



**STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2023**

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

**STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2023**

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**STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2023**

**Department Officials**

Director	Mr. Jerry Costello II
Chief Fiscal Officer (01/01/2024 – Present)	Ms. Judy Vollmar
Chief Fiscal Officer (12/01/2023 – 12/31/2023)	Vacant
Chief Fiscal Officer (01/16/2023 – 11/30/2023)	Mr. Todd Haberer
Chief Fiscal Officer, Acting (06/01/2022 – 01/15/2023)	Mr. Todd Haberer
Chief Fiscal Officer (07/01/2021 – 05/31/2022)	Ms. Johanna Helm
General Counsel (04/16/2023 – Present)	Ms. Tess Feagans
General Counsel, Acting (03/01/2023 – 4/15/2023)	Ms. Tess Feagans
General Counsel (07/01/2021 – 02/28/2023)	Mr. John Teefey
Chief Internal Auditor	Vacant

**Department Offices**

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

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

MANAGEMENT ASSERTION LETTER

June 18, 2024

Adelfia LLC  
Certified Public Accountants  
400 East Randolph Street, Suite 700  
Chicago, Illinois 60601

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Department of Agriculture (Department). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Department's compliance with the following specified requirements during the two year period ended June 30, 2023. Based on this evaluation, we assert that during the years ended June 30, 2022, and June 30, 2023, the Department has materially complied with the specified requirements listed below.

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

Yours truly,

State of Illinois, Department of Agriculture

**SIGNED ORIGINAL ON FILE**

Jerry Costello II, Director

**SIGNED ORIGINAL ON FILE**

Judy Yollnar, Chief Fiscal Officer

**SIGNED ORIGINAL ON FILE**

Tess Feagans, General Counsel

**STATE OF ILLINOIS  
DEPARTMENT OF AGRICULTURE  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2023**

**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 or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

**SUMMARY OF FINDINGS**

<b>Number of</b>	<b><u>Current Report</u></b>	<b><u>Prior Report</u></b>
Findings	17	30
Repeated Findings	15	18
Prior Recommendations Implemented or Not Repeated	15	3

**SCHEDULE OF FINDINGS**

<b><u>Item No.</u></b>	<b><u>Page</u></b>	<b><u>Last/First Reported</u></b>	<b><u>Description</u></b>	<b><u>Finding Type</u></b>
<b>Current Findings</b>				
2023-001	12	2021/2019	Inadequate Internal Audit Function	Material Weakness and Material Noncompliance
2023-002	15	2021/2011	Weaknesses in Administration of Locally-Held Funds	Material Weakness and Material Noncompliance
2023-003	18	2021/2021	Weaknesses in Cybersecurity Programs and Practices	Material Weakness and Material Noncompliance

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2023-004	21	2021/2021	Lack of Adequate Controls over the Review of Internal Controls over Service Providers	Significant Deficiency and Noncompliance
2023-005	24	2021/2007	Inadequate Controls over State Property	Material Weakness and Material Noncompliance
2023-006	28	2021/2017	Inadequate Controls over Reconciliations	Material Weakness and Material Noncompliance
2023-007	31	2021/2019	Voucher Processing Internal Controls Not Operating Effectively	Material Weakness and Material Noncompliance
2023-008	33	2021/2017	Receipt Processing Internal Controls Not Operating Effectively	Material Weakness and Material Noncompliance
2023-009	36	2021/2021	Noncompliance with the Lawn Care Products and Application and Notice Act	Significant Deficiency and Noncompliance
2023-010	38	New	Noncompliance with the Egg and Egg Products Act	Significant Deficiency and Noncompliance
2023-011	40	2021/2011	Weaknesses in Internal Control over State Vehicles	Significant Deficiency and Noncompliance
2023-012	43	2021/2021	Inadequate Internal Controls over Employee Personnel and Payroll Files	Material Weakness and Material Noncompliance
2023-013	45	New	Inadequate Internal Controls over Census Data	Significant Deficiency and Noncompliance
2023-014	47	2021/2017	Lack of Disaster Contingency Planning	Significant Deficiency and Noncompliance
2023-015	49	2021/2021	Inadequate Controls over Performance Evaluations	Significant Deficiency and Noncompliance
2023-016	51	2021/2021	Inadequate Controls over Employee Training	Significant Deficiency and Noncompliance
2023-017	53	2021/2019	Inadequate Controls over Contractual Agreements	Significant Deficiency and Noncompliance

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Prior Findings Not Repeated</b>				
A	55	2021/2015	Weaknesses Regarding System Development and Change Control Procedures	
B	55	2021/2017	Inadequate Controls over Petty Cash Funds	
C	55	2021/2019	Weaknesses in Administration of Grant Agreements	
D	55	2021/2017	Noncompliance with the Grant Information Collection Act	
E	56	2021/2019	Inadequate Controls over the Issuance and Revocation of Telecommunication Devices	
F	56	2021/2021	Failure to Inspect Facilities Where Dead Animals or Used Cooking Grease and Oil are Found	
G	56	2021/2015	Weaknesses in the Preparation of Agency Fee Imposition Reports	
H	56	2021/2019	Noncompliance with the Investment of Public Funds Act	
I	57	2021/2009	Noncompliance with the Illinois Noxious Weed Law	
J	57	2021/2019	Failure to Provide Accurate Population of Licensed Nurseries and Maintain Adequate Supporting Documentation	
K	57	2021/2021	Inadequate controls over TA-2 Reports	
L	57	2021/2021	Noncompliance with the Cannabis Regulation and Tax Act	



<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
M	58	2021/2021	Failure to Ensure Agricultural Co-Operative Associations File Adequate Annual Reports	
N	58	2021/2021	Failure to Provide Agricultural Areas Annual Reports to Other State Agencies	
O	58	2021/2021	Inadequate Controls over Agency Workforce Reports	

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on June 10, 2024.

Attending were:

**DEPARTMENT OF AGRICULTURE:**

- Kristi Jones, Deputy Director
- Judy Vollmar, Chief Fiscal Officer
- Rashid Syed, Deputy Fiscal Officer
- Tess Feagans, General Counsel
- Clay Nordsiek, Deputy General Counsel
- Caroline Brown, Payroll Supervisor

**DEPARTMENT OF CENTRAL MANAGEMENT SERVICES:**

- Dawn Meier, Internal Audit Supervisor
- Michael Flesch, Senior Internal Auditor
- Bilguun Amarjargal, Internal Auditor (Audit Liaison)

**OFFICE OF THE AUDITOR GENERAL:**

- Erica Oliver, Audit Manager

**ADELFA LLC:**

- Stella Marie Santos, Managing Partner
- Jennifer Roan, Partner
- Andrew Guerrero, Senior Audit Manager
- Arvie Villacampa, Audit Manager
- Gionelle Ceniza, Senior IS Specialist

The responses to the recommendations were provided by Judy Vollmar, Chief Fiscal Office, in a correspondence dated June 13, 2024.



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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Report on State Compliance**

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Department of Agriculture (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2023. Management of the Department is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Department's compliance with the specified requirements based on our examination.

