagency agreements.

The accountants noted the following issues:

- GAC is not tracking referrals from DCFS. Therefore, we cannot determine if GAC is in compliance with the terms of the interagency agreement.
- Since GAC is not tracking referrals from DCFS, OAG could not determine the population of referrals for the two year period and, therefore, could not test the compliance with the interagency agreement.

Due to these conditions, the accountants concluded GAC's population records for referrals from DCFS were not sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35).

GAC management indicated the issues with the interagency agreement population and the expired agreement were due to employee turnover. GAC management indicated the current system cannot track the cases and, therefore, could not provide the information requested.

Failure to maintain accurate and complete interagency agreement records as well as not following terms of interagency agreements represents noncompliance with state laws and could lead to a decrease in cooperation with the other agencies in the agreement. (Finding Code No. 2019-002)

Response: GAC agrees. GAC is in the process of ensuring interagency grant agreements are properly maintained and tracked.

Updated Response: Partially Implemented. In addition, GAC is working with Barry Lowry, Director of the Office of State Guardian, on how best to track referrals in relation to the interagency agreement with DCFS.

3. Implement procedures to ensure the retention of and timely submission of timesheets and also recommend GAC ensure benefit time is pre-approved in accordance with GAC policies. (Repeated-2007)

Finding: GAC did not maintain proper documentation of and exercise adequate control over employee attendance records, including the use of benefit time.

OAG tested four months of timesheets and related benefit time use for 31 employees of GAC. During testing, OAG noted the following:

- For 24 of 31 (77%) employees tested, noted 168 instances where the employee did not timely submit his or her timesheet. Timesheets were submitted 1 to 621 days late.

GAC's Policy and Procedure Manual (Manual) (Section 3.318A) states Daily Time reports should be submitted within 5 business days of the close of the week to which they refer.

- For 24 of 31 (77%) employees tested, we noted 219 instances where the employee used benefit time which was not pre-approved in accordance with GAC policies.
- GAC was unable to provide the four months of timesheets requested for 5 of 31 (16%) employees selected for testing.

The State Records Act (5 ILCS 160/8) requires the Commission to make and preserve records containing adequate and proper documentation of the essential transactions designed to protect the legal and financial rights of the state.

During the previous examinations, GAC management stated they were exercising discretion by being more flexible than the written policy. During the current examination, GAC management indicated the issues noted were due to employee error.

Lack of controls over employee benefit time is considered noncompliance with Commission policy and state laws. Further, submitting untimely requests through eTime and failing to submit leave requests for approval prior to leave occurring could increase the risk of benefit time being used and not recorded and could result in unanticipated staffing shortages.

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Response: GAC agrees. GAC developed a stricter guideline on time and attendance. The Commission has provided training to all on the expectations on timekeeping, which was conducted in April, 2020.

Updated Response: Partially Implemented. In addition to the above training, GAC has reminded employees of the attendance policy and developing a stricter guideline for use of benefit time.

4. Comply with the Manual and the Code and take appropriate measures to ensure performance evaluations are conducted in a timely manner. (Repeated-2011)

Finding: GAC did not exercise adequate internal control over conducting performance evaluations for its employees.

During testing, noted the following:

- Annual performance evaluations for 10 of 31 (32%) employees tested were not completed for FY18. Annual performance evaluations for 15 of 31 (48%) employees tested were not completed for FY19.
- Five of 31 (16%) employees tested did not have employee performance evaluations conducted within 30 days after the yearly evaluation period ended. The performance evaluations were administered between 3 and 204 days late.

During the previous examinations, GAC management stated performance evaluations were not performed due to large workloads. During the current examination, GAC management indicated the errors noted above were due to employee error.

Without timely completion of an employee performance evaluation, an employee may not be provided with feedback or assessment of their performance. Further, areas for improvement and the next year's performance goals and objectives may not be identified and communicated in a timely manner.

