



**State of Illinois**  
**ILLINOIS LIQUOR CONTROL COMMISSION**  
**STATE COMPLIANCE EXAMINATION**  
**For the Two Years Ended June 30, 2021**

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

**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021**

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**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
COMPLIANCE EXAMINATION  
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**COMMISSION OFFICIALS**

Executive Director (05/01/21 – Present)	Ms. Lisa Gardner
Executive Director (04/20/21 – 04/30/21)	Vacant
Executive Director (07/01/19 – 04/19/21)	Mr. Chimaobi Enyia
Chief Fiscal Officer	Mr. Michael Gentry
General Counsel (07/16/21 – Present)	Mr. Noel Quanbeck
General Counsel (08/22/20 – 07/15/21)	Vacant
General Counsel (07/01/19 – 08/21/20)	Ms. Pamela Paziotopoulos

**COMMISSION OFFICERS**

Chair of the Board (10/07/19 – Present)	Ms. Cynthia Berg
Chair of the Board (07/01/19 – 10/06/19)	Vacant
Secretary of the Board (11/14/19 – Present)	Mr. Constantine Argiris
Secretary of the Board (04/01/19 – 11/13/19)	Vacant
Secretary of the Board (07/01/19 – 03/31/19)	Ms. Meagan Madden

**GOVERNING COMMISSION MEMBERS**

Commissioner	Mr. Donald O’Connell
Commissioner	Mr. Thomas Gibbons
Commissioner	Ms. Patricia Pulido Sanchez
Commissioner (07/16/19 – Present)	Ms. Melody Spann Cooper
Commissioner (07/01/19 – 07/15/19)	Vacant
Commissioner (09/27/19 – Present)	Ms. Julieta LaMalfa
Commissioner (07/01/19 – 09/26/19)	Vacant
Commissioner (01/21/20 – Present)	Mr. Steven Powell
Commissioner (07/01/19 – 01/20/20)	Vacant

**COMMISSION OFFICES**

The Illinois Liquor Control Commission’s primary administrative offices are located at:

Richard J. Daley Center  
50 W. Washington Street, Suite 2-209  
Chicago, Illinois 60602

Jefferson Terrace  
300 W. Jefferson Street, Suite 300  
Springfield, Illinois 62702



## ILLINOIS LIQUOR CONTROL COMMISSION

50 West Washington Street, Suite 209 Chicago, IL 60602  
300 West Jefferson Street, Suite 300, Springfield, IL 62702

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### MANAGEMENT ASSERTION LETTER

February 23, 2022

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, Illinois Liquor Control 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, 2021. Based on this evaluation, we assert that during the years ended June 30, 2020, and June 30, 2021, 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. Other than what has been previously disclosed and reported in the Schedule of Findings, 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.

- E. Money or negotiable securities or similar assets handled by the Commission on behalf of the State or held in trust by the Commission 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, Illinois Liquor Control Commission

**SIGNED ORIGINAL ON FILE**

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Lisa Gardner  
Executive Director

**SIGNED ORIGINAL ON FILE**

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Michael Gentry  
Chief Fiscal Officer

**SIGNED ORIGINAL ON FILE**

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Noel Quanbeck  
General Counsel

**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
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For the Two Years Ended June 30, 2021**

**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>
Findings	12
Repeated Findings	*
Prior Recommendations Implemented or Not Repeated	*

\*Effective July 1, 2019, Public Act 100-1050 separated the Illinois Liquor Control Commission (Commission) from the Illinois Department of Revenue making the Commission an independent agency. All the powers, duties, rights, and responsibilities that were related to the Commission established under Executive Order No. 2003-9 were transferred to the newly independent Commission.

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Report</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings</b>				
2021-001	11	New	Inadequate Controls over Reporting Requirements	Material Weakness and Material Noncompliance
2021-002	14	New	Inadequate Controls over Receipts	Material Weakness and Material Noncompliance
2021-003	17	New	Inadequate Controls over State Property	Material Weakness and Material Noncompliance

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**SCHEDULE OF FINDINGS (Continued)**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Report</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings (Continued)</b>				
2021-004	20	New	Inadequate Controls over Personal Services	Material Weakness and Material Noncompliance
2021-005	26	New	Inadequate Controls over Monthly Reconciliations	Material Weakness and Material Noncompliance
2021-006	28	New	Inadequate Controls over State Vehicles	Significant Deficiency and Noncompliance
2021-007	31	New	Inadequate Controls over Voucher Processing	Significant Deficiency and Noncompliance
2021-008	34	New	Weaknesses with Payment Card Industry Data Security Standards	Significant Deficiency and Noncompliance
2021-009	36	New	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2021-010	38	New	Failure to Comply with the Identity Protection Act	Significant Deficiency and Noncompliance
2021-011	39	New	Inadequate Controls over Review of User Access	Significant Deficiency and Noncompliance
2021-012	41	New	Inadequate Controls over GenTax Access	Significant Deficiency and Noncompliance

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**ILLINOIS LIQUOR CONTROL COMMISSION**  
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**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Commission personnel at an exit conference on February 18, 2022.

Attending were:

**Illinois Liquor Control Commission**

Lisa Gardner, Executive Director

Michael Gentry, Chief Fiscal Officer

**Office of the Auditor General**

Janis Van Durme, Senior Audit Manager

**Adelfia LLC**

Stella Marie Santos, Managing Partner

Gilda Priebe, Partner

Anjo Neil Guillermo, Senior

The responses to the recommendations were provided by Michael Gentry, Chief Fiscal Officer, in a correspondence dated February 23, 2022.





**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, Illinois Liquor Control Commission

**Report on State Compliance**

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Illinois Liquor Control 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, 2021. 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.

- E. Money or negotiable securities or similar assets handled by the Commission on behalf of the State or held in trust by the Commission 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 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 modified opinion.

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 requirements applicable to the Commission during the two years ended June 30, 2021.

***Specified Requirement C***

As described in the accompanying Schedule of Findings as items 2021-001 through 2021-005, 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.

***Specified Requirement D***

As described in the accompanying Schedule of Findings as item 2021-002, the Commission had not ensured the State revenues and receipts collected by the Commission 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.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Commission complied with the specified requirements during the two years ended June 30, 2021, 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 2021-006 through 2021-012.

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 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 2021-001 through 2021-005 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 2021-006 through 2021-012 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  
February 23, 2022

**STATE OF ILLINOIS**  
**ILLINOIS LIQUOR CONTROL COMMISSION**  
**SCHEDULE OF FINDINGS – CURRENT FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-001. **FINDING** (Inadequate Controls over Reporting Requirements)

The Illinois Liquor Control Commission (Commission) did not file statutorily required reports and submissions.

During testing, we noted the following:

- The Commission did not submit a Fiscal Control and Internal Auditing Act certification (certification) to the Office of the Auditor General for both Fiscal Years 2020 and 2021.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3003) requires the Commission's Executive Director to conduct an evaluation of their systems of internal fiscal and administrative controls and file a certification regarding the evaluation with the Auditor General by May 1st of each year.

