



**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
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
EXECUTIVE ETHICS COMMISSION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2023**

TABLE OF CONTENTS

<i>State Compliance Examination Report</i>	<u>Page</u>
Commission Officials	1
Management Assertion Letter	3
State Compliance Report	
Summary	5
Independent Accountant's Report on State Compliance and on Internal Control over Compliance	7
Schedule of Findings	
Current Findings	10
Prior Findings Not Repeated	24
Status of Performance Audit Recommendations	25

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2023**

COMMISSION OFFICIALS

Executive Director (02/20/24 – Present)	Mr. Nathan Rice
Executive Director, Interim (01/16/24 – 02/19/24)	Mr. Tyler Hanners
Executive Director (07/01/21 – 01/15/24)	Ms. Michelle Casey
General Counsel (07/01/23 – Present)	Ms. Barbara Myers
General Counsel (07/01/21 – 06/30/23)	Mr. Stephen Rotello
Chief Financial Officer (10/16/22 – Present)	Mr. Oliver Brooks
Chief Financial Officer (09/30/22 – 10/15/22)	Vacant
Chief Financial Officer (05/31/22 – 09/29/22)	Mr. Harold Wilson
Chief Financial Officer (05/17/22 – 05/30/22)	Vacant
Chief Financial Officer (09/16/21 – 05/16/22)	Ms. Aliceber Rivera
Chief Financial Officer (07/01/21 – 09/15/21)	Ms. Amy Adams

COMMISSION OFFICERS

Chair of the Board (09/01/23 – Present)	Ms. Cynthia Ervin
Chair of the Board (07/01/22 – 08/31/23)	Ms. Teresa Bartels
Chair of the Board (07/01/21 – 06/30/22)	Ms. Amalia Rioja
Vice-Chair of the Board (07/01/22 – 08/31/23)	Ms. Cynthia Ervin
Vice-Chair of the Board (07/01/21 – 06/30/22)	Ms. Teresa Bartels
Secretary of the Board (07/01/22 – Present)	Ms. Patricia A. Schuh
Secretary of the Board (07/01/21 – 06/30/22)	Ms. Cynthia Ervin

GOVERNING BOARD MEMBERS

Commissioner	Ms. Amalia Rioja
Commissioner (09/01/23 – Present)	Vacant
Commissioner (07/01/21 – 08/31/23)	Ms. Teresa Bartels
Commissioner	Ms. Cynthia Ervin
Commissioner (03/07/22 – Present)	Ms. Allison Powers
Commissioner (10/29/21 – 03/06/22)	Vacant
Commissioner (07/01/21 – 10/28/21)	Ms. Chasity Boyce
Commissioner (07/01/23 – Present)	Mr. David Welter
Commissioner (12/01/22 – 06/30/22)	Vacant
Commissioner (07/01/21 – 11/30/22)	Ms. Cara Hendrickson

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2023**

Commissioner	Ms. Maria Kuzas
Commissioner	Ms. Patricia A. Schuh
Commissioner	Mr. Walter P. Turner III
Commissioner	Ms. Patricia Yadgir

COMMISSION OFFICE

The Executive Ethics Commission's primary administrative office is located at:

William G. Stratton Building
401 S. Spring Street, Room 513
Springfield, Illinois 62706

MANAGEMENT ASSERTION LETTER

July 29, 2024

Adelfia LLC
400 E. 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, Executive Ethics Commission (Commission). 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 Commission'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 Commission has materially complied with the specified requirements listed below.

- A. The Commission 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 Commission 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 and reported in the Schedule of Findings, the Commission 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 Commission 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.



Yours truly,

State of Illinois, Executive Ethics Commission

SIGNED ORIGINAL ON FILE

Nathan Rice
Executive Director

SIGNED ORIGINAL ON FILE

Oliver Brooks, Ph.D.
Chief Financial Officer

SIGNED ORIGINAL ON FILE

Barbara Myers
General Counsel

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
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 a material weakness over internal control over compliance.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	6	6
Repeated Findings	4	-
Prior Recommendations Implemented or Not Repeated	2	-

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2023-001	10	2021/2021	Voucher Processing Internal Controls Not Operating Effectively	Material Weakness and Material Noncompliance
2023-002	13	2021/2021	Inadequate Control over Personal Services	Significant Deficiency and Noncompliance
2023-003	16	2021/2021	Noncompliance with Identity Protection Act	Significant Deficiency and Noncompliance
2023-004	18	2021/2021	Lack of Adequate Independent Internal Control Review over Service Providers	Significant Deficiency and Noncompliance