Response: GAC agrees. GAC will develop a tracking system for performance evaluations for our employees to ensure compliance across the board.

Updated Response: Partially Implemented. GAC is in the process of developing a system for tracking performance evaluations.

5. OAG recommend GAC do the following: (Repeated-2015)

- **Maintain supporting documentation for deletions;**

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- **Ensure items removed from the property listing are not still in use by the Commission;**
- **Include a detailed listing of equipment items over \$1,000 or subject to theft with its inventory certification filed annually with CMS;**
- **Ensure items are recorded on the property listing at correct costs;**
- **Ensure items are removed from inventory records after being physically transferred out of the Commission; and,**
- **Ensure property listings are properly maintained and include the cost and location of each item.**

Finding: GAC did not exercise adequate control over the recording and reporting of state property.

During testing, noted the following:

- GAC did not maintain supporting documentation for deletions, totaling \$4,352, as reported on one of eight (13%) quarterly Agency Report of State Property (Form C-15) filed with the Comptroller.
- One of 26 (4%) deletions selected for testing, totaling \$1,600, was found to be an item actively in use by GAC and still recorded on the property records. As a result, GAC's reported property balance on its FY19 4th quarter Form C-15 was understated by \$1,600.
- GAC did not correctly file its FY19 inventory certification with CMS. More specifically, GAC did not include a detailed listing of equipment items over \$1,000 or subject to theft with its FY19 annual inventory during the examination period. As a result, we were unable to trace the individual equipment items selected for testing to the report.
- Three of nine (33%) property additions tested, totaling \$1,665, were recorded on the property listing and Form C-15 at incorrect costs.
- For 2 of 26 (8%) property deletions tested, totaling \$28,444, the items were not removed from GAC's inventory records after being physically transferred out of the Commission.
- During floor to list testing, OAG noted:
 - Two of 29 (7%) items tested were not included on GAC's property listing.

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- Six of 29 (21%) items tested, totaling \$5,349, were located in different locations than the locations indicated on GAC's property listing.
- One of 29 (3%) items tested was recorded on GAC's property listing, but the auditor noted the entry was incomplete. Cost information was omitted for this item.

During both the previous and current examinations, GAC management indicated these issues were the result of human error.

Failure to maintain accurate and complete property records and properly report equipment transactions on the Form C-15 increases the potential for loss or theft of state property, reduces the reliability of statewide fixed asset information, and represents noncompliance with state regulations.

Response: GAC agrees. GAC has reorganized the way in which we process and track our inventory and these items have been corrected.

Updated Response: Partially Implemented. GAC is in the process of performing a physical inventory in all offices. Updates are being made to the listing which is now going to be kept in SAP. In addition, all new purchases and deletions/transfers are being fully processed in SAP to ensure an accurate property listing and C-15 form.

- 6. Prepare and submit corrected reports for FY15-18 to the Governor and the Secretary of State within 30 days from the release of this report, as required by the Illinois State Auditing Act. In addition, OAG recommends GAC maintain proper documentation to support its annual report and review the annual report for accuracy prior to submission. (Repeated-2017)**

Finding: GAC did not exercise adequate control over the preparation of its annual Agency Workforce Report.

During testing, OAG noted the following:

- The number of individuals and statistical percentages reported were mathematically inaccurate on both the FY17 and FY18 reports.
- The support provided by GAC did not agree with the FY17 report for multiple categories and did not trace to the FY18 report for one category.
- GAC did not submit corrected reports for FY16 nor FY17 to the Governor's Office or the Secretary of State's Office after the release of the previous Compliance Examination.

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During the previous examination and current examination, GAC management indicated the errors were due to the employee error.

Failure to retain supporting documentation, accurately report statistical information regarding women, disabled, and minority groups, and file corrected reports limits the usefulness of the Commission's reports and represents noncompliance with state law.

Response: GAC agrees. GAC will update the prior year Agency Workforce Reports to ensure compliance and accuracy.