The specified requirements are:

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

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

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

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

Our examination disclosed material noncompliance with the following specified requirements applicable to the Department during the two years ended June 30, 2023. As described in the accompanying Schedule of Findings as items 2023-001 through 2023-003, 2023-005 through 2023-008, and 2023-012, the Department had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. As described in the accompanying Schedule of Findings as item 2023-002, the Department had not ensured the State revenues and receipts collected by the Department were in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts was fair, accurate, and in accordance with law. As described in the accompanying Schedule of Findings as item 2023-002, money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department had not been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Department complied with the specified requirements during the two years ended June 30, 2023, 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 2023-004, 2023-009 through 2023-011, and 2023-013 through 2023-017.

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

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

## **Report on Internal Control Over Compliance**

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2023-001 through 2023-003, 2023-005 through 2023-008, and 2023-012 to be material weaknesses.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2023-004, 2023-009 through 2023-011, and 2023-013 through 2023-017 to be significant deficiencies.

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

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

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

**SIGNED ORIGINAL ON FILE**

Chicago, Illinois  
June 18, 2024

**STATE OF ILLINOIS  
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SCHEDULE OF FINDINGS – STATE COMPLIANCE  
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2023-001      **FINDING** (Inadequate Internal Audit Function)

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

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

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

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

During testing, we noted the following:

- The Department's Director has not appointed an individual to fill the Department's chief internal auditor position. This position was vacated on October 17, 2017.

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

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

The Code (20 ILCS 405/405-293(a)) states that CMS "is responsible for providing professional Services for or on behalf of State agencies for all functions transferred to the Department by Executive Order No. 2003-10. . ." Since the part of Executive Order 2003-10 related to internal audit was reversed by P.A. 96-795 this portion of the Section is not applicable in the circumstances. The Section goes on to state that CMS may "with the approval of the Governor, provide additional services to or on behalf of State agencies." "Additional services" is not defined and no approval for CMS to provide internal auditing

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services specifically to the Department, a designated State agency under the Act, was obtained from the Governor.

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

The Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable law; (2) obligations and costs are in compliance with applicable law; and (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Finally, this finding was first noted in 2019. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Department's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

Department management stated the hiring process for Chief Internal Auditor position was handled exclusively by CMS. The position was posted for multiple agencies, but there was only one interview for all. The Department's role was limited to having an employee on the interview panel; the Department was not able to commence the process or control its speed or priority independently. CMS did start the hiring process for this position during the engagement period, but the process was not concluded prior to the end of the engagement period.

Failure to establish a full-time internal audit program in accordance with the requirements of the Act – where the chief internal auditor develops a deep understanding of the Department's functions and processes, oversees, and performs audits of the Department's major systems of internal accounting and administrative controls on a periodic basis, and oversees and reviews major new and modifications to information systems prior to implementation – weakens the Department's ability

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to assess its overall internal control environment and represents noncompliance with State law. Further, the establishment of the Department's internal audit function by interagency agreement hinders the operational autonomy intended by the General Assembly for internal auditors. Department management cannot terminate an appointed chief internal auditor prior to the conclusion of their term without cause and a hearing before the Executive Ethics Commission, but management can terminate the interagency agreement with CMS at any time for any reason. Failure to obtain the approval of the Governor for expanding the professional services provided to the Department by CMS limits governmental oversight and represents noncompliance with the Code. Finally, granting CMS authorization to expend the Department's payroll appropriations weakens the Department's overall internal control environment and represents noncompliance with State law. (Finding Code No. 2023-001, 2021-001, 2019-001)

**RECOMMENDATION**

We recommend the Department adhere to provisions in the Fiscal Control and Internal Auditing Act. Specifically, we recommend:

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

**DEPARTMENT RESPONSE**

The Department concurs. The Department will review and amend controls over Central Management Services, Bureau of Internal Audit's use of the Department's appropriation. Through the Bureau of Internal Audit and qualified individuals within the Department, the Department does have a functioning internal audit process. Additionally, the Department has repeatedly participated in the hiring process conducted by Central Management Services for a Director of Internal Audit and will continue to do so as available. Most recently, interviews were again completed, and the Department is awaiting the opportunity to make job presentations.



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2023-002 **FINDING** (Weaknesses in Administration of Locally-Held Funds)

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

The Department maintains 12 locally-held funds, which include 2 locally-held funds that were unfunded and 1 newly formed locally-held fund created in Fiscal Year 2023. For purposes of testing quarterly Reports of Receipts and Disbursements for Locally-Held Funds (Form C-17), we subjected testing to the 10 active funds. For purposes of testing bank reconciliations, the Illinois Colt Stakes/Championship Purse Fund (Fund 1113) and State Fair Promotional Activities Fund (Fund 1350) includes two bank accounts per each fund. As such, we subjected the Department’s 10 active and funded funds to testing.

During our review of the bank reconciliations for the 10 locally-held funds for Fiscal Years 2022 and 2023, we noted the following exceptions:

- Nine of 300 (3%) bank reconciliations tested were not prepared monthly. This occurred in 9 of 24 (38%) bank reconciliations for the Centennial Farms Signs Fund (Fund 1112).
- For 78 of 291 (27%) bank reconciliations performed and tested, the reconciliations did not contain the reviewer’s signature and/or signed date; therefore, we were unable to test for timeliness of review. See below for breakdown of bank reconciliations with no reviewer signature and or signed date:

<b>Fund</b>	<b># of months not signed and/or dated by reviewer</b>
Centennial Farms Signs Fund (Fund 1112)	3 of 24 (13%)
Illinois Colt Stakes/Championship Purse Fund (Fund 1113)	24 of 48 (50%)
Grain Indemnity Trust Fund (Fund 1116)	21 of 24 (88%)
Illinois Grain Insurance Fund (Fund 1205)	20 of 24 (83%)
Carcass Evaluation Fund (Fund 1218)	3 of 24 (13%)
State Fair Promotional Activities Fund (Fund 1350)	7 of 48 (15%)

- For 33 of 291 (11%) bank reconciliations performed and tested, the reconciliations did not contain the preparer’s signature and/or signed date; therefore, we were either unable to determine proper segregation of duties between preparer and reviewer or determine the bank reconciliation was prepared timely.

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<b>Fund</b>	<b># of months not signed and/or dated by reviewer</b>
Illinois Colt Stakes/Championship Purse Fund (Fund 1113)	26 of 48 (54%)
Grain Indemnity Trust Fund (Fund 1116)	3 of 24 (13%)
Carcass Evaluation Fund (Fund 1218)	3 of 24 (13%)
State Fair Promotional Activities Fund (Fund 1350)	1 of 48 (2%)

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

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

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

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

Department management stated locally-held fund reconciliation’s were done quarterly to correspond with required quarterly reporting done for the Comptroller’s Office due to staff and time constraints.

Failure to monthly reconcile locally-held funds represents noncompliance with SAMS and hinders the ability of staff to timely identify and correct errors. (Finding Code No. 2023-002, 2021-014, 2019-014, 2017-014, 2015-006, 2013-004, 11-3)

**RECOMMENDATION**

We recommend the Department ensure reconciliations for locally-held funds are performed monthly and documentation is maintained of preparer and reviewer to ensure an adequate segregation of duties for locally-held funds.

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**DEPARTMENT RESPONSE**

The Department agrees and has implemented a process to note both the reconciler and reviewer on each month's reconciliation. In addition, the Department will do monthly reconciliation of all locally-held funds in lieu of the previous quarterly reconciliation corresponding to reporting requirements.