2023-005	20	New	Weakness in Cybersecurity Program	Significant Deficiency and Noncompliance
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2023-006	22	New	Weaknesses in Disaster Recovery Planning and Testing	Significant Deficiency and Noncompliance
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Prior Findings Not Repeated

A	24	2021/2021	Inadequate Controls over Equipment and Related Records
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B	24	2021/2021	Inadequate Controls over Reconciliations
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EXIT CONFERENCE

The Commission waived an exit conference in a correspondence from Oliver Brooks, Chief Financial Officer, on July 29, 2024. The responses to the recommendations were provided by Oliver Brooks, Chief Financial Officer, in a correspondence dated July 29, 2024.



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Executive Ethics Commission

Report on State Compliance

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

The specified requirements are:

- A. The Commission 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 Commission 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 Commission 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 Commission 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.

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

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

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

Our examination disclosed material noncompliance with the following specified requirement applicable to the Commission during the two years ended June 30, 2023. As described in the accompanying Schedule of Findings as item 2023-001, the Commission had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material noncompliance with the specified requirement described in the preceding paragraph, the Commission 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 2023-002 through 2023-006.

The Commission's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Commission'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 Commission 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 Commission's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our

opinion on the Commission’s compliance with the specified requirements and to test and report on the Commission’s internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission’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 a material weakness 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 material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 2023-001 to be a material weakness.

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 2023-002 to 2023-006 to be significant deficiencies.

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

The Commission’s responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Commission’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
July 29, 2024

STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023

2023-001. **FINDING** (Voucher Processing Internal Controls Not Operating Effectively)

The Executive Ethics Commission’s (Commission) 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 Commission to determine whether certain key attributes were properly entered by the Commission’s staff into the ERP. In order to determine the operating effectiveness of the Commission’s internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State’s ERP System based on supporting documentation. 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 12 of 140 (9%) attributes were not properly entered into the ERP System, specifically for attribute 4 pertaining to proper receipt date. Therefore, the Commission’s internal controls over voucher processing **were not operating effectively**.

The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) requires the Commission to, after receipt of goods or services, verify the goods or services received met 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 Commission to 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 Commission establish and maintain a system, or systems, 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 Commission 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 Commission’s expenditures data for Fiscal Years 2022 and 2023 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Code (74 Ill. Admin. Code 900.70). We noted the following noncompliance:

- The Commission did not timely approve 147 of 326 (45%) vouchers processed during Fiscal Year 2022, totaling \$990,993. We noted these vouchers were approved between 1 and 164 days late.

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023**

- The Commission did not timely approve 46 of 353 (13%) vouchers processed during Fiscal Year 2023, totaling \$1,069,478. We noted these vouchers were approved between 1 and 148 days late.

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

During our testing of 36 travel vouchers, we noted the following:

- One (3%) travel voucher tested, amounting to \$2,239, did not have the proper object code.

SAMS (Procedure 11.10.60) requires the Commission, when preparing documentation for the State Comptroller to pay an invoice, to determine which detail expenditure (object) code to use so that the State Comptroller can report expenditure information at a refined level.

- Three (8%) travel vouchers tested, totaling \$5,135, did not document the pre-approval for out-of-state travels.

Commission Employee Handbook, Section 13 (Travel Policy) requires the employee to have prior approval from their performance manager for all travel, and employee should have prior approval from Executive Director of all out-of-state travel.

- Four (11%) travel vouchers tested, totaling \$3,250, were not submitted within 60 days after the last day of travel.

The Internal Revenue Service (IRS) Publication 535 requires employee travel expense reimbursements to be considered taxable wages if the travel expenses are not submitted within a reasonable period, typically within 60 days of the expense being incurred.

The Commission management stated the deficiencies resulted from a combination of staff turnover, competing priorities, human error, and lack of additional training.

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. Failure to timely process proper bills and approve vouchers may result in additional costs and resources to settle unpaid vouchers. Use of improper object codes could lead to inaccurate financial reporting. Failure to obtain prior approval of travel may result in unofficial travel not detected in a timely manner and additional costs to the State for unexpected reimbursements of travel. Failure to submit travel vouchers in a timely manner may cause travel expenditures to be reported in an incorrect period and may require the travel expense reimbursements to be reported as taxable wages to the employee. (Finding Code No. 2023-001, 2021-002)

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023**

RECOMMENDATION

We recommend the Commission design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate and approve proper bills within 30 days of receipt. Further, we recommend the Commission use the proper object code, obtain pre-approval for out-of-state travels, and submit the travel voucher within 60 days after the last day of travel.