- The Commission did not submit monthly Debt Transparency Act reports to the Office of Comptroller for both Fiscal Years 2020 and 2021.

The State Finance Act (30 ILCS 105/9.08) requires the Commission to provide a report to the Office of Comptroller identifying: (i) current State liabilities held at the agency, by fund source; (ii) whether the liabilities are appropriated; and (iii) an estimate of interest penalties accrued under the State Prompt Payment Act under criteria prescribed by the State Comptroller. The State Finance Act further requires the report to be provided monthly in a time and form prescribed by the Office of Comptroller in which the Office of Comptroller may provide a waiver to the monthly reporting requirement if a State agency does not have State liabilities. In addition, the Statewide Accounting Management System (SAMS) Manual (Procedure 33.17.20) states the report is due on the 10th calendar day of each month.

- The Commission did not prepare and submit an annual report of its acts and doings to the Governor for Fiscal Year 2020 due on January 4, 2021.

The State Finance Act (30 ILCS 105/3) requires the Commission to make and deliver a report to the Governor of its acts and doings for the previous fiscal year no later than 10 days preceding the calendar year in which the General Assembly regularly convenes.

- The Commission did not provide and deposit with the State Library copies of all publications issued by the Commission, including electronic publications, for its collection and exchange purposes during Fiscal Years 2020 and 2021.

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The State Library Act (15 ILCS 320/21(a)) requires the Commission to provide and deposit with the Illinois State Library sufficient copies of all publications issued by the Commission for its collection and for exchange purposes.

- The Commission did not inform the Government Documents Section of the State Library in writing of the person responsible for the distribution of publications of the Commission annually and within two weeks after any changes to the annual filing.

The Illinois Administrative Code (Code) (23 Ill. Admin. Code 3020.150) requires the Commission, by July 15th of each year, to inform the Government Documents Section in writing of the person, persons, or positions responsible for distribution of publications of the Commission. The Code further requires the Government Documents Section be notified within two weeks after any changes to the annual filing.

- The Commission has one petty cash fund of \$4,150; however, it did not submit a Petty Cash Fund Usage Report (Form C-18) and a Petty Cash Internal Control Certification (Form C-86) with the Office of Comptroller during the examination period.

The SAMS Manual (Procedure 09.10.40) requires the Commission to complete a Form C-18 for each petty cash fund exceeding \$100 and file it with the Office of Comptroller no later than January 31 for the preceding calendar year. In addition, the SAMS Manual requires the Commission to complete a Form C-86, at a minimum, biennially (once every two years) for each petty cash and change fund, which has been established for one year and exceeds \$100.

- During testing of the Agency Fee Imposition Reports (AFIR), we noted the Commission did not submit the Fiscal Year 2020 AFIR. In addition, the Commission did not include penalties collected, totaling \$837,775, in the Fiscal Year 2021 AFIR.

The State Comptroller Act (15 ILCS 405/16.2) and the SAMS Manual (Procedure 33.16.20) requires the Commission to submit the AFIR to the Office of Comptroller by August 1 of each year and should include fees charged by State agencies to citizens and private organizations which include assessments, fares, fees, fines, levies, licenses, penalties, permits, registrations, tolls, and tuition.

**STATE OF ILLINOIS**  
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- During testing of Travel Headquarter (TA-2) Reports, we noted 3 of 4 (75%) TA-2 Reports filed by the Commission to the Legislative Audit Commission (LAC) during the examination period were filed between 213 to 586 days later than the required submission date of January 15<sup>th</sup> or July 15<sup>th</sup>.

The State Finance Act (Act) (30 ILCS 105/12-3) requires TA-2 Reports to be filed with the LAC no later than each July 15 for the period from January 1 through June 30 of that year and no later than each January 15 for the period from July 1 through December 31 of the preceding year. In addition, the Act requires for agencies with no officers or employees in this status to file negative reports.

Commission management stated the Commission was not aware of the noted report submission requirements with the respective agencies as the examination period was for the first two years of the Commission being a standalone agency. In addition, Commission management stated the exclusion of fines and penalties in the Fiscal Year 2021 AFIR was due to employee oversight.

Failure to submit statutorily required reports and information prevents the appropriate oversight authorities from receiving relevant feedback and monitoring on programs and can have an effect on future decisions. Moreover, failure to submit such reports and accurate information represents noncompliance with applicable State laws and regulations. (Finding Code No. 2021-001)

**RECOMMENDATION**

We recommend the Commission strengthen its internal controls over reporting to ensure statutorily required reports are completed accurately and submitted timely as required by State laws.

**COMMISSION RESPONSE**

The Commission agrees with the recommendation that internal controls over statutorily required reports be strengthened. The Executive Director and Senior management will complete, and file statutorily required reports and submissions. The Commission has reached out to each area that reports are to be submitted, to ensure that they are aware of the Commission being responsible for their own reports. All monthly reporting for Fiscal Year 2022 has been completed and all upcoming submission dates have been acknowledged.

**STATE OF ILLINOIS**  
**ILLINOIS LIQUOR CONTROL COMMISSION**  
**SCHEDULE OF FINDINGS – CURRENT FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-002. **FINDING** (Inadequate Controls over Receipts)

The Illinois Liquor Control Commission (Commission) did not maintain adequate controls over receipts.

According to Commission records, the Commission collected total revenues of \$16.6 million and \$17.5 million which were deposited into the General Revenue Fund (Fund 001) and the Dram Shop Fund (Fund 821) during Fiscal Years 2020 and 2021, respectively. However, as discussed in Finding 2021-005, we noted irreconcilable differences of \$567,936 and \$147,974 between the Commission’s receipt records and the Office of Comptroller’s *Monthly Revenue Status Report* (SB04) reports as of June 30, 2020 and June 30, 2021, respectively.

Due to these conditions, we were unable to conclude whether the Commission’s population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Commission’s receipts.

*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 performed testing and noted the following:

During testing of 60 receipts collected and deposited during the examination period, we noted the following:

- Thirty-nine (65%) receipts tested, totaling \$170,725, were deposited between 1 and 91 days late.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2) requires the Commission to deposit receipts into the State Treasury within 24 hours if the single receipt is \$10,000 or more, or within 48 hours of actual physical receipt with respect to an accumulation of receipts exceeding \$500 but less than \$10,000.

- For one (2%) receipt tested, totaling \$750, the Commission was unable to provide a copy of the Treasurer’s Draft and Receipts Deposit Transmittal (RDT) (C-64) form used to process the receipt into the State Treasury. Therefore, we were unable to determine if the Commission timely remitted the draft and RDT to the Office of Comptroller for the related receipt to be ordered into the appropriated funds.



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The Statewide Accounting Management System (SAMS) Manual (Procedure 25.10.30) requires Treasurer’s Drafts and C-64 forms to be used to remit deposited funds to the Office of Comptroller. Good internal controls require deposits to be processed timely to increase the balance of funds available for expenditure. We determined 30 days to be a reasonable time frame.