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2023-003     **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

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

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

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

- Developed detailed policies beyond a high level overview to address configuration management, security awareness and training, on-boarding, system development, change management, data classification, and data maintenance and destruction.
- Maintained documentation of policy reviews.
- Provided documentation that annual risk assessments have occurred which identify risk associated with confidential and sensitive information susceptible to attacks.
- Maintained a risk management methodology for addressing the categorization of information systems, selection of security controls, implementation of security controls, assessment of security controls, monitoring of security controls and authorization controls for information system access.
- Conducted vulnerability scanning for monitoring applications and networks for the identification of security vulnerabilities.
- Developed and maintained a cybersecurity plan that describes the Department’s security program, policies, and procedures.

We requested the Department provide the population of security and remediation events. In response to our request, the Department did not provide a population. Due to these conditions, we were unable to conclude the Department’s population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.36).

As a result, we were unable to determine if security and remediation events were properly performed, controlled, reviewed, and authorized.

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We also requested the Department provide the population of users for critical applications. In response to our request, the Department provided a population that contained inconsistencies. Due to these conditions, we were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.36) to fully test the Department's compliance with requirements for users for critical applications.

*Even given the population limitation noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole*, we selected a sample of users for critical applications and identified 5 of 16 (31%) users with access to the Department's defined critical applications who did not have appropriate access based upon their job duties.

Additionally, we noted the following exceptions:

- The Department did not provide descriptions or other documentation for the Department's usage of the security solutions utilized by DoIT on the Department's behalf for the protection of assets.
- Fourteen of 30 (47%) Fiscal Year 2022 New Hires sampled did not have Employee Handbook Attestations provided.
- Twelve of 30 (40%) Fiscal Year 2023 New Hires sampled did not have Employee Handbook Attestations provided.

The Framework for Improving Critical Infrastructure 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 (NIST) 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.

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

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

Department management indicated it has relied on the DoIT for many of these functions and documentation. The Department was unaware of the need for separate, more specific policies. The Department had no security events requiring remediation and was therefore unable to provide a population of such.

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The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the Department's confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. Furthermore, information might be compromised if employees are not informed of the proper handling of confidential data and appropriate responses to data breaches. (Finding Code No. 2023-003, 2021-004)

**RECOMMENDATION**

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

- Develop a formal, comprehensive, adequate, and communicated security program to address configuration management, security awareness and training, on-boarding, system development, change management, data classification, and data maintenance and destruction.
- Develop a risk management methodology for addressing the categorization of information systems, selection of security controls, implementation of security controls, assessment of security controls, monitoring of security controls and authorization controls for information system access.
- Maintain documentation of policy reviews and annual risk assessments performed.
- Develop policies to conduct and document vulnerability scanning for monitoring applications and networks for the identification of security vulnerabilities.
- Implement and document controls over its computing environment to ensure:
  - users of critical applications have appropriate access;
  - response procedures to security events have been established, documented, and executed in a timely manner; and
  - security solutions are managed to provide security and resilience of assets.
- Develop policies to ensure policies and procedures have been formally communicated to staff and that they acknowledge their understanding of responsibilities.

**DEPARTMENT RESPONSE**

The Department concurs and is currently working with DoIT to adequately document expectations and duties per our agreement. We are also working to finalize an internal IT solutions document. During the review period and continuing to the present, Department is developing a risk management methodology, has revised its Handbook including IT policies, and is currently in the process of implementing a zero-trust file directory structure. Department will review the onboarding process for temporary employees to identify how to best ensure they are aware of policies pertinent to them and record their acknowledgement of such.

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2023-004      **FINDING** (Lack of Adequate Controls over the Review of Internal Controls over Service Providers)

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

The Department’s mission is to be an advocate for Illinois’ agricultural industry and provide the necessary regulatory functions to benefit consumers, the agricultural industry, and our natural resources. In order to carry out its mission, the Department utilizes Information Technology (IT) applications provided via service providers.

During our testing, we requested the Department provide the following documentation: service provider contracts, System and Organization Control (SOC) reports, and documentation of the Department’s review of service provider SOC reports. However, the Department was not able to provide the requested items as the Department had not:

- Developed a process to identify external contractors and assess whether those engaged by the Department were classified as service providers or vendors.
- Developed a process for identifying service providers and assessing the effect on internal controls of these services.
- Obtained SOC reports or conducted independent internal control reviews for its service providers.
- Conducted an analysis of SOC reports to determine the impact of the modified opinion(s) or the noted deviations.
- Conducted an analysis of the Complementary User Entity Controls (CUECs) documented in SOC reports.
- Obtained and reviewed SOC reports for subservice organizations or performed alternative procedures to determine the impact on its internal control environment.

Due to the lack of documentation we were unable to determine the extent of the Department’s Service Provider controls or compliance with Complementary User Entity Controls required by the Department’s Service Providers.

*The Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Maintenance and System Service Acquisition sections, requires entities outsourcing their Information Technology environment or operations to obtain assurance over the entities internal controls related to the services provided. Such assurance may be obtained via SOC reports or independent reviews.

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

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

Department management indicated the SOC review process was still in development and plans have been drafted to be in place for Fiscal Year 2026.

Failure to implement internal controls related to the design, implementation, and maintenance of information systems and operations pertaining to service providers could result in unidentified risks and vulnerabilities, which could ultimately lead to the Department's confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2023-004, 2021-010)

**RECOMMENDATION**

We recommend the Department strengthen its internal controls over service providers. Specifically, we recommend the Department:

- Perform independent reviews of internal controls associated with outsourced systems at least annually.
- Monitor and document the operation of the complementary user entity controls relevant to the Department's operations.
- Review SOC reports for subservice organizations or perform alternative procedures to satisfy itself the usage of the subservice organizations would not impact the Department's internal control environment.
- Review SOC reports and analyze any noted deviations or modified opinions impacting the Department's internal controls.
- Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Department, and any compensating controls.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.



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**DEPARTMENT RESPONSE**

The Department agrees and has appointed a team to perform and document SOC reports as needed.

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2023-005      **FINDING** (Inadequate Controls over State Property)

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

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

During our list to floor testing of 60 Department property items, we noted the following:

- Four (7%) items, totaling \$201,320, were not properly tagged.
- Two (3%) items, totaling \$30,046, were surplused, but were still on Department records. The items not removed from property records were a copier and printer card.
- Two (3%) items, amounting to \$8,278, appeared obsolete, but remained on the inventory listing and approval had not been requested to dispose of the items.
- One (2%) item (port module), amounting to \$2,510, was not located.

During our floor to list testing of 60 Department property items, we noted the following:

- Seven (12%) items of undetermined value, were not tagged. The items that were not tagged were the following: golf cart, blower, laminator, spectrometer, mower, wood planer, and drill compressor.
- Two (3%) items of undetermined value, appeared obsolete and not functional. The items found were a wood planer and power sander.
- Three (5%) items of undetermined value, were physically identified, but not included in the Department's inventory listing. The items that were not added to Department records were a shaker, balance comparator, and washer machine.

During our testing of 60 property additions, we noted the following:

- Thirty-three items (55%), totaling \$401,982, were recorded in the Department's property records more than 90 days after acquisition, ranging from 5 to 821 days late.