Updated Response: Partially Implemented. GAC has developed an internal record with all relevant data to accurately complete the report. In addition, GAC is in the process of updating and resubmitting previous Agency Workforce reports.

7. Work with the Governor's Office to fill vacancies and to make appointments to address the expired terms. Further, GAC's Chair should schedule and conduct a meeting at least once every three months. (Repeated-2009)

Finding: GAC did not have a sufficient number of members, had members serving on expired terms, and did not always conduct quarterly meetings.

During testing, OAG noted the following:

- GAC had six serving members and five vacancies as of June 30, 2019. Of the six serving members, five were serving on expired terms.

The Guardianship and Advocacy Act (Act) (20 ILCS 3955/4) requires the Commission to consist of 11 members appointed by the Governor; these members are to serve for a term of 3 years and are not permitted to serve beyond 2 consecutive terms.

- GAC did not meet at least once every three months during FY18 and FY19. GAC did not meet during five of the eight quarters in our examination period.

During the previous examination, GAC management indicated they had no control over when the Governor might appoint new members. During the current examination, management indicated appointments were not made due to lack of follow up by the appointive body. Also, during both the previous and current examinations, management indicated meetings were not held quarterly due to difficulties establishing a meeting time when a quorum could be present.

Failure of the Commission to be comprised of 11 active members and meet once every three months represents noncompliance with the Act and limits the ability of the Commission to carry out its purpose.

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Response: GAC agrees. GAC will begin to ensure compliance with the Guardianship and Advocacy Act.

Updated Response: Partially Implemented. GAC plans to maintain contact with the Governor's Office on their status of appointing commissioners. In addition, GAC will email commissioners on their requirement to hold meetings at least once every 3 months.

8. OAG recommends the Commission: (New)

- **Strengthen controls to ensure documentation is maintained regarding any conversions to different systems going forward;**
- **Exercise adequate controls over its procedures for wiping hard drives prior to disposing of electronic equipment;**
- **Ensure its employees obtain training on the ERP System;**
- **Develop a disaster recovery plan for its applications;**
- **Complete the Security Software annual review of IDs, note any corrections, and return it to the Department of Innovation and Technology's Security Software Administrator for corrective action;**
- **Perform access reviews over applications utilized, including the ERP system, the eTime System, CTAS, the Central Payroll System, AIS;**
- **Timely revoke an employee's access rights over the AIS upon the employee's separation from the Commission; and,**
- **Maintain and provide the change security report documenting who has access to CTAS.**

Finding: GAC failed to maintain adequate controls over its electronic data processing (EDP) procedures.

During testing, noted the following:

- GAC failed to maintain and provide any documentation regarding its conversion to the Enterprise Resource Planning (ERP) system on January 1, 2018. As a result, the auditor was unable to determine if all data and balances appropriately transferred from legacy systems to the ERP system.
- GAC failed to exercise adequate controls over its procedures for wiping hard drives prior to disposing of the electronic equipment. More specifically, GAC was unable to provide the name of the software it used to wipe the hard drives of

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surplused electronic equipment. Additionally, GAC was unable to provide support that the hard drives were wiped at least three times prior to disposal. Finally, GAC could not provide support for the individuals who performed the wiping or dates the wiping was performed.

- GAC failed to ensure its employees were adequately trained on the ERP System. GAC was unable to provide documentation showing employees participated in training available on state websites.
- GAC had not developed a disaster recovery plan for two of its applications.
- GAC failed to complete the Security Software annual review of IDs, note any corrections, and return it to DoIT's Security Software Administrator for corrective action.
- GAC failed to perform access reviews over applications utilized, including the ERP system, the eTime System, the Central Time and Attendance System (CTAS), the Central Payroll System, and the Accounting Information System (AIS).
- GAC failed to timely revoke an employee's access rights over the AIS upon the employee's separation.
- GAC failed to provide a security report documenting who has access to CTAS. As a result, the auditor could not determine appropriateness of access rights.