In addition, during our testing of non-sufficient funds (NSF) transactions processed by the Commission during the examination period, the Commission was unable to provide supporting documentation for all the 60 NSF transactions selected for testing. As such, we were not able to determine if the licenses related to the 60 NSF transactions were canceled or revoked until alternative payments were received, and if the alternative payments were timely deposited by the Commission. During the examination period, the Commission processed 348 NSF checks.

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 that revenues are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the State’s resources. In addition, the State Records Act (5 ILCS 160/8) requires the Commission to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Commission designed to protect the legal and financial rights of the State and of persons directly affected by the Commission’s activities.

Commission management stated the issues noted on receipts were due to staffing shortages, hybrid work schedules wherein employees are in the office only once a week, and transition of the Commission to a separate agency from the Department of Revenue (Department) wherein some transactions were processed, and documents were maintained by the Department.

Failure to timely remit cash receipts into the applicable State Treasury fund reduces the amount of cash available to pay current obligations and represents noncompliance with State laws and regulations. In addition, failure to establish and maintain internal controls over receipts and NSF transactions, including the retention of supporting documentation, increases the risk of revenue loss, theft, or other irregularities and would not be found within the normal course of operations. (Finding Code No. 2021-002)

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**RECOMMENDATION**

We recommend the Commission establish adequate controls over the receipts process to ensure timely deposit of receipts. We also recommend the Commission maintain documentation to support receipts and NSF transactions.

**COMMISSION RESPONSE**

The Commission agrees with the recommendation that controls over receipts should be adequate to ensure timely deposits. The Commission has implemented a schedule in case of any event that prohibits either location from being open to where a responsible party will oversee collecting mail and making timely deposits. All NSF transactions will be documented by the Commission, as it is our belief that the receipts that were unaccounted for were processed during the transitional period of the Commissions becoming its own agency.

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2021-003. **FINDING** (Inadequate Controls over State Property)

The Illinois Liquor Control Commission (Commission) did not maintain adequate controls over its reporting and monitoring of State Property.

Specifically, we noted the following:

- During testing of statutorily required reports related to State property, we noted:
  - Eight of 8 (100%) quarterly *Agency Report of State Property* (Form C-15) were submitted by the Commission to the Office of Comptroller on August 10, 2021 after we notified the Commission of the requirement to file the quarterly Form C-15s. As a result, the Commission's Fiscal Year 2020 and 2021 Form C-15s ranged between 10 and 648 days late.

The Statewide Accounting Management System (SAMS) Manual (Procedure 29.20.10) requires the Commission to file the Form C-15 on a quarterly basis with the Office of Comptroller no later than the last day of the month following the last day of the quarter.

- The Commission submitted its Annual Inventory Certification for Fiscal Years 2020 and 2021 to the Department of Central Management Services (DCMS) 49 and 44 days late, respectively.

The Illinois Administrative Code (Code) (44 Ill. Admin Code 5010.460(c)) requires the Commission to provide an annual listing of all equipment items with an acquisition value of \$1,000 or more and equipment subject to theft with an acquisition value of less than \$1,000 to DCMS' Property Control Division. The annual filing due date established by DCMS for the Commission is June 1.

- The Commission submitted its Fiscal Year 2021 *Annual Real Property Utilization Report* to DCMS 11 days late.

The State Property Control Act (Act) (30 ILCS 605/7.1(b)) requires the Commission to submit an Annual Real Property Utilization Report, or annual update of such report, on forms required by DCMS, by July 31 of each year.

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**SCHEDULE OF FINDINGS – CURRENT FINDINGS**  
**For the Two Years Ended June 30, 2021**

- One of 2 (50%) equipment vouchers tested, totaling \$1,252, purchased on September 3, 2020, was not tagged nor added to the Commission’s property listing as of June 30, 2021. After notifying the Commission of the error on September 29, 2021, the Commission subsequently tagged the equipment item, and added it to the Commission’s property listing.

The Code (44 Ill. Admin. Code 5010.210) requires the Commission to mark each piece of State-owned equipment in its possession to indicate that it is the property of the State of Illinois. In addition, the Code requires the Commission to mark items with an identification number assigned by the Commission holding the property. Further, the Code (44 Ill. Admin. Code 5010.400) requires the Commission to adjust its property records within 90 days of acquisition of an equipment item.

- During list to floor testing, we noted 3 of 6 (50%) equipment items selected for testing, totaling \$2,596, were considered obsolete and transferable. However, the items remained on the Commission’s property records, and the Commission had not reported the items to DCMS for possible disposal through the surplus process.

The Code (44 Ill. Admin. Code 5010.600) defines transferable equipment as State-owned equipment which is no longer needed and/or is not useful to the Commission. The Code (44 Ill. Admin. Code 5010.620) also requires the Commission to regularly survey its inventory to identify transferable equipment and report it to the Property Control Division at DCMS. In addition, the SAMS Manual (Procedure 29.10.10) states assets that are obsolete, damaged, or no longer used in operations should be identified and, if necessary, removed from the Commission’s asset records.

Commission management stated the exceptions noted were due to employee oversight. Moreover, Commission management stated the Commission was not aware of the report submission requirements related to the Commission’s State property and equipment as the examination period was for the first two years of the Commission being a standalone agency.

Failure to exercise adequate controls over State property increases the potential for fraud and possible loss or theft of State property, is noncompliance with the SAMS Manual, the Code, and the Act, and resulted in inaccurate property reporting statewide. (Finding Code No. 2021-003)

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We recommend the Commission improve its controls over State property to ensure 1) required property reports are prepared and submitted timely, 2) equipment purchases are tagged, recorded and reported timely, and 3) obsolete and transferable properties are timely identified, deleted from property listing, and reported to DCMS, to comply with State laws and regulations.

**COMMISSION RESPONSE**

The Commission agrees with the recommendation that controls over State property be improved. The Commission has assigned an asset manager that maintains records on all assets incoming and outgoing. Inventory audits will be conducted at the time of submission for the C-15 forms each quarter. All supervisors are aware of the reports that are required to be submitted for assets and real property.

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2021-004. **FINDING** (Inadequate Controls over Personal Services)

The Illinois Liquor Control Commission (Commission) did not maintain adequate controls over various aspects of its personal services function. Specifically, we noted issues with the Commission’s personnel reporting requirements, employee training requirements, employee performance evaluations, attendance records, and inaccurately calculating payroll deductions and withholdings.

- During testing of Statement of Economic Interest (SOEI) reporting, we noted the following:

- The Commission did not submit a certification of persons required to file SOEIs with the Secretary of State (SOS) for Fiscal Year 2020. In addition, after we notified the Commission of its responsibility to do so, the Commission submitted its certified list of persons required to file SOEIs for Fiscal Year 2021 to the SOS. As such, we noted the Fiscal Year 2021 listing did not include one of the Commission members and was submitted 205 days after the due date.