During our testing of 60 property deletions, we noted the following:

- For two (3%) items, totaling \$34,255, the purchase price on the deletion form did not match Department records, resulting in a total difference of \$654.

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- Seventeen (28%) items, totaling \$122,381, were removed from Department property records more than 90 days after deletion, ranging from 6 to 744 days late.

In addition, we reviewed 215 Office of the State Fire Marshal inspection reports of the Department's buildings and grounds and noted 109 (51%) inspection/reinspection reports indicated a result of "Fail" in one or more circumstances. Examples of failed inspections included, but not limited to, violations of electrical systems, fire alarm systems, replacement of combustible items, portable fire extinguishers, and barn safety.

Finally, this finding was first noted in 2007. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

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

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

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.400) requires the Department to adjust its property records within 90 days after acquisition, change, or deletion of equipment items. The Code (44 Ill. Admin. Code 5010.210) also requires the Department to mark each piece of State-owned equipment in their possession with a unique six digit identification number. Furthermore, the Code (44 Ill. Admin. Code 5010.230) requires agencies to maintain records including identification number, location code number, description, date of purchase, purchase price, object code, and voucher number. Finally, the Code (44

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Ill. Admin. Code 5010.620) requires all agencies to regularly survey their inventories for transferable equipment and report any such equipment to the Property Control Division of the Department of Central Management Services (CMS). The Code (44 Ill. Admin. Code 5010.600) defines transferable equipment as State-owned equipment which is no longer needed and or useful to the agency currently in possession of it.

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

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

Finally, the Department's management team is responsible for implementing timely corrective action on all of the findings identified during a *State Compliance Examination*.

Department management stated for the list to floor exceptions, the 4 items tags were not located on are heavy equipment items which are very difficult to keep tagged due to vibration and earth contact. Of the 3 items not located, 2 had been properly sent to surplus and 1 taken by DoIT but not properly removed from the property list due to employee oversight. Two items were determined to be obsolete but had not yet been transferred to surplus and were therefore correctly still included on the property list.

For the floor to list exceptions, Department management stated 2 of the 7 were low value/non-high theft items. There was some confusion on tagging these assets as Joint Commission on Administrative Rules changed. Two should have been tagged (1 was being processed during the examination), 2 items, a mower and a wood planer are impossible to keep tags on due to vibration and filth, and 1 was part of an asset group and the tag was on another piece of the group.

Department management stated the delay in recording property additions and deletions was caused by staff turnover. CMS provides the purchase price for vehicle deletions. The Department was unable to determine where they obtained their numbers for the 2 deletions, and it was immaterial to research their error further.

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Department management stated regarding the Fire Marshall reports, the time between inspection and re-inspection, is insufficient for the Department to fully address each instance reported by the Fire Marshall.

Failure to adequately tag equipment and to timely and accurately update property records increases the risk of equipment theft or loss occurring without detection and resulted in inaccurate property reporting to CMS. Further, improper service or maintenance of property and equipment items increases the risk of hazardous conditions to employees and visitors on the Departmental grounds, increases the risk of damage to the equipment, and may cause disruption in the operations of the Department. Finally, failure to monitor or track obsolete and transferable property may result in inaccurate statewide property control records and represents noncompliance with the Code and the SAMS Manual. (Finding Code No. 2023-005, 2021-003, 2019-003, 2017-001, 2015-003, 2013-001, 11-1, 09-01, 07-1)

**RECOMMENDATION**

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

**DEPARTMENT RESPONSE**

The Department concurs, and staff duties have been reassigned to allow a dedication of both time and expertise to asset management. This should enable timely recording of additions, deletions, and transfers. New ways will be discussed for marking items traditional tags will not stay adhered to. Department legal has engaged with legal at the Office of the State Fire Marshal (OSFM) regarding OSFM inspections, improved processes, and Department compliance.

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2023-006      **FINDING** (Inadequate Controls over Reconciliations)

The Department of Agriculture (Department) failed to ensure adequate controls over performing monthly reconciliations between its internal records and the Office of Comptroller (Comptroller) reports.

The Department is required to perform Comptroller’s Monthly Revenue Status Report (SB05) reconciliations for 20 individual funds. During our testing, we noted the Department failed to perform its Fiscal Year 2022 and Fiscal Year 2023 monthly reconciliations for 19 (95%) funds. For the SB05 reconciliations performed for the remaining fund, we noted 18 of 24 (75%) reconciliations, were not performed. For the remaining 6 (25%) reconciliations, we noted the Department did not document preparation or review of the reconciliations; therefore, we were unable to test for timeliness of preparation and adequacy of review.

During our testing of 27 Comptroller’s Agency Contract Report (SC14)/Comptroller’s Obligations Activity Report (SC15) reconciliations, we noted the following exceptions:

- For twenty-three (85%) SC14/15 reconciliations, the Department did not document review of the reconciliation; therefore, we were unable to test adequacy of review.
- Two (7%) SC14/15 reconciliations were missing preparer signature; therefore, we were unable to test timeliness of reconciliations.
- One (4%) SC14/15 reconciliation for the month of March 2023 was not performed.
- One (4%) SC14/15 reconciliation for the month of May 2023 was erroneously dated as prepared on November 15, 2021; therefore, we were unable to test timeliness of reconciliation.

During our testing of 27 Comptroller’s Monthly Appropriation Transfer Report (SB03), we noted the following exceptions:

- Eight (30%) reconciliations, from July 2021 through January 2022 and July 2022 lapse, were not performed.
- One (4%) reconciliation for the month July 2023 was performed 66 days late.

During our testing of 24 Comptroller’s Monthly Revenue Status Report (SB04) reconciliations, we noted nine (38%) SB04 reconciliations, in which the Department did not document review of the reconciliation; therefore, we were unable to test adequacy of review.

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During our testing of 27 Comptroller’s Monthly Revenue Status Report (SB01) reconciliations, we noted one (4%) SB01 reconciliation, in which the Department did not document review of the reconciliation; therefore, we were unable to test adequacy of review.

Finally, this finding was first noted in 2017. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

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

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

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

Finally, the Department’s management team is responsible for implementing timely corrective action on all of the findings identified during a *State Compliance Examination*.

Department management stated exceptions were due to:

- SC14/15 – The reconciliation for the month of March 2023 was not performed as a separate reconciliation. The lack of documentation of preparation and review was due to employee oversight.
- SB03 – The 8 months the reconciliation was not performed was due to staff shortage and turnover.
- SB04 and SB01 – The reconciliations were completed but review was inadequately documented due to turnover and lack of procedures.
- SB05 – Reconciliations were not completed consistently until January 2023. At that time, reconciliations were completed but the preparation nor review were adequately documented due to employee oversight.

Failure to timely and properly document preparation and review of reconciliations of the Department’s records to the Office of Comptroller’s reports hinders the ability of staff to identify and correct errors which could result in incomplete or inaccurate financial information and represents noncompliance with the SAMS Manual. (Finding Code No. 2023-006, 2021-023, 2019-004, 2017-008)

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**RECOMMENDATION**

We recommend the Department perform, review, and approve monthly reconciliation with the Comptroller's reports.

**DEPARTMENT RESPONSE**

The Department agrees and now has staff and procedures in place to ensure timely monthly reconciliations of SC14/15, SB01, SB03, SB04, and SB05.