GAC management indicated the deficiencies noted were due to employee oversight.

Failure to maintain adequate controls over electronic data processing procedures results in a significant risk of noncompliance, and poses an additional risk of fraud, misuse of information, security breach, and data loss.

Response: GAC agrees with the above findings regarding EDP procedures. GAC has developed internal checklists and reporting guidelines for the next audit period.

Updated Response: Partially Implemented. GAC is in the process of implementing and developing its own Identity Protection Policy. In addition, GAC is in the process of creating and implementing a disaster recovery plan for legal files and Panoramic Software Inc. and starting a quarterly review of users of the ERP system.

9. OAG recommends GAC timely prepare reconciliations as required by SAMS. (New)

Finding: GAC did not exercise adequate control over monthly reconciliations.

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During review of GAC's monthly reconciliations, OAG noted the following:

- Thirty-two of 32 (100%) monthly reconciliations of GAC's records to the Comptroller's *Object Expense/Expenditures by Quarter* (SA02) were not completed.
- One of 32 (3%) monthly reconciliations of GAC's expenditure records to the Comptroller's *Monthly Appropriation Status Report* (SB01) was not completed.
- Fourteen of 32 (44%) monthly reconciliations of GAC's expenditure records to the Comptroller's SB01 were performed 1 to 291 days late.
- Twenty-four of 24 (100%) monthly reconciliations of GAC's internal records to the Comptroller's *Cash Report* (SB05) were not signed or dated. As a result, OAG were unable to determine whether these reconciliations were performed timely.
- Twenty-four of 24 (100%) monthly reconciliations of GAC's internal records to the Comptroller's *Agency Contract Report* (SC14) were not completed.
- Twenty-four of 24 (100%) monthly reconciliations of GAC's internal records to the Comptroller's *Obligation Activity Report* (SC15) were not completed.
- Fifteen of 24 (63%) monthly reconciliations of GAC's receipt records to the Comptroller's *Monthly Revenue Status Report* (SB04) were not dated. As a result, OAG were unable to determine whether these reconciliations were performed timely.
- One of 24 (4%) monthly reconciliations of GAC's receipt records to the Comptroller's SB04 was performed 7 days late.

GAC management indicated the reconciliations were not performed or were not performed timely due to staff turnover in key positions and oversight.

Failure to timely and properly document reconciliations of GAC's records to the Comptroller's reports hinders the ability of staff to identify and correct errors and represents noncompliance with SAMS.

Response: GAC agrees. GAC has completed all reconciliations going forward. However, GAC disagrees with the SA02 as GAC already performs the SB01, which is a summary of the SA02 report. GAC has since completed the SA02 and will continue to do so going forward.

Updated Response: Implemented.

10. GAC has the ultimate responsibility to ensure personal information is protected from accidental or unauthorized disclosure. Specifically, OAG recommends the following: (New)

- Establish and communicate GAC's security program (formal and comprehensive policies, procedures, and processes) to manage and monitor the regulatory, legal, environmental, and operational requirements;
- Identify and document staff with cybersecurity roles and responsibilities; and,
- Perform a risk assessment to identify and classify data to ensure adequate protection of confidential and personal information most susceptible to attack.

Finding: GAC had not implemented adequate internal controls related to cybersecurity programs and practices.

GAC maintains a substantial amount of personal and confidential information, including Social Security numbers, addresses, health information, and legal records related to the incapacitated adults it serves. During examination of GAC's cybersecurity program and practices, OAG noted the following:

- Had not classified its data to ensure adequate protection.
- Had not evaluated and implemented appropriate controls to reduce the risk of attack.

GAC management indicated the exceptions noted above were due to management oversight.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to GAC's personal and confidential information being susceptible to cyber-attacks and unauthorized disclosure.

Response: GAC agrees. GAC will establish cybersecurity roles and responsibilities for our agency and perform risk assessments to identify and classify data.