The Illinois Governmental Ethics Act (5 ILCS 420/4A-106) requires the Commission to certify to the SOS the names and mailing addresses of those persons required to file a SOEI on or before February 1 annually.

- The Ethics Officer did not review all SOEIs and disclosure forms submitted by Commission officers, senior employees, and contract monitors prior to filing them with the SOS for Fiscal Years 2020 and 2021.

The Illinois State Officials and Employees Ethics Act (5 ILCS 430/20-23) requires the Commission’s ethics officer to review SOEI and disclosure forms of officers, senior employees, and contract monitors before they are filed with the SOS.

- Six of 10 (60%) Commission members or employees tested who were required to file SOEIs did not file them in Fiscal Year 2020, and 3 of 10 (30%) Commission members or employees tested who were required to file SOEIs did not file for them in Fiscal Year 2021.

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The Illinois Governmental Ethics Act (5 ILCS 420/4A-101) requires Commission members and persons employed who function as the head of a department and/or has direct authority for the formulation, negotiation, issuance or execution of contracts entered into by the State in the amount of \$5,000 or more to file verified SOEI with the SOS.

- During testing of the Commission’s Fiscal Year 2020 Agency Workforce Report, we noted:
  - The data and statistical percentages for 7 of 16 (44%) employee category groups presented in the report did not agree with the Commission’s supporting documentation.
  - The Commission submitted the report to the Governor’s Office and the Secretary of State 146 days and 153 days late, respectively.

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 and the Governor by January 1 each year for the preceding fiscal year.

- During detailed testing of five employees, we noted:
  - For 3 (60%) of the employees tested, 2 of the employees’ initial sexual harassment prevention training were not completed within 30 days after commencement of employment (5 and 289 days late) and 1 (20%) employee did not complete the initial sexual harassment prevention training.

The State Officials and Employees Ethics Act (5 ILCS 430/5-10.5(a-5)) requires each officer, member, and employee to complete his or her initial sexual harassment training program within 30 days after commencement of his or her office or employment.

- Two (40%) of the employees tested did not complete their initial ethics training within 30 days after commencement of employment (5 and 22 days late).

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The State Officials and Employees Ethics Act (5 ILCS 430/5-10(c)) 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.

- One of 7 (14%) employee performance evaluations tested was completed 214 days after the employee’s anniversary date.

The Illinois Administrative Code (Code) (80 Ill. Admin. Code 302.270(d)) requires an evaluation of employee performance be prepared by the Commission not less often than annually. Additionally, the Commission’s *Administrative Directives*, Section 6.13 requires certified employees to be evaluated at least annually. Prudent business practices require employee evaluations to be performed in a timely manner, which we consider to be 30 days after the employee’s anniversary date.

- The Commission did not maintain the daily time reports of two (40%) employees for two pay periods tested.

The Code (80 Ill. Admin. Code 303.340) implemented and authorized by the Personnel Code (20 ILCS 415/1 et seq.) requires the Commission to maintain accurate attendance records.

In addition, the State Records Act (5 ILCS 160/8) requires the Commission to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Commission designed to protect the legal and financial rights of the State.

- In addition, 5 of 8 (63%) daily time reports of two (40%) employees did not have the related overtime requests approved in advance. The overtime requests were approved 5 to 11 days late.

The Commission’s *Administrative Directives*, Section 1.3 states no overtime shall be worked unless specifically requested and authorized in advance by Program Administrators or their designees.



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- The Commission incorrectly calculated the withholding of federal taxes for 4 (80%) employees tested. As a result, the Commission overpaid the federal government a net amount of \$2,357 for Fiscal Year 2020 and underpaid a net amount of \$1,122 for Fiscal Year 2021 in relation to the salary of the four employees.

The Statewide Accounting Management System (SAMS) Manual (Procedure 23.10.30) states the agencies are 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. Further, the State Salary and Annuity Withholding Act (5 ILCS 365/3 to 5 ILCS 365/5) states a deduction authorization form which is distributed by the employing agency authorizes the Comptroller to withhold monies from an employee's gross pay for a specific purpose authorized by the employee. Good internal controls require the payroll voucher deductions be accurately calculated.

Commission management stated the exceptions noted were due to employee turnover and oversight. Moreover, Commission management stated the Commission was not aware of the submission requirements related to SOEI and the responsibility of the Commission to attest for employee's rate of deductions as the examination period was for the first two years of the Commission being a standalone agency.

Failure to maintain adequate controls over employee SOEI increases the risk of employees having a conflict of interest in decision making for which the Commission is not aware. In addition, the untimely submission of the annual list of employees required to file is noncompliance with State law and could result in procedural delays.

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.

Failure to timely complete ethics and sexual harassment prevention training to employees hinders employees from being informed of their rights and responsibilities in the workplace and increases the Committee's risk of liability. Failure to provide the required trainings to employees is noncompliance with the State Officials and Employees Ethics Act.

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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. 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 improvement and current year's performance goals and objectives may not be identified and communicated in a timely manner.

Failure to ensure overtime requests are approved in advance and retain employees' daily time reports undermine accountability controls and may result in unnecessary costs to the State.

Failure to accurately calculate and review employee payroll withholding amounts resulted in inaccurate withholdings from Commission employees which is considered misuse of State funds. (Finding Code No. 2021-004)

**RECOMMENDATION**

We recommend the Commission strengthen its controls over personal services to ensure the following:

- All Commission employees required to file a SOEI do so;
- SOEIs are appropriately reviewed by the Commission's Ethics Officer prior to them being filed with the SOS;
- Commission management reviews and certifies the list of employees required to file SOEIs as of the date established by State law;
- Agency Workforce Reports are prepared accurately and timely in accordance with State law;
- Commission employees timely complete the required sexual harassment prevention training and ethics training;
- Performance evaluations are completed timely;
- Accurate attendance records are retained;
- Overtime is adequately reviewed and approved prior to the employee performing services; and
- Payroll deductions are accurately prepared and reviewed prior to submitting payroll vouchers to the Office of Comptroller for payment.

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**COMMISSION RESPONSE**

The Commission agrees with the recommendation to strengthen controls for personal services. The Human Resources Division has reached out to all employees that are required to file a SOEI. The Commission will track and follow up with employees that have not completed trainings to ensure that they are completed promptly.

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2021-005. **FINDING** (Inadequate Controls over Monthly Reconciliations)

The Illinois Liquor Control Commission (Commission) did not maintain adequate controls over monthly reconciliations between its internal records and the Office of Comptroller reports.

The Commission expended \$6.8 million and \$8.0 million from one fund in Fiscal Years 2020 and 2021, respectively. The Commission collected total revenues of \$16.6 million and \$17.5 million which were deposited into two funds in Fiscal Years 2020 and 2021, respectively.