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2023-007      **FINDING** (Voucher Processing Internal Controls Not Operating Effectively)

The Department of Agriculture’s (Department) internal controls over its voucher processing function were not operating effectively during the examination period.

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 Department to determine whether certain key attributes were properly entered by the Department’s staff into the ERP. In order to determine the operating effectiveness of the Department’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 based on supporting documentation. 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.

Our testing noted 3 of 140 (2%) attributes were not properly entered into the ERP System. Therefore, the Department’s internal controls over voucher processing **were not operating effectively.**

The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) requires the Department to, after receipt of goods or services, verify the goods or services received meet the stated specifications and prepare a voucher for submission to the Comptroller’s Office to pay the vendor, including providing vendor information, the amount expended, and object(s) of expenditure. Further, the Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.30) requires the Department maintain records which reflect the date goods were received and accepted, the date services were rendered, and the proper bill date. Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system of internal fiscal and administrative controls to provide assurance expenditures are properly recorded and accounted for to maintain accountability over the State’s resources.

Due to this condition, we qualified our opinion because we determined the Department had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Even given the limitations noted above, we conducted an analysis of the Department’s expenditures data for fiscal years 2022 and 2023 to determine compliance with the Code (74 Ill. Admin. Code 900.70). We noted the following noncompliance:

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- The Department did not timely approve 771 of 19,559 (4%) vouchers processed during the examination period, totaling \$3,145,358. We noted these late vouchers were approved between 1 and 291 days late.

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

Department management stated 2 of the 3 attributes entered improperly were baseline dates. Staff were not familiar with the application of baseline dates and therefore used other dates in lieu of the proper baseline date. The third support was missing the cover sheet where the baseline date would have been noted. Regarding untimely approval, the Department stated a different interpretation in determining proper approval resulted in the exceptions noted.

Failure to properly enter the key attributes into the State's ERP when processing a voucher for payment hinders the reliability and usefulness of data extracted from the ERP, which can result in improper interest calculations and expenditures. Further, failure to timely process proper bills and approve vouchers for payment represents noncompliance with the Code and the Act. (Finding Code No. 2023-007, 2021-017, 2019-017)

**RECOMMENDATION**

We recommend the Department design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate. Further, we recommend the Department approve proper bills within 30 days of receipt.

**DEPARTMENT RESPONSE**

The Department accepts and has defined and distributed the definition and application of baseline date. The Department did and does approve proper bills within 30 days. However, the Department has held 60 days as the allotted processing time to provide approved proper bills to the Comptroller in the past. The Department will seek resources and methods to reduce the processing time by fifty percent.

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2023-008      **FINDING** (Receipt Processing Internal Controls Not Operating Effectively)

The Department of Agriculture’s (Department) internal controls over its receipt processing function were not operating effectively during the examination period.

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 receipt testing at the Department to determine whether certain key attributes were properly entered by the Department’s staff into the ERP. In order to determine the operating effectiveness of the Department’s internal controls related to receipt processing, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the ERP based on supporting documentation. The attributes tested were (1) amount, (2) fund being deposited into, (3) date of receipt, (4) date deposited, and (5) SAMS Source Code.

During our testing, we noted the Department does not consistently utilize the ERP fields for receipts and refunds processing across all bureaus. ***Even with the limitation noted,*** we selected a sample of receipts and refunds and identified exceptions as noted below.

Our refunds testing noted 34 of 140 (24%) attributes were not properly entered into the ERP. Therefore, the Department’s internal controls over receipt processing **were not operating effectively.**

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires the Department to maintain a detailed record of all moneys received, which is to include date of receipt, the payor, purpose and amount, and the date and manner of disbursement. Additionally, the Statewide Accounting Management System (SAMS) Manual (Procedure 25.10.10) requires the Department to segregate the moneys into funds and document the source of the moneys. Further, 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 revenues, expenditures, and transfers of assets, resources, or funds applicable to the 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.

Due to this condition, we qualified our opinion because we determined the Department had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

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Even given the limitations noted above, we conducted an analysis of the Department's receipts data for fiscal years 2022 and 2023 to determine compliance with the Act. We noted:

- The Department did not deposit 198 receipts items, each exceeding \$10,000, on the same day as received with the 5 day deposit extension.
- The Department did not deposit 12,672 receipt items, \$10,000 or more in totality, within 24 hours.
- The Department did not deposit 643 receipt items, exceeding \$500 but less than \$10,000 in totality, within 48 hours.
- The Department did not deposit 159 receipt items, less than \$500 in totality, when accumulated to \$500 or on the 1<sup>st</sup> or 15<sup>th</sup> of the month, whichever was earlier.
- The Department had 871 receipt items, where the receipt date was later than the deposit date.
- The Department had 1 receipt item, which had an erroneous receipt date entered into the ERP system.

The 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 1<sup>st</sup> or 15<sup>th</sup> of the month, whichever is earlier. As of January 27, 2020, the Department was granted an extension by the Office of Comptroller for a 30 day extension for deposits into the Cannabis Regulation Fund (Fund 912), 10 day extension into the General Revenue Fund (Fund 001) related to meat, poultry, and livestock, and a 5 day extension for all other applicable funds.

Department management stated during the time scope of the audit, ERP implementation was still evolving and the use of the new ERP fields for the recording of receipt attributes was inconsistent across the Department due to unfamiliarity with the ERP system.

Failure to properly enter the key attributes into the State's ERP when processing a receipt hinders the reliability and usefulness of data extracted from the ERP, which can result in improper recording of revenues and accounts receivable. Failure to properly record receipt data and timely deposit receipts results in funds

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not being available for State use and may result in loss of receipt funds. (Finding Code No. 2023-008, 2021-007, 2019-007, 2017-007)

**RECOMMENDATION**

We recommend the Department design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate. Further, we recommend the Department accurately record deposit data and timely deposit receipts into the State's treasury.

**DEPARTMENT RESPONSE**

The Department agrees and will be issuing definitions and directive on fields and their use within the ERP Public Sector Collections & Disbursements module to monitor, properly record, and encourage deposit timeliness.

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2023-009      **FINDING** (Noncompliance with the Lawn Care Products Application and Notice Act)

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

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

During our testing of applicator license applications, we noted the 5 of 60 (8%) applications did not certify one of the following options: 1) I am not subject to a child support order; 2) I am not more than 30 days delinquent in complying with a child support order; or 3) I am more than 30 days delinquent in complying with a child support order.

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

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

Department management stated the applications are paper forms received by mail. There is no enforcement mechanism for ensuring the form is complete before it is sent to the Department. Occasionally during review, checkboxes were inadvertently overlooked by staff processing applications.

Failure to have potential applicators submit complete applications with the required certifications reduces the effectiveness of governmental oversight, and is considered noncompliance with the Illinois Administrative Procedures Act. (Finding Code No. 2023-009, 2021-026)

**RECOMMENDATION**

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

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**DEPARTMENT RESPONSE**

The Department accepts, and staff will be coached on more thorough review practices of applications. Department is also exploring the possibility of an electronic application process, where the application would not be able to be submitted until entirely completed.

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2023-010     **FINDING** (Noncompliance with the Egg and Egg Products Act)

The Department of Agriculture (Department) did not comply with the Egg and Egg Product Act (Act).