Updated Response: Partially Implemented. GAC is in the process of developing cybersecurity roles and responsibilities. In addition, GAC is planning to complete a formal assessment of cybersecurity and thoroughly communicate policies and procedures to staff.

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11. OAG recommends GAC strengthen controls over payroll processing and ensure documentation, including Form I-9s and details of final pay to separating employees is maintained. (New)

Finding: GAC (Commission) did not maintain adequate controls over payroll files.

During testing, OAG noted the following:

- GAC was unable to locate and provide 2 of 38 (5%) payroll vouchers, totaling \$4,285, selected for testing.
- Two of 38 (5%) payroll vouchers tested did not agree to GAC expenditure records, resulting in a difference of \$4,472.
- Four of 31 (13%) employees tested did not have a Form I-9 in his or her personnel file.
- One of 31 (3%) employees tested did not have a properly completed I-9 in the employee's personnel file. Specifically, the employer section of the I-9 was not completed.
- Payroll deductions for 6 of 31 (19%) employees tested were not properly calculated by GAC. The difference in deductions ranged from \$12 to \$217.
- For 3 of 31 (10%) employees tested, GAC did not provide the final pay information from an employee separating from GAC. Therefore, OAG was unable to determine if the final pay was accurate.

GAC management indicated the issues noted above were due to employee error.

Failure to maintain adequate controls over personnel files and employee documentation represents noncompliance with agency policy and state and federal laws. Additionally, lack of controls over the employee files could lead to erroneous or improper payments or deductions from employee pay. Further, inadequate records could lead to errors in payments not being found or corrected promptly.

Response: GAC agrees. GAC will strengthen controls over payroll processing, including human resources filing.

Updated Response: Partially Implemented. GAC will go through all active personnel files to ensure the I-9s are complete and accurate. GAC will also ensure that all W-4s are correct. GAC will ensure all final payout information is recorded and filed in the personnel files.

12. OAG recommends GAC enhance the voucher process by the following: (New)

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- **Strengthen controls over voucher approvals by ensuring vouchers are timely approved, retaining documentation of the date vouchers are approved and retain documentation of which individual approved the voucher;**
- **Ensure vouchers include receiving dates;**
- **Retain vouchers and the related supporting documentation; and,**
- **Review vouchers to ensure the proper detail object codes are used.**

Finding: GAC did not exercise adequate controls over voucher processing.

During testing, OAG noted the following:

- GAC did not have adequate controls over its voucher approvals. More specifically,
 - Three of 61 (5%) vouchers tested, totaling \$30,894, were approved between 4 and 32 days late.
 - Thirteen of 61 (21%) vouchers tested, totaling \$220,262, and the corresponding file balancing reports did not include approval dates. As a result, OAG was unable to determine if the vouchers were approved timely.
 - Seventeen of 61 (28%) vouchers tested, totaling \$227,264, and the corresponding file balancing reports did not include signatures for approval. As a result, OAG was unable to determine who approved the vouchers for payment.
- GAC did not ensure accurate received dates were recorded for all vouchers. More specifically,
 - Four of 61 (7%) vouchers tested, totaling \$204,655, did not include the date received. Therefore, OAG was unable to determine whether the voucher was approved and/or paid timely and if interest was owed to the vendor.
 - OAG noted all travel vouchers were stamped received based on the date the voucher was received by the Springfield fiscal office. All vouchers should be stamped when originally received by the appropriate Commission staff supervisor at any of the Commission's locations.
- GAC was either unable to provide support or did not provide adequate support for vouchers tested. Specifically,