COMMISSION RESPONSE

The Commission accepts the recommendations and has implemented additional procedural checks in its fiscal and travel approval processes to ensure full compliance in future audit cycles.

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023**

2023-002. **FINDING** (Inadequate Control over Personal Services)

The Executive Ethics Commission (Commission) did not maintain adequate controls over personal services.

- During our testing of the Commission’s Fiscal Year 2021 and Fiscal Year 2022 *Agency Workforce Reports* (Reports), we noted the following:
 - Fiscal Year 2021 Report, 9 out of 16 (56%) employee category groups, the data and statistical percentages presented did not agree to the supporting documentation.
 - Fiscal Year 2022 Report, 9 out of 16 (56%) employee category groups, the data and statistical percentages presented did not agree to the supporting documentation.
 - Fiscal Year 2019 and Fiscal Year 2020 Reports, cited as inaccurate during the prior examination, were not corrected and submitted with the Secretary of State and the Governor within 30 days after the release of the Commission’s compliance report by the Auditor General.
- During our review of personnel files, we noted evaluations were not performed for 3 of 19 (16%) employees selected for testing.
- During our testing of leave of absence, we noted that for 1 of 8 (13%) employees tested, the Commission processed employee’s unpaid leave of absence as paid leave for \$1,947 and there was no subsequent adjustment for the transaction.
- During our testing of census data reconciliation, we noted that the Commission provided the certification of reconciliation, however, the Commission did not adequately maintain the data and document the process of reconciliation. Upon request of the auditor, the Commission reached out to the State Employees’ Retirement System of Illinois (System) representative for the data set.

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

The State Employment Records Act (5 ILCS 410/20) requires the Commission to collect, classify, maintain, and report on its work force, including the number and statistical percentage of minorities, women, and persons with physical disabilities employed as professional employees, among others. Annual reports summarizing the information in a prescribed format are required to be filed with the Secretary of State and the Governor by January 1 each year for the preceding fiscal year.

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023**

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

The Illinois Administrative Code (80 Ill. Admin. Code 302.270) and the Commission’s Employee Manual (Chapter 2) requires all employees to receive, at a minimum, an annual performance evaluation.

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

Commission management indicated the exceptions noted above were due to management oversight, employee error, and employee turnover.

Failure to include complete and accurate information in the Commission’s Agency Workforce Reports and submit them timely to the appropriate parties could deter efforts by State officials, administrators, and residents to achieve a more diversified State workforce and represents noncompliance with the State Employment Records Act. Employee performance evaluations are a systematic and uniform approach for the development of employees and communication of performance expectations to employees. Employee performance evaluations serve as a foundation and documentation for salary adjustments, promotions, demotions, discharges, layoff, recall, or reinstatement decisions. Failure to perform performance evaluations represents noncompliance with the Commission’s policies. Failure to maintain adequate controls over requests for leaves of absence may result in unauthorized leaves being taken and leave payments not properly made or accounted for. Failure to maintain the census data and reconciliation process could result in misstatements of System-related pension liabilities, deferred inflows and outflows of resources, and expense recoded by the State and its agencies. (Finding Code No. 2023-002, 2021-001)

RECOMMENDATION

We recommend the Commission timely submit corrected *Agency Workforce Reports* with the Secretary of State and the Governor and complete performance evaluations timely. Further, we recommend the Commission adjust the payment processed for the employee’s unpaid leave of absence and document and maintain the reconciliation procedures over the census data.

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023**

COMMISSION RESPONSE

The Commission accepts the recommendations and has implemented additional procedures to ensure full compliance in future audit cycles.

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023**

2023-003. **FINDING** (Noncompliance with Identity Protection Act)

The Executive Ethics Commission (Commission) failed to implement all provisions of the Identity Protection Act (Act).

During our testing, we noted the Commission had not completely adopted an identity protection policy in accordance with the requirements of 5 ILCS 179. Per review of the policy document in place, the Commission does not have a policy requiring employees who have access to social security numbers in the course of performing their duties to be trained to protect the confidentiality of social security numbers.

The Act (5 ILCS 179/37(a)) required the Commission to draft and approve an identity protection policy. Per the Act, the policy must:

- Identify the Act.
- Require all employees identified as having access to social security numbers in the course of performing their duties to be trained to protect the confidentiality of social security numbers.
- Direct that only employees who are required to use or handle information or documents that contain social security numbers have access to such information or documents.
- Require that social security numbers requested from an individual be placed in a manner that makes the social security number easily redacted if required to be released as part of a public records request.
- Require that, when collecting a social security number or upon request by the individual, a statement of the purpose or purposes for which the agency is collecting and using the social security number be provided.