During testing of the Commission's monthly reconciliations, we noted the following:

- Twenty-four of 24 (100%) monthly reconciliations of the Commission's records to the Office of Comptroller's *Monthly Revenue Status Report* (SB04) were not completed. Further, we noted unreconciled differences of \$567,936 and \$147,974 between the Commission's records and SB04 reports as of June 30, 2020 and June 30, 2021, respectively.
- Twenty-four of 24 (100%) monthly reconciliations of the Commission's records to the Office of Comptroller's *Cash Report* (SB05) were not completed.
- Twenty-three of 31 (74%) monthly reconciliations of the Commission's records to the Office of Comptroller's *Monthly Appropriation Status Report* (SB01) were performed between 12 to 590 days late.
- Fourteen of 15 (93%) monthly reconciliations of the Commission's records to the Office of Comptroller's *Agency Contract Report* (SC14) were not completed in Fiscal Year 2020.
- Fifteen of 15 (100%) monthly reconciliations of the Commission's records to the Office of Comptroller's *Obligation Activity Report* (SC15) were not completed in Fiscal Year 2020.
- Four of 16 (25%) monthly reconciliations of the Commission's records to either the SC14 or SC15 were not completed in Fiscal Year 2021.
- Fifteen of 15 (100%) monthly reconciliations of the Commission's records to the Office of Comptroller's *Object Expense/Expenditures by Quarter Report* (SA02) were not completed during Fiscal Year 2020.

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The Statewide Accounting Management System (SAMS) Manual (Procedure 07.30.20) requires the Commission to perform reconciliations of the SB04, SB05, SB01, SC14, SC15, and SA02 to its internal records within 60 days of month end to ensure the early detection and correction of errors.

Commission management stated the issues noted were due to employee oversight. In addition, Commission management stated the Commission was not aware of the reconciliation requirements between the Commission records and the various Office of Comptroller's reports as the examination period was for the first two years of the Commission being a standalone agency.

Failure to timely and properly document reconciliations of the Commission'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. 2021-005)

**RECOMMENDATION**

We recommend the Commission ensure appropriation, expenditures, cash receipt, and cash balance reconciliations are prepared timely as required by the SAMS Manual.

**COMMISSION RESPONSE**

The Commission agrees with the recommendation that all reconciliations be prepared timely as required by the SAMS Manual. The Commission will be reaching out to the Illinois Department of Revenue as well as agencies similar to the Commission to create a system that is accurate and certifies that the reconciliations will be submitted on time.

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2021-006. **FINDING** (Inadequate Controls over State Vehicles)

The Illinois Liquor Control Commission (Commission) did not maintain adequate controls over its State vehicles.

During testing, we noted the following:

- The Commission has a vehicle use policy, but it was not submitted to the Department of Central Management Services (DCMS) as required. Subsequently to being noted as an exception by the auditors, the Commission submitted the policy to DCMS on November 4, 2021.

The State Vehicle Use Act (Act) (30 ILCS 617/10(b)) requires the Commission to submit its vehicle use policy to the Division of Vehicles within DCMS and shall be made publicly available on the DCMS's official internet website.

Commission management stated the Commission was not aware of the reportorial requirement as this examination period was for the first two years of the Commission being a standalone agency.

- Five of 5 (100%) individually assigned vehicles tested, the annual licensure and insurance certifications for Fiscal Year 2021 were submitted by the employee to the Commission between 6 to 31 days late.

The Illinois Vehicle Code (625 ILCS 5/7-601(c)) requires employees assigned a specific State vehicle on an ongoing basis to provide annual certification to the Director of the Commission affirming the employee is duly licensed to drive the assigned vehicle and the employee has liability insurance coverage extending to the employee when the assigned vehicle is used for other than official State business. The certification shall be provided during the period July 1 through July 31 of each calendar year or within 30 days of any new assignment of a vehicle, whichever is later.

Commission management stated the exceptions were due to employee oversight.

- The Commission did not submit the annual Individually Assigned Vehicles reports to DCMS for both Fiscal Years 2020 and 2021.

The Illinois Administrative Code (44 Ill. Admin. Code 5040.340) requires the Commission to report to DCMS annually and when changes occur, the name of each employee assigned a vehicle, the equipment number and

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license plate number of the assigned vehicle, employee's headquarters and residence, and any additional information requested by DCMS.

Commission management stated the Commission was not aware of the reportorial requirement as this examination period was for the first two years of the Commission being a standalone agency.

- Five of 5 (100%) vehicles tested did not have routine oil changes performed within the mileage intervals required by the DCMS. The oil change overages ranged from 103 to 1,163 miles beyond the allowed interval.

The Code (44 Ill. Admin. Code 5040.400) requires all State-owned or leased vehicles to undergo regular service and/or repair in order to maintain the vehicles in road worthy, safe, operating condition and appropriate cosmetic condition. The DCMS' Vehicle Usage Policy requires standard lube, oil, and filter changes to be performed every 5,000 miles or 12 months, whichever comes first for vehicles nine years old and newer.

Commission management stated the exceptions were due to employee oversight.

Failure to timely obtain each driver's annual certification of licensure and automobile liability insurance coverage could expose the Commission to unnecessary litigation risks. Further, failure to adequately maintain vehicles may cost the State significant amounts in future years through additional repair bills and shortened useful lives for vehicles. In addition, failure to properly report vehicle assignments to DCMS lessens government oversight for fleet efficiency and the accountability for State resources. Finally, failure to submit the required vehicle use policy, submit the annually individually assigned vehicles report, timely receive the annual licensure and insurance certifications from Commission employees, and timely perform routine oil changes is considered noncompliance with State laws and regulations. (Finding Code No. 2021-006)

**RECOMMENDATION**

We recommend the Commission:

- Submit all required reports when instructed to by law.
- Review and enforce procedures over the Commission employee's timely filing of their required annual certifications of license and liability insurance coverage.
- Develop a monitoring process to ensure all employee vehicle assignments and changes are timely and properly reported to DCMS.

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- Review its internal controls over monitoring its fleet to ensure vehicles receive timely maintenance.

**COMMISSION RESPONSE**

The Commission agrees with the recommendation that all reports be submitted by law, as well as procedures be enforced and monitored. The Commission has assigned a Fleet Manager that will oversee all fleet related reports. The Commission will work with DCMS to ensure that all vehicles are maintained in a timely manner.



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2021-007. **FINDING** (Inadequate Controls over Voucher Processing)

The Illinois Liquor Control Commission (Commission) did not maintain adequate controls over voucher processing.

During the examination, we tested 75 expenditure vouchers, totaling \$4,299,136, and noted the following:

- Two of 75 (3%) vouchers tested, totaling \$213,752, were approved more than 30 days after the receipt of a proper bill. These vouchers were approved for payment 14 and 61 days late.

The Illinois Administrative Code (74 Ill. Admin. Code 900.70(b)) requires State agencies to approve or deny bills with defects, in whole or in part, within 30 days after receipt.

- Three of 15 (20%) travel vouchers tested, totaling \$799, indicated the employees' headquarters were different from those of the Commission's central office locations. According to the Commission's Travel Headquarter (TA-2) Reports filed for Fiscal Years 2020 and 2021, there are no employees whose headquarters are different from those of the Commission's central office locations.