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- One of 61 (2%) vouchers tested, totaling \$240, had support that did not trace to the applicable travel voucher. This resulted in an overpayment of \$21.
- The support for two of 61 (3%) vouchers selected for testing, totaling \$4,357, was not provided to the auditor in full. The voucher and supporting documentation was not provided for one voucher selected while GAC could not provide the voucher for the other voucher selected.
- For three of 61 (5%) vouchers tested, totaling \$16,132, GAC was unable to provide the corresponding purchase obligation documents.
- Ten of 61 (16%) vouchers tested, totaling \$9,399, did not include an approval signature and the corresponding file balancing report could not be provided. As a result, the auditor was unable to determine if the vouchers were approved timely.
- GAC had inadequate controls over its expenditure records. Specifically, one voucher, totaling \$28, did not trace from GAC's expenditure data to the Comptroller's expenditure data.
- Discrepancies and errors were found in GAC's use of detail object codes:
 - During the reconciliation of expenditure records to the Comptroller's reports, OAG found 29 vouchers, totaling \$60,487, had conflicting detail object codes (DOC) when compared between GAC's expenditure records and the Comptroller's data.
 - Three of 61 (5%) vouchers tested, totaling \$15,473, were charged to the wrong detail object code.

Commission management indicated the issues noted were caused by employee error and turnover.

Failure to maintain adequate controls over expenditure processing can lead to the misuse of state funds, unapproved vouchers being paid by GAC, and inaccurate expenditure records. In addition, the propriety of disbursements may be questioned due to missing supporting documentation. Further, failure to maintain adequate controls over voucher processing is noncompliance with multiple state statutes, SAMS procedures, and the Illinois Administrative Code.

Response: GAC agrees with all material findings except for the travel vouchers as GAC does not consider a travel voucher to be a proper bill until all reviews and all corrections have been completed by fiscal staff and signed off by the director.

ACCOUNTANT'S COMMENT

GAC's interpretation of the Illinois Administrative Code (Code) to include approval by the director as a component of establishing a proper bill from which to measure potential interest owed is inconsistent with the definitions and requirements set forth in the Code.

The Code (74 Ill. Admin. Code 900.20) defines a bill as a vendor's standard bill or invoice for goods or services, including a state employee's travel voucher submitted when the state employee has paid for the travel and will be reimbursed by the state. The Code (74 Ill. Admin. Code 900.20) defines a proper bill as a bill or invoice containing sufficient and correct information necessary to process the payment for a liability of a state agency. Lastly, the Code (74 Ill. Admin. Code 900.20) defines the date of approval of the vendor's bill as the date on which the Agency Head or designee signs the voucher requesting the Comptroller's Office to pay the bill.

The Code (74 Ill. Admin. Code 900.30) also identifies the general duties of state agencies with regard to the Prompt Payment Act (30 ILCS 540), including the requirement for all state agencies to maintain written or electronic records reflecting the date or dates on which a proper bill was received by the state agency and on which approval for payment of a bill was given by the agency.

In summary, the Code does not require approval by an agency head in establishing and recording a proper bill date from which potential interest penalties could be computed.

Updated Response: Implemented. GAC will ensure document support for vouchers are properly maintained and filed.

- 13. OAG recommends GAC accurately and consistently prepare quarterly C-17 reports based on balances reported on accounting records and ensure reconciliations for locally held funds are performed in a timely manner. Also, OAG recommends that GAC increase controls over the entire locally held fund receipt and disbursement process to ensure records are complete and accurate. (New)**

Finding: GAC did not exercise adequate controls over its locally held funds.

During testing, OAG noted the following:

- Two of 8 (25%) quarterly Report of Receipts and Disbursements (C-17 report) did not include all transactions for the period being reported. Reports prepared for activity occurring during two quarters in FY18 were compiled and submitted prior to each quarter's end.
- Twenty-four of 24 (100%) reconciliations between GAC's locally held fund records and its bank statements were not signed or dated. As a result, OAG was

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unable to determine who the reconciliations were performed by and if the reconciliations were performed timely.