During our testing of the Act, we noted the following:

- For 10 of 60 (17%) egg licenses tested, the Department was unable to provide supporting documentation regarding the receipt date of the application; therefore, we were unable to determine if the Department adequately charged and collected the mandated late fee, if applicable.
- For 1 of 60 (2%) egg licenses tested, the Department was unable to provide application support; therefore, we were unable to test completeness and timeliness of application.

The Act (410 ILCS 615/9) states a penalty of \$50 shall be assessed for any renewal license not renewed by July 1 of the year in which the license renewal is due. This penalty shall be assessed in addition to the license fee.

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

Department management stated that for 10 exceptions for the late fee, the Department did not retain the mailing envelopes received with the applications. Regarding the 1 exception for application support, the Department indicated the application could have been misfiled, due to the applications being only available in paper copies.

Failure to adequately document if a penalty fee is required may result in lost revenue to the State. In addition, failure to maintain applications may increase the risk the Department will fail to monitor and ensure compliance with applicable requirements related to the Act. (Finding Code No. 2023-010)

**RECOMMENDATION**

We recommend the Department implement adequate internal control to ensure it obtains, retains, and adequately reviews for the completion of egg licenses applications as required by State law.



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**DEPARTMENT RESPONSE**

The Department accepts and will review procedures and implement a documentation process to record when applications are received.

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2023-011      **FINDING** (Weaknesses in Internal Control over State Vehicles)

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

This finding was first reported in 2011. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

**Vehicle Maintenance Records**

The Department maintains 293 vehicles. During our testing of proper vehicle maintenance of 60 vehicles, there were 37 vehicles we noted with exceptions. Multiple vehicles had more than one exception, specifically:

- For 27 (45%) vehicles, we noted the vehicle did not have oil changes performed in accordance with the Department of Central Management Services (CMS) guidelines. The number of miles that oil changes were overdue ranged from 223 to 7,654 miles, while the amount of time oil changes were overdue ranged from 1 to 6 months.
- For 18 (30%) vehicles, we noted the vehicles were not brought in for an annual inspection as required by CMS.
- For 11 (18%) vehicles, the vehicles were not brought in for a tire rotation during Fiscal Year 2022 and/or 2023.
- For 1 (2%) vehicle, the Department did not provide any supporting documentation for oil changes, tire rotations, and annual inspections. As a result, we were unable to determine if the Department complied with laws and regulations governing the timing of oil changes, tire rotations, and annual inspections.

The Illinois Administrative Code (44 Ill. Admin. Code 5040.400) requires all state-owned or leased vehicles which fall under this Part to undergo regular service and/or repair in order to maintain the vehicles in road worthy, safe, operating condition and appropriate cosmetic condition. Further, CMS policy indicates that oil change intervals are every 12 months or 3,000 miles, whichever comes first, for vehicles with models 10 years and older, and every 12 months or 5,000 miles, whichever comes first, for vehicles with models 9 years and newer. The CMS Vehicle Usage Program, effective July 1, 2012 requires agencies to follow prescribed maintenance intervals to keep fleet costs down. In addition, CMS policy indicates that vehicles must undergo at least one Annual Preventative Maintenance check through a Division of Vehicles State Garage or authorized vendor.

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**Reporting of Vehicle Accidents**

During our testing of 9 vehicle accidents, we noted the following:

- Three (33%) Motorist’s Report of Illinois Motor Vehicle Accident forms (Form SR-1) were not submitted timely, ranging from 2 to 19 days late.
- For 1 (11%) accident, the Department failed to submit the Form SR-1 to CMS.

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

**Privately Owned Vehicles Used for State Business**

We also tested 30 employees using a privately-owned vehicle for State business to ensure the employees were properly licensed and insured and noted the following exceptions:

- Three (10%) employees that claimed mileage reimbursements tested, were missing an annual auto certification for Fiscal Year 2022.

The Illinois Vehicle Code (Code) (625 ILCS 5/10-101) states every employee of the State, who operates for purposes of State business a vehicle not owned, leased or controlled by the State shall procure insurance in the limit of the amounts of liability not less than the amounts required in Section 7-203 of this Code.

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

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

Department management stated they had insufficient staffing and vacancies in the fleet management area at the commencement of and throughout this examination period. Staffing limitations impacted the Department’s ability to ensure timely

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maintenance. With regard to the Reporting of Vehicle Accidents specifically, an additional contributing factor to untimely submission of the SR-1 form is that during the examination period, blank copies of the SR-1 form were not maintained by or available at the Department. Employees may also have to rely on the receipt of a completed SR-1 from law enforcement to be able to fill in all of the required information on the SR-1.

Failure to adequately maintain vehicles can cost the State significant amounts in future years through additional repair bills and shortened useful lives for vehicles. Untimely submission or failure to maintain and track submission of the forms for vehicle accidents or personal vehicles used for State business may result in increased risk of loss. (Finding Code No. 2023-011, 2021-013, 2019-013, 2017-013, 2015-004, 2013-006, 11-5)

**RECOMMENDATION**

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

**DEPARTMENT RESPONSE**

The Department concurs and has expanded its Support Services area to include staff dedicated to vehicles, who can focus on ensuring proper vehicle maintenance is made a priority.

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2023-012      **FINDING** (Inadequate Internal Controls over Employee Personnel and Payroll Files)

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

We requested the Department provide the population of employees hired, separated, and on leave of absence. In response to our request, the Department provided a population that contained inconsistencies. Due to these conditions, we were unable to conclude the Department’s population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.36) to fully test the Department’s compliance with requirements for employee personnel and payroll files.

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

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

- Four (7%) employees’ U.S. Citizenship and Immigration Services (USCIS) Employment Eligibility Verification Forms (I-9) were missing.
- Three (5%) employees did not have properly completed I-9 such as one was not dated, one was not signed, and one was not signed and dated.
- One (2%) employee’s I-9 was signed by the employee 372 days late.

USCIS, Department of Homeland Security, requires employers to document that each new employee (both citizen and noncitizen) hired after November 6, 1986, is authorized to work in the United States. In addition, USCIS instructions for I-9s require Section 1 to be completed no later than the first day of employment.

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

- Two (3%) employees’ federal withholding tax did not agree to supporting documentation, ranging from \$28 under to \$21 over per pay period.

The Statewide Accounting Management System Manual (Procedure 23.10.30) requires the Department to be responsible for completing the payroll voucher each pay period and attesting to the employee’s rate of pay, gross earnings, deductions, net pay, and other required information on the voucher and file and states that the initial control of each payroll is at the agency level. The control that all

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deductions from an employee's gross pay are supported by source documents is meant to ensure conformance with the State Salary and Annuity Withholding Act (5 ILCS 365).

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

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

Department management stated that efforts are made for all paperwork to be timely completed, but there are occasional misfilings or incomplete forms that go unnoticed. In addition, Department management stated the withholding exceptions were due to staff oversight.

Without the Department providing complete and adequate documentation to enable testing, we were impeded in completing our procedures and providing useful and relevant feedback to the General Assembly regarding the Department's compliance of State laws and regulations governing employee personnel and payroll files. Further, failure to maintain I-9s is a violation of USCIS requirements and could expose the Department to penalties. In addition, inaccurate and unsupported payroll calculations can result in improper withholding and payroll payment amounts. (Finding Code No. 2023-012, 2021-029)

**RECOMMENDATION**

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

**DEPARTMENT RESPONSE**

The Department accepts, and staff will be reminded of the importance of proper completion and retention of personnel and payroll documents. A review process of employee data entered in the system will be implemented.