Commission management indicated the deficiencies noted above were due to insufficient time to implement the corrective actions by the end of the current examination period.

Failure to implement all provisions of the Act results in noncompliance with the Act, does not promote the security and control of social security numbers, and increases the likelihood of identity theft. (Finding Code No. 2023-003, 2021-005)

RECOMMENDATION

We recommend the Commission ensure employees identified as having access to social security numbers in the course of performing their duties are properly trained to protect the confidentiality of social security numbers, including instruction on proper handling of information that contains social security numbers from the time of collection through destruction of the information.

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023**

COMMISSION RESPONSE

The Commission accepts the recommendations and has implemented additional procedures, including the formalization of the Commission’s identity protection policies and the requirement that Staff be trained using the Department of Revenue’s security training for protection of personal information, including social security numbers and other sensitive information.

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023**

2023-004. **FINDING** (Lack of Adequate Independent Internal Control Review over Service Providers)

The Executive Ethics Commission (Commission) did not conduct an adequate independent internal control review over its service providers.

The Commission utilized three service providers for software as a service and hosting services. The service providers are responsible for the maintenance and update of the software along with any major alteration of the data maintained in the software. The data maintained in the software is critical to the Commission's operations and contains confidential information.

During our testing of the three service providers utilized by the Commission, we noted the Commission did not conduct an adequate internal control review of the service provider's System and Organization Control (SOC) report for the service providers in Fiscal Years 2022 and 2023. The Commission failed to provide documentation indicating the following was performed when reviewing the applicable SOC reports:

- Monitoring and documenting the operation of the Complementary User Entity Controls (CUECs) related to the Commission's operations.
- Either obtaining and reviewing SOC reports for subservice organizations or performing alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.
- Documenting its review of the SOC reports and reviewing all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impact to the Commission, and any compensating controls.

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

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 and properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

The National Institute of Standards and Technology's (NIST) Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision), Maintenance and System and Service Acquisition sections, requires entities

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023**

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.

The Commission officials indicated they disagree with the finding.

Without adequate reviews of SOC reports or another form of independent internal controls review, the Commission does not have assurance the service providers' internal controls are adequate to ensure proper accounting and safekeeping of assets and data. (Finding Code No. 2023-004, 2021-006)

RECOMMENDATION

We recommend the Commission ensure its evaluation of CUECs is fully documented. We further recommend the Commission ensure SOC reports for all subservice organizations are obtained and reviewed, or alternative procedures are performed and documented to satisfy itself any subservice organizations would not impact the internal control environment.

COMMISSION RESPONSE

The Commission accepts the recommendations, but disagrees with the finding's materiality, as the SOC reports were reviewed during the audit period as required. SOC reports function similar to audit reports, by identifying deficiencies in need of correction. For this audit period, the SOC reports relevant to the Commission identified no deficiencies in need of action. The Commission will specifically document its recognition of the SOC reports' lack of actionable deficiencies in future cycles to ensure full compliance.

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023**

2023-005. **FINDING** (Weakness in Cybersecurity Program)

The Executive Ethics Commission (Commission) had not implemented adequate internal controls related to cybersecurity programs and practices.

The Commission maintains computer systems that contain personal and confidential information, including Social Security numbers, addresses, health information, and legal records related to the incapacitated adults it serves.

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

- Developed a formal, comprehensive, adequate, and communicated security program (policies, procedures, and processes as well as clearly defined responsibilities over the security of computer programs and data) to manage and monitor the regulatory, legal, environmental, and operational requirements.
- Performed a comprehensive risk assessment and business impact analysis to identify and ensure adequate protection of information (i.e., confidential or personal information) most susceptible to attack.
- Developed a data classification policy, classified its data, and ensured adequate protection of their data most susceptible to attack and ensure adequate protection policies and procedures are in place.
- Developed procedures for monitoring identified vulnerabilities and implementing corrective actions.
- Removed access of two terminated users from its payroll system.
- Performed and formally documented its periodic user access rights review to ensure access roles are appropriate for application systems used by the Commission.