The Statewide Accounting Management System (SAMS) Manual (Procedure 17.20.10) requires the city in which the traveler's headquarters are located, which is defined as the place where the employee's official duties require him/her to spend the largest amount of his/her working time, be inputted on the Travel Voucher (Form C-10). Good internal controls require the information be inputted by the traveler correctly and reviewed for accuracy by Commission management prior to being sent to the Office of Comptroller for payment.

- For 2 of 15 (13%) payroll vouchers tested, totaling \$467,387, the Commission was not able to provide detailed payroll support for the breakdown of the payroll expenditures. As a result, we were unable to determine whether the payroll voucher was accurately paid.
- For 1 of 15 (7%) payroll vouchers tested, totaling \$225,773, the Commission was not able to provide support it was approved by the Commission head or designee. As a result, we were unable to determine whether the payroll voucher was adequately authorized for payment.

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The State Finance Act (30 ILCS 105/9.02(b)(1)) requires every voucher or corresponding balancing report, as submitted by the Commission, to bear the signature of the officer responsible for approving and certifying vouchers and if authority to sign the responsible officer's name has been properly delegated, also the signature of the person actually signing the voucher.

In addition, the State Records Act (5 ILCS 160/8) requires the Commission to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Commission designed to protect the legal and financial rights of the State.

Finally, 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 that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation, and that revenues, expenditures, and transfer 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 to maintain accountability over the State's resources.

Commission management stated the issues noted were due to employee oversight.

Failure to maintain documentation supporting the details of payroll vouchers is noncompliance with State law and increases the risk of fraud, abuse, or misuse of State resources. Further, failure to maintain adequate controls over voucher processing, which includes reviewing the vouchers for accuracy and ensuring the timeliness of processing vouchers, increases the risk of errors or other irregularities could occur that would not be identified by employees performing their functions in the normal course of business. (Finding Code No. 2021-007)

**RECOMMENDATION**

We recommend the Commission take action to comply with State laws and regulations over its voucher processing function, including:

- reviewing and approving or denying vendor bills within 30 days from receipt;
- ensuring vouchers are accurately completed and properly reviewed; and
- ensuring documentation supporting details of the voucher are adequately retained.

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**COMMISSION RESPONSE**

The Commission agrees with the recommendation that action must be taken to comply with State laws and regulations over voucher processing functions. Vouchers will be reviewed thoroughly and reimbursement forms will use the correct headquarters location.

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2021-008. **FINDING** (Weaknesses with Payment Card Industry Data Security Standards)

The Illinois Liquor Control Commission (Commission) had not completed all requirements to demonstrate compliance with the Payment Card Industry Data Security Standards (PCI DSS).

The Commission accepted in person credit card payments and credit card payments through its website. Payments were received for license fees, waivers, and violations. In Fiscal Years 2020 and 2021, total credit card payments were processed for 5,193 transactions totaling \$2,848,590 and 5,491 transactions totaling \$2,850,975, respectively.

During testing, we noted the Commission had not:

- formally assessed each program accepting credit card payments and matched these methods to the appropriate Self-Assessment Questionnaire (SAQ).
- completed a SAQ addressing all elements of its environment utilized to store, process, and transmit cardholder data.
- obtained from their credit card processors relevant information in order to complete the Attestation of Compliance Form.

PCI DSS was developed to detail security requirements for entities that store, process, or transmit cardholder data. Cardholder data is any personally identifiable data associated with a cardholder. In addition, PCI DSS require all members, merchants, and service providers, who store, process, and/or transmit cardholder data to become PCI DSS compliant. The PCI DSS require merchants to assess their environment and validate compliance with PCI DSS on an annual basis.

To assist merchants in the assessments of their environment, the PCI Council has established SAQs for validating compliance with PCI DSS's core requirements. At a minimum, PCI DSS requires the completion of the SAQ A, which highlights specific requirements to restrict access to paper and electronic media containing cardholder data, destruction of such media when it is no longer needed, and requirements for managing third parties.

Commission management stated the Commission was unsure if the PCI DSS requirements were the responsibility of the Commission or the Department of Innovation and Technology (DoIT).

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Failure to establish and maintain adequate procedures to handle and protect confidential and personally identifiable information could result in identity theft or other unintended use. (Finding Code No. 2021-008)

**RECOMMENDATION**

We recommend the Commission work with DoIT to determine each agency's responsibilities. In addition, we recommend the Commission:

- At least annually, assess each program accepting credit card payments and match the payment method to the appropriate SAQ.
- Complete the appropriate SAQ(s) for its environment and maintain documentation supporting its validation efforts.
- Obtain from credit card processors information in order to complete the Attestation of Compliance Form.

**COMMISSION RESPONSE**

The Commission agrees with the recommendation that confidentiality assessments be completed to ensure safeguards are in place for sensitive information. The Commission has been working with DoIT to complete the SAQ and has assigned staff to annually complete all SAQ checklists and Attestation of Compliance forms.

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2021-009. **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

The Illinois Liquor Control Commission (Commission) had not implemented adequate internal controls related to cybersecurity programs, practices, and control of confidential information.

The Commission is responsible for issuing State liquor licenses and ensuring entities comply with the provisions of the Illinois Liquor Control Act. As such, the Commission maintains confidential information such as names, addresses, and social security numbers.

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 Commission's cybersecurity program, practices, and control of confidential information, 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.
- established cybersecurity roles and responsibilities.
- performed a comprehensive risk assessment 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.

In addition, the Commission did not ensure cybersecurity awareness training was completed. During testing, we noted:

- Fifteen of 43 (35%) employees did not complete the security awareness training for Calendar Year 2019.
- Five of 43 (12%) employees did not complete the security awareness training for Calendar Year 2020.

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.

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

The Data Security on State Computers Act (20 ILCS 450/25) requires every employee to annually undergo training by the Department of Innovation and Technology concerning cybersecurity.

Commission management stated understaffing contributed to the delay in completion of these activities.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the Commission's confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2021-009)

**RECOMMENDATION**

We recommend the Commission:

- Develop 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.
- Establish cybersecurity roles and responsibilities.
- 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.
- Ensure all staff complete the security awareness training.

**COMMISSION RESPONSE**

The Commission agrees with the recommendation that confidential information be better safeguarded. The Commission is working with DoIT to develop a security program that ensures policies, procedures, and processes are clearly defined. The Commission will follow up with all staff to certify that security awareness training has been completed.

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2021-010. **FINDING** (Failure to Comply with the Identity Protection Act)

The Illinois Liquor Control Commission (Commission) failed to implement the provisions of the Identity Protection Act (Act).

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.

During testing, we noted the Commission had not adopted an identity protection policy.

Commission management stated it was not aware of the requirement to formally adopt an identity-protection policy.

Failure to implement 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. 2021-010)

**RECOMMENDATION**

We recommend the Commission develop and approve an identity protection policy as required by the Act.