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2023-013      **FINDING** (Inadequate Internal Controls over Census Data)

The Department of Agriculture (Department) failed to maintain adequate internal controls over census data.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary. We noted the Department's employees are members of the State Employees' Retirement System of Illinois (SERS) for their pensions.

During testing, we noted the Department performed the initial census reconciliation of its census data recorded by SERS and the Department of Central Management Services (CMS) to its internal records in Fiscal Year 2021. However, the Department had not performed the census reconciliation for incremental changes in Fiscal Year 2022.

For employers where their employees participate in plans with multiple-employer and cost sharing features, the American Institute of Certified Public Accountants' Audit and Accounting Guide: State and Local Governments (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

Further, the State Records Act (5 ILCS 160/8) requires the Department make and preserve records containing adequate and proper documentation of its essential

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transactions to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

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

Department management stated processes and procedures were not in place and performance of the Fiscal Year 2022 census data reconciliation was not completed as a result.

Failure to reconcile active members' census data reported to and held by SERS and CMS to the Department's records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the Department's pension balances, which may result in a misstatement of these amounts. (Finding Code No. 2023-013)

**RECOMMENDATION**

We recommend the Department enhance internal controls over census data and perform the census reconciliation timely.

**DEPARTMENT RESPONSE**

The Department agrees the Fiscal Year 2022 reconciliation of SERS/CMS data to the Department's internal records was not performed. Beginning with Fiscal Year 2023, processes are in place to perform the annual census reconciliation.



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2023-014      **FINDING** (Lack of Disaster Contingency Planning)

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

The Department utilizes several applications in order to carry out its mission. The Department determined the critical applications are the Fair Management Systems.

As part of our examination, we requested the Department’s policies and procedures for disaster recovery and backup controls. The Department provided its Employee Handbook in response to policy requests. Additionally, the Department confirmed in a written statement that all policies and procedures not found within the Employee Handbook were not maintained by the Department. In these cases the Department is utilizing Department of Innovation and Technology’s (DoIT) policies.

Due to the lack of documentation we were unable to determine the extent of the Department’s Disaster Recovery controls.

During testing we noted the Department had not maintained policies and procedures concerning disaster recovery, backup verification and offsite storage.

The Department did not perform a Disaster Recovery Plan test annually within the examination period.

This finding was first reported in 2017. In subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

*The Contingency Planning Guide Information Technology Systems* published by the National Institute of Standards and Technology endorses the formal development and testing of disaster contingency plans.

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

In the prior examination, the Department stated it was working with DoIT to update a business analysis completed in 2019. Once the analysis was updated it was to be utilized to determine and evaluate the potential effects of an interruption to critical business functions and could be used as a component of a disaster contingency plan.

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Department management stated the Department does not have its own information technology employees and relies on the Department of Information Technology (DoIT), per agreement with them, for IT-related disaster planning and prioritization.

Failure to implement an adequately developed disaster contingency plan could result in an inability for the Department to recover operations within an acceptable time period in the event of a disaster, which could ultimately lead to the Department's loss of data including confidential and personal information. (Finding Code No. 2023-014, 2021-021, 2019-021, 2017-021)

**RECOMMENDATION**

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

**DEPARTMENT RESPONSE**

The Department accepts and will work with DoIT to define an IT disaster recovery plan and include it in the Department's IT policy documents.

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2023-015     **FINDING** (Inadequate Controls over Performance Evaluations)

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

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

- Fourteen (23%) employee annual performance evaluations for Fiscal Year 2022 were not performed timely, ranging from 78 to 545 days after the end of the evaluation period.
- Two (3%) employees did not have an annual performance evaluation completed in Fiscal Year 2022.
- Nine (15%) employee annual performance evaluations for Fiscal Year 2023 were not performed timely, ranging from 85 to 193 days after the end of the evaluation period.
- One (2%) employee did not have an annual performance evaluation completed in Fiscal Year 2023.

The Illinois Administrative Code (Code) (80 Ill. Admin. Code 302.270) requires performance records to include an evaluation of employee performance prepared by each agency with such evaluation performed not less often than annually.

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

Department management stated annual performance evaluations were not performed or performed timely due to remote work challenges and competing priorities.

Employee performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Without timely completion of an employee performance evaluation, the employee would not be provided with formal feedback or assessment of his or her performance and areas for improvements, and current year's performance goals and objectives may not be identified and communicated in a timely manner. Further, employee performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharges, layoffs, recalls, or reinstatement decisions. (Finding Code No. 2023-015, 2021-030)

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**RECOMMENDATION**

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

**DEPARTMENT RESPONSE**

The Department accepts. The Bureau of Human Resources has since implemented a monitoring and reminder system for evaluations, directly notifying supervisors in areas that lack a personnel liaison.

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2023-016      **FINDING** (Inadequate Controls over Employee Training)

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

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

- Four of 60 (7%) employees selected for testing did not conduct their annual harassment and discrimination prevention certification and annual ethics training during calendar years 2022 and 2023.
- One of 60 (5%) employees selected for testing did not conduct their annual harassment and discrimination prevention certification during calendar year 2023.
- One of 20 (5%) newly hired employees selected for testing did not conduct the initial ethics or harassment and discrimination prevention certification within 30 days of the employee’s hiring date.

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

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During the examination of the Department’s cybersecurity program, practices, and control of confidential information related to training, the auditors noted the following:

- Six of 30 (20%) employees tested were not enrolled in Security Awareness training for Fiscal Year 2023.
- Four of 30 (13%) employees tested were not enrolled in Security Awareness training for Fiscal Year 2022.

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

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

Department management stated the four employees identified as not completing the required trainings for calendar years 2022 and 2023 were employees hired on a temporary basis for the State Fairs who did not use computers in their daily tasks, and accordingly did not have the electronic username necessary to access the trainings. The other employees cited as exceptions refused to train and were separated from the Department.

Failure to comply with statutory requirements related to employee training results in statutory noncompliance and could fail to establish expectations for employee behavior. Weaknesses in cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the accidental or unauthorized disclosure of confidential or personal information. (Finding Code No. 2023-016, 2021-022)

**RECOMMENDATION**

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

**DEPARTMENT RESPONSE**

The Department concurs and has identified which required trainings are available in a hard copy rather than online and is working on improved ways to provide access to those trainings.

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2023-017      **FINDING** (Inadequate Controls over Contractual Agreements)

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

During our testing of 60 contractual agreements, we noted the following:

- For 3 (5%) contractual agreements, totaling \$189,927, the agreements were not properly signed before the start of the contract, ranging from 1 to 15 days late.
- For 2 (3%) contractual agreements, totaling \$133,182, the Department was not able to provide the Contract Obligation Document.

Prudent business practice and effective internal control requires contracts to be reviewed and approved prior to their inception to be binding and enforceable on both parties. Contractual agreements should be signed/executed by all required parties prior to the beginning of the contractual agreement term.

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

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

Department management stated contracts were not signed prior to start of work due to delays in employees signing the personal services contracts and the contractual obligation documents were unable to be located by staff.