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

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission 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

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023**

against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

Commission management indicated the deficiencies noted above were due to their reliance on the Department of Innovation and Technology (DoIT) to handle these matters under DoIT's operational controls.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the Commission's personal and confidential information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2023-005)

RECOMMENDATION

We recommend the Commission implement controls related to cybersecurity programs and practices. Specifically, we recommend the Commission:

- Develop a formal, comprehensive, adequate, and communicate security program (policies, procedures, and processes as well as clearly defined responsibilities over the security of computer programs and data) to manage and monitor the regulatory, legal, environmental, and operational requirements.
- Perform a comprehensive risk assessment to identify and ensure adequate protection of information.
- Develop a data classification policy, classify its data, and ensure adequate protection of their data.
- Develop procedures for monitoring identified vulnerabilities and implementing corrective actions.
- Timely remove access for terminated employees.
- Perform and formally document periodic user access rights review.

COMMISSION RESPONSE

The Commission accepts the recommendations and is implementing them.

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023**

2023-006. **FINDING** (Weaknesses in Disaster Recovery Planning and Testing)

The Executive Ethics Commission (Commission) had not developed a comprehensive Disaster Recovery plan.

In order to carry out its mission, the Commission utilizes multiple information technology applications considered critical to its operations, in addition to applications managed by the Department of Innovation and Technology (DoIT).

During our examination, we requested the Commission’s disaster recovery plan to ensure timely recovery of its applications and data. The Commission provided its Fiscal Year 2022 Information Systems Contingency Plan for one of its application systems managed by a third-party service provider. The Commission had not developed a comprehensive disaster recovery plan that identifies all critical assets and information in its network, as well as actions to be taken in the event of a disaster. Further, the Commission had not been able to provide documentation that the plan was reviewed and updated in Fiscal Year 2023.

Further, a full disaster recovery test had not been performed during the examination period.

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

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

Commission management indicated the deficiencies noted above were due to their reliance on DoIT to handle these matters under DoIT’s operational controls.

Without an adequately documented and tested contingency plan, the Commission cannot ensure its critical systems could be recovered within an acceptable period, and therefore minimize the impact associated with a disaster. (Finding Code No. 2023-006)

RECOMMENDATION

We recommend the Commission develop a formal disaster recovery plan to ensure the timely recovery of its applications and data in case of disaster or other types of contingencies. Upon development, we recommend the Commission test the plan at least annually.

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023**

COMMISSION RESPONSE

The Commission accepts the recommendations and will accordingly develop a formal disaster recovery plan, consistent with the Business Impact Analysis conducted with DoIT updated August 30, 2021.

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS - PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2023**

A. **FINDING** (Inadequate Controls over Equipment and Related Records)

During the prior examination, the Executive Ethics Commission (Commission) did not maintain adequate controls over its equipment and related records.

During the current examination, our testing indicated the Commission's controls over its equipment and related records improved; however, we continued to note certain immaterial problems. As such, this matter was reported in the Commission's Report of Immaterial Findings. (Finding Code No. 2021-003)

B. **FINDING** (Inadequate Controls over Reconciliations)

During the prior examination, the Executive Ethics Commission (Commission) did not exercise adequate control over its required monthly reconciliations.

During the current examination, our testing indicated the Commission's controls over monthly reconciliations improved; however, we continued to note certain immaterial problems. As such, this matter was reported in the Commission's Report of Immaterial Findings. (Finding Code No. 2021-004)

**STATE OF ILLINOIS
EXECUTIVE ETHICS COMMISSION
MANAGEMENT AUDIT RECOMMENDATIONS UPDATE
For the Two Years Ended June 30, 2023**

State's Procurement of Inmate Telephone Service Vendors

In August 2014, the Office of the Auditor General released a management audit of the State's Procurement of Inmate Telephone Service Vendors. The audit contained six recommendations directed at various State agencies, including the Executive Ethics Commission (Commission) with regards to the Chief Procurement Officer (CPO) for General Services.

As part of the compliance examination of the Commission for the two years ended June 30, 2023, auditors followed up on the status of the recommendations related to the CPO for General Services and reported the following:

Recommendation 2 Implemented

Recommendation 2: The Department of Central Management Services and the Chief Procurement Officer for General Services should ensure that the solicitation document specifies, for procurements that include mandatory site visits, whose attendance is required to meet the mandatory attendance requirement.

Implemented: During our sample testing, we noted the solicitation document specifies, for procurements that include mandatory site visits, whose attendance is required to meet the mandatory attendance requirement. The Commission's CPO for General Services was able to provide the pre-solicitation conference sign-in forms for procurements that meet the mandatory attendance requirement. The result of our sample testing did not disclose exceptions during the review period.