**COMMISSION RESPONSE**

The Commission agrees with the recommendation that identity protection policies be developed and approved as required. The Commission has already implemented an Identity Protection Policy.



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2021-011. **FINDING** (Inadequate Controls over Review of User Access)

The Illinois Liquor Control Commission (Commission) had not implemented adequate internal controls over user access rights to its systems.

The Commission is a user of the Department of Innovation and Technology's (DoIT) Enterprise Resource Planning System (ERP), Central Time and Attendance System (CTAS), eTime, Central Payroll System (CPS), and the Office of Comptroller's Statewide Accounting Management System (SAMS). As a user of these systems, the Commission is responsible for ensuring access to and input of data is appropriate.

During the examination, the Commission was unable to provide documentation user access reviews were completed for the ERP, CTAS, eTime and CPS. We also noted:

- Four of 7 (57%) CTAS users no longer required access.
- Three of 4 (75%) CPS users no longer required access.

In addition, the Commission could not provide documentation demonstrating 2 of 5 (40%) SAMS user accesses were timely revoked.

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 against waste, loss, unauthorized use, and misappropriation.

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, Access Control section, requires entities to develop access provisioning policies and procedures and ensure access is provided on a needed basis.

Commission management indicated the Commission was unaware of the need to formally document its review of user access rights and the Commission relied on the controls within the application to automatically revoke the access of inactive users.

The lack of adequate controls over access, could result in unauthorized access and disclosure of confidential information. (Finding Code No. 2021-011)

**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
SCHEDULE OF FINDINGS – CURRENT FINDINGS  
For the Two Years Ended June 30, 2021**

**RECOMMENDATION**

We recommend the Commission implement controls to ensure user access rights are reviewed at least annually, and access of terminated employees are timely terminated.

**COMMISSION RESPONSE**

The Commission agrees with the recommendation that improved controls for access rights be implemented. The Commission will ensure that staff no longer with the Commission are removed from all applications. The Commission will schedule routine audits to certify that all user access is either active or removed.

**STATE OF ILLINOIS**  
**ILLINOIS LIQUOR CONTROL COMMISSION**  
**SCHEDULE OF FINDINGS – CURRENT FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-012. **FINDING** (Inadequate Controls over GenTax Access)

The Illinois Liquor Control Commission (Commission) did not ensure adequate security over the enterprise-wide tax system (GenTax).

The Commission utilizes GenTax in the processing of liquor licenses. In order to determine if access was appropriate, we tested a sample of GenTax users noting:

- Two of 4 (50%) individuals completed safeguard training after access was granted to GenTax, and
- Three of 3 (100%) individuals' access was not timely terminated.

The GenTax Security Request Procedures (Procedures) states in order to obtain access to GenTax a user is to complete safeguard training.

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, Access Control section, requires entities to establish access control policies and procedures documenting access control requirements. Additionally, the Access Control section requires entities to comply with the stated policies and procedures.

Commission management indicated the weaknesses were due to its recent separation from the Department of Revenue, staff turnover, and lack of procedures.

Failure to properly complete all required training and terminate users' access in a timely manner leaves the Commission at risk of unauthorized access to GenTax. (Finding Code No. 2021-012)

**RECOMMENDATION**

We recommend the Commission strengthen its controls over GenTax security by ensuring all required training is completed prior to granting access and access is timely terminated.

**COMMISSION RESPONSE**

The Commission agrees with the recommendation that controls over required training should be strengthened. The Commission will implement a system to ensure all new hires complete the proper training and that users are terminated upon leaving the Commission. The Commission will also incorporate a written acknowledgement for new hires to sign stating that the GenTax training has been complete.

**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
DISCLOSURES ACCOMPANYING A STATE COMPLIANCE EXAMINATION REPORT  
For the Two Years Ended June 30, 2021**

**DISCLOSURES REPORT**

**SUMMARY**

A reading of the accompanying report components of the Illinois Liquor Control Commission (Commission) was performed by Adelfia LLC.

**ACCOUNTANT'S REPORT**

The accountants did not conclude an omission or uncorrected material misstatement of the other information exists in the Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report.

**EXIT CONFERENCE**

This report was discussed with Commission personnel at an exit conference on February 18, 2022.

Attending were:

**Illinois Liquor Control Commission**

Lisa Gardner, Executive Director

Michael Gentry, Chief Fiscal Officer

**Office of the Auditor General**

Janis Van Durme, Senior Audit Manager

**Adelfia LLC**

Stella Marie Santos, Managing Partner

Gilda Priebe, Partner

Anjo Neil Guillermo, Senior



**INDEPENDENT ACCOUNTANT’S REPORT**  
**ON DISCLOSURES ACCOMPANYING A STATE COMPLIANCE**  
**EXAMINATION REPORT**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Governing Board  
State of Illinois, Illinois Liquor Control Commission

***Disclosures Accompanying a State Compliance Examination Report***

Management of the State of Illinois, Illinois Liquor Control Commission (Commission) is responsible for the *Disclosures Accompanying a State Compliance Examination Report* (other information), which consists of the Fiscal Schedules and Analysis and Analysis of Operations report components as listed in the Table of Contents. The other information comprises disclosures which must be presented by management in accordance with *Report Components* memorandum published by the Auditor General of the State of Illinois, but does not include our *Independent Accountant’s Report on State Compliance and on Internal Control over Compliance* found in the separate *State Compliance Examination Report* included within this document. Our opinion on the Commission’s State compliance and internal control over compliance does not cover this other information, and we do not express an opinion or any form of assurance thereon.

In connection with our examination of the Commission, our responsibility is to read the other information and consider whether:

- 1) a material inconsistency exists between the other information and our knowledge and facts of the Commission we obtained as part of the Commission’s State compliance examination;
- 2) the other information appears to have been omitted; or,
- 3) the other information appears to be materially misstated.

If, based on the work performed, we concluded an omission or uncorrected material misstatement of the other information exists, we are required to describe it in this report.

**SIGNED ORIGINAL ON FILE**

Chicago, Illinois  
February 23, 2022

**STATE OF ILLINOIS**  
**ILLINOIS LIQUOR CONTROL COMMISSION**  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
**Expenditure Authority for Fiscal Year 2021**

(IN THOUSANDS)