- Twenty-five of 60 (42%) receipt transactions tested, totaling \$61,298, identified in GAC records did not appear on the corresponding bank statement.
- One of 60 (2%) receipts tested, totaling \$735, was not credited to the correct recipient's account.
- Twenty-five of 120 (21%) receipts and disbursements tested, totaling \$17,542, did not include a received date; therefore, the auditor could not determine if the receipt was deposited timely or if the disbursement was expensed timely.
- One of 60 (2%) disbursements, totaling \$340, was expensed 85 days late.
- GAC was unable to provide supporting documentation for 26 of 60 (43%) disbursement vouchers selected for testing, totaling \$21,987, and 1 of 60 (2%) receipt transactions selected for testing, totaling \$735.
- One of 60 (2%) disbursements selected for testing, totaling \$1,276, did not trace from GAC records to supporting documentation, resulting in a difference of \$50.
- The auditor could not determine if fees paid by the ward were assessed based on income from Medicaid or TANF for one of four (25%) fees tested.

The Illinois Administrative Code (Code) (59 Ill. Admin. Code 301.30) states fees shall not be assessed on income or support derived from Medicaid or TANF.

GAC management indicated the issues noted were caused by employee error and turnover.

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 perform reconciliations for locally held funds could lead to the misuse of funds and allow errors to go undetected. Further, failure to maintain adequate controls over receipts and disbursements represents noncompliance with multiple state statutes and the Code.

Response: GAC agrees. GAC has developed internal tracking to ensure compliance with the locally held fund requirements. Additionally, the C-17 reports going forward are being submitted on time.

Updated Response: Partially Implemented. GAC is in the process of performing bank reconciliations. In addition, GAC has started date stamping each check that is received to ensure timely deposits. GAC is also developing a procedure and form for support of

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disbursement for “personal cash” requested by the ward where no support for the amount or reason for disbursement is given.

14. Strengthen controls to ensure reports are reviewed for accuracy, timely filed as required, and retain documentation of the submitted reports. (New)

Finding: GAC did not exercise adequate controls over report submissions.

During testing, noted the following:

- GAC submitted its FY19 Fiscal Control and Internal Auditing Act (FCIAA) certification to the Office of the Auditor General 167 days late.

The FCIAA (30 ILCS 10/3003) requires the Commission to conduct an evaluation of its systems of internal fiscal and administrative controls and file a certification regarding the evaluation with the Auditor General by May 1st of each year.

- GAC did not maintain copies of its Agency Fee Imposition Report for FY19 and FY19. GAC also did not maintain a copy of the submission for FY19. As a result, OAG was unable to confirm the accuracy of both reports or the timeliness of the FY19 submission.
- The Commission reported an inaccurate employee headcount on its FY18 Service Efforts and Accomplishments (SEA) report. GAC records indicated the 103 employees on staff as of the end of the FY18 reporting period, while GAC reported its headcount as 98 on the SEA report.
- One of four (25%) Travel Headquarters Reports (Form TA-2) was filed with the Legislative Audit Commission 2 days late. In addition, one of four (25%) Form TA-2 reports was not filed with the Legislative Audit Commission.

GAC management indicated the reports were not filed timely or accurately due to employee error and turnover.

Failure to maintain adequate controls over FCIAA certification submissions represents a significant risk of deficiency in internal control and noncompliance. Furthermore, failure to maintain adequate internal records presents a potential inability to rely on the information provided as well as an increased risk of noncompliance. Finally, the failure to timely file the Form TA-2 is noncompliance with state statute.

Response: GAC agrees and we will strengthen controls to ensure reports are being reviewed for accuracy and timely submission. The TA-2 report has since been filed with the Legislative Audit Commission.

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Updated Response: Implemented. GAC will ensure the FCIAA and related documents are completed annually.

Emergency Purchases

GAC did not have any emergency purchases in FY18 nor FY19.

Headquarters Designations

The State Finance Act requires all state agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each state agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

According to 2018 and 2019 records, GAC had 0 employees assigned to locations other than their official regional headquarters.