Without the Department providing complete and adequate documentation to enable testing, we were impeded in completing our procedures and providing useful and relevant feedback to the General Assembly regarding the Department's compliance of State laws and regulations governing contractual agreements. In order to assess whether an agreement is reasonable, appropriate, and sufficiently documents the responsibilities of the appropriate parties, the agreement needs to be approved prior to the effective date and executed prior to the commencement of services. (Finding Code No. 2023-017, 2021-006, 2019-006)

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**RECOMMENDATION**

We recommend the Department ensure contracts are signed by all parties prior to the beginning of services and for the Department to maintain adequate documentation of all contracts.

**DEPARTMENT RESPONSE**

The Department concurs and will remind managers of the importance of fully executed contracts being in place before services begin.



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A. **FINDING** (Weaknesses Regarding System Development and Change Control Procedures)

During the prior examination, the Department of Agriculture (Department) was not able to provide the complete population of new system developments or system changes.

During the current examination, our sample testing indicated the Department strengthened its internal controls to ensure new system developments and changes to existing systems were properly controlled, reviewed, monitored, and authorized. As a result this finding was not repeated. (Finding Code No. 2021-002, 2019-002, 2017-002, 2015-015)

B. **FINDING** (Inadequate Controls over Petty Cash Funds)

During the prior examination, the Department did not maintain adequate controls over petty cash funds.

During the current examination, our testing indicated the Department timely completed and filed the required forms for Petty Cash Funds with the Office of Comptroller, and ensured proper documentation was retained by the Department. As a result, this finding was not repeated. (Finding Code No. 2021-005, 2019-005, 2017-005)

C. **FINDING** (Weaknesses in Administration of Grant Agreements)

During the prior examination, the Department did not exercise adequate internal controls over the monitoring of grant agreements under its purview during the examination period.

During the current examination, our sample testing indicated the Department implemented controls to ensure reporting requirements were adhered to and ensured grantor agreements with the grantee were adequately documented and maintained. In addition, the Department maintained complete and accurate populations of grantees. As a result, this finding was not repeated. (Finding Code No. 2021-008, 2019-008)

D. **FINDING** (Noncompliance with the Grant Information Collection Act)

During the prior examination, the Department did not comply with certain provisions of the Grant Information Collection Act (Act).

During the current examination, our sample testing indicated the Department made significant improvements over certain provisions of the Act; however, we continued to note certain immaterial problems. As a result, this matter was reported in the Department's Report on Immaterial Findings. (Finding Code No. 2021-009, 2019-009, 2017-016)

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E. **FINDING** (Inadequate Controls over the Issuance and Revocation of Telecommunication Devices)

During the prior examination, the Department did not maintain adequate controls for the issuance and revocation of portable telecommunication devices.

During the current examination, our testing indicated the Department strengthened its internal controls to ensure complete and accurate populations of portable telecommunication devices issued, active, lost or returned, and/or terminated were maintained. In addition, our sample testing indicated the Department implemented internal controls to ensure each device’s corresponding processing documents were retained properly. As a result, this finding was not repeated. (Finding Code No. 2021-011, 2019-011)

F. **FINDING** (Failure to Inspect Facilities Where Dead Animals or Used Cooking Grease and Oil are Found)

During the prior examination, the Department did not comply with the Animal Mortality Act. Specifically, we noted the Department failed to inspect all licensed facilities where dead animals or used cooking grease and oil were found during Fiscal Year 2020 and 2021.

During the current examination, our sample testing indicated the Department implemented a reasonable alternative schedule. As a result, this finding was not repeated. (Finding Code No. 2021-012)

G. **FINDING** (Weaknesses in the Preparation of Agency Fee Imposition Reports)

During the prior examination, the Department displayed weaknesses in the preparation of Agency Fee Imposition Reports.

During the current examination, our testing indicated the Department filed Agency Fee Imposition Reports accurately with all necessary information to the Office of Comptroller. As a result, this finding was not repeated. (Finding Code No. 2021-015, 2019-015, 2017-015, 2015-009)

H. **FINDING** (Noncompliance with the Investment of Public Funds Act)

During the prior examination, the Department did not comply with the Accountability for the Investment of Public Funds Act.

During the current examination, our testing indicated the Department developed a mechanism to ensure the information was updated monthly; however, we continued to note certain immaterial problems. As a result, this matter was reported in the Department’s Report on Immaterial Findings. (Finding Code No. 2021-016, 2019-016)

**STATE OF ILLINOIS**  
**DEPARTMENT OF AGRICULTURE**  
**SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED**  
**For the Two Years Ended June 30, 2023**

I. **FINDING** (Noncompliance with the Illinois Noxious Weed Law)

During the prior examination, the Department did not comply with the Illinois Noxious Weed Law.

During the current examination, our sample testing indicated the Department implemented internal controls to ensure Notices of Noncompliance were sent to counties that failed to submit required reports and plans. As a result, this finding was not repeated. (Finding Code No. 2021-018, 2019-018, 2017-018, 2015-014, 2013-009, 11-6, 09-7)

J. **FINDING** (Failure to Provide Accurate Population of Licensed Nurseries and Maintain Adequate Supporting Documentation)

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

During the current examination, our testing indicated the Department implemented an adequate monitoring tool for identifying and tracking licensed nurseries in the State. In addition, our sample testing indicated the Department maintained supporting documentation of the inspections performed. As a result, this finding was not repeated. (Finding Code No. 2021-019, 2019-019)

K. **FINDING** (Inadequate controls over TA-2 Reports)

During the prior examination, the Department did not maintain adequate controls over the filing of its Travel Headquarter (TA-2) Reports.

During the current examination, our testing indicated the Department established procedures to ensure TA-2 reports were accurately and timely submitted to the Legislative Audit Commission. As a result, this finding was not repeated. (Finding Code No. 2021-020)

L. **FINDING** (Noncompliance with the Cannabis Regulation and Tax Act)

During the prior examination, the Department did not comply with the Cannabis Regulation and Tax Act.

During the current examination, our testing indicated the Department established policies and procedures to ensure licenses were timely approved or denied. In addition, our sample testing indicated the Department strengthened its internal controls to ensure it maintained complete and accurate populations of identification cards for cultivation center agents. As a result, this finding was not repeated. (Finding Code No. 2021-024)

**STATE OF ILLINOIS**  
**DEPARTMENT OF AGRICULTURE**  
**SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED**  
**For the Two Years Ended June 30, 2023**

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

During the prior examination, the Department failed to ensure agricultural cooperative associations filed adequate annual reports with the Department as required by the Agricultural Co-Operative Act (Act).

During the current examination, our sample testing indicated the Department ensured agriculture co-operative associations included all information required in the annual reports in accordance with the Act. As a result, this finding was not repeated. (Finding Code No. 2021-025)

N. **FINDING** (Failure to Provide Agricultural Areas Annual Reports to Other State Agencies)

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

During the current examination, our testing indicated the Department provided appropriate State agencies with the information as required by the Act. As a result, this finding was not repeated. (Finding Code No. 2021-027)

O. **FINDING** (Inadequate Controls over Agency Workforce Reports)

During the prior examination, the Department did not have adequate controls over the filing of its Agency Workforce Reports.

During the current examination, our testing indicated the Department implemented controls over its Agency Workforce Reports to ensure they were complete and accurate. In addition, our testing indicated the Department significantly improved its controls over report submissions. As a result, this finding was not repeated. (Finding Code No. 2021-028)