For the Sixteen Months Ended October 31, 2021

Public Act 101-0637	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2021	Approximate Lapse Period Expenditures July 1 to October 31, 2021	Approximate Total Expenditures 16 Months Ended October 31, 2021	Approximate Balances Lapsed October 31, 2021
FISCAL YEAR 2021					
<b>APPROPRIATED FUND</b>					
<b>Dram Shop Fund (Operational Expenses) - 0821</b>					
Personal Services	\$ 3,651	\$ 2,722	\$ 129	\$ 2,851	\$ 800
Retirement - Employer Contribution	2,043	1,493	71	1,564	479
Social Security	279	191	9	200	79
Group Insurance	1,404	880	43	923	481
Contractual Services	2,467	1,424	386	1,810	657
Travel	90	-	-	-	90
Commodities	30	20	1	21	9
Printing	26	2	4	6	20
Remodeling/Renovations	800	17	214	231	569
Equipment	5	1	1	2	3
Electronic Data Processing	100	34	-	34	66
Operation of Automotive Equipment	75	33	4	37	38
Telecommunications	88	58	11	69	19
Refunds	2	2	-	2	-
Subtotal, Operational Expenses Fund 821	<u>\$ 11,060</u>	<u>\$ 6,877</u>	<u>\$ 873</u>	<u>\$ 7,750</u>	<u>\$ 3,310</u>
<b>Dram Shop Fund (Refunds) -0821</b>					
Refunds	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>
<b>Dram Shop Fund (Retailer Education Program) - 0821</b>					
Personal Services	<u>\$ 263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS**  
**ILLINOIS LIQUOR CONTROL COMMISSION**  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
**Expenditure Authority for Fiscal Year 2021**

(IN THOUSANDS)

For the Sixteen Months Ended October 31, 2021

Public Act 101-0637	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2021	Approximate Lapse Period Expenditures July 1 to October 31, 2021	Approximate Total Expenditures 16 Months Ended October 31, 2021	Approximate Balances Lapsed October 31, 2021
<hr/>					
<b>APPROPRIATED FUND</b>					
<b>Dram Shop Fund (Beverage Alcohol Sellers and Servers Education and Training (BASSET) Program) - 0821</b>					
Personal Services	\$ 152	\$ 152	\$ -	\$ 152	\$ -
Retirement - Employer Contribution	85	84	-	84	1
Group Insurance	13	11	-	11	2
Social Security	45	42	-	42	3
Subtotal, BASSET Program Fund 0821	<u>\$ 295</u>	<u>\$ 289</u>	<u>\$ -</u>	<u>\$ 289</u>	<u>\$ 6</u>
<b>Subtotal - Appropriated Funds</b>		<u>\$ 7,166</u>	<u>\$ 873</u>	<u>\$ 8,039</u>	
<b>Subtotal - Nonappropriated Funds</b>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>GRAND TOTAL - ALL FUNDS</b>		<u>\$ 7,166</u>	<u>\$ 873</u>	<u>\$ 8,039</u>	

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the Commission's records, and have been reconciled to the State Comptroller's records as of October 31, 2021.

Note 2: Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS**  
**ILLINOIS LIQUOR CONTROL COMMISSION**  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
**Expenditure Authority for Fiscal Year 2020**

(IN THOUSANDS)

For the Fourteen Months Ended August 31, 2020

Public Act 101-0007	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2020	Lapse Period Expenditures July 1 to August 31, 2020	Total Expenditures 14 Months Ended August 31, 2020	Balances Lapsed August 31, 2020
<b>FISCAL YEAR 2020</b>					
<b>APPROPRIATED FUND</b>					
<b>Dram Shop Fund (Operational Expenses) - 0821</b>					
Personal Services	\$ 3,942	\$ 2,562	\$ 139	\$ 2,701	\$ 1,241
Retirement - Employer Contribution	2,141	1,390	76	1,466	675
Social Security	302	186	9	195	107
Group Insurance	1,392	682	35	717	675
Contractual Services	3,404	967	321	1,288	2,116
Travel	90	6	-	6	84
Commodities	9	7	1	8	1
Printing	26	15	-	15	11
Equipment	3	3	-	3	-
Operation of Automotive Equipment	75	27	4	31	44
Telecommunications	88	58	12	70	18
Refunds	2	-	2	2	-
Subtotal, Operational Expenses Fund 821	<u>\$ 11,474</u>	<u>\$ 5,903</u>	<u>\$ 599</u>	<u>\$ 6,502</u>	<u>\$ 4,972</u>
<b>Dram Shop Fund (Refunds) - 0821</b>					
Refunds	<u>\$ 5</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 1</u>
<b>Dram Shop Fund (Retailer Education Program) - 0821</b>					
Personal Services	<u>\$ 263</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.



**STATE OF ILLINOIS**  
**ILLINOIS LIQUOR CONTROL COMMISSION**  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
**Expenditure Authority for Fiscal Year 2020**

(IN THOUSANDS)

For the Fourteen Months Ended August 31, 2020

Public Act 101-0007	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2020	Lapse Period Expenditures July 1 to August 31, 2020	Total Expenditures 14 Months Ended August 31, 2020	Balances Lapsed August 31, 2020
<hr/>					
<b>APPROPRIATED FUND</b>					
<b>Dram Shop Fund (Beverage Alcohol Sellers and Servers Education and Training (BASSET) Program) - 0821</b>					
Personal Services	\$ 137	\$ 130	\$ 7	\$ 137	\$ -
Retirement - Employer Contribution	90	70	4	74	16
Social Security	13	9	-	9	4
Group Insurance	45	35	2	37	8
Contractual Services	10	6	-	6	4
Subtotal, BASSET Program Fund 0821	<u>\$ 295</u>	<u>\$ 250</u>	<u>\$ 13</u>	<u>\$ 263</u>	<u>\$ 32</u>
<b>Subtotal - Appropriated Funds</b>		<u>\$ 6,157</u>	<u>\$ 612</u>	<u>\$ 6,769</u>	
<b>Subtotal - Nonappropriated Funds</b>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>GRAND TOTAL - ALL FUNDS</b>		<u>\$ 6,157</u>	<u>\$ 612</u>	<u>\$ 6,769</u>	

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the Commission's records and have been reconciled to the State Comptroller's records as of August 31, 2020.

Note 2: Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
EXPENDITURES, AND LAPSED BALANCES**

(IN THOUSANDS)

For the Fiscal Year Ended June 30,

	2021	2020
<b>APPROPRIATED FUND</b>		
<b>Dram Shop Fund (Operational Expenses) - 0821</b>		
Expenditure Authority	\$ 11,060	\$ 11,474
Expenditures:		
Personal Services	\$ 2,851	\$ 2,701
Retirement - Employer Contributions	1,564	1,466
Social Security	200	195
Group Insurance	923	717
Contractual Services	1,810	1,288
Travel	-	6
Commodities	21	8
Printing	6	15
Remodeling/Renovations	231	-
Equipment	2	3
Electronic Data Processing	34	-
Operation of Automotive Equipment	37	31
Telecommunications	69	70
Refunds	2	2
Total Expenditures	\$ 7,750	\$ 6,502
Balances Lapsed	\$ 3,310	\$ 4,972
<b>Dram Shop Fund (Refunds) - 0821</b>		
Expenditure Authority	\$ 5	\$ 5
Expenditures:		
Refunds	\$ -	\$ 4
Balances Lapsed	\$ 5	\$ 1

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
EXPENDITURES, AND LAPSED BALANCES**

(IN THOUSANDS)

For the Fiscal Year Ended June 30,

	2021	2020
<b>APPROPRIATED FUND</b>		
<b>Dram Shop Fund (Retailer Education Program) - 0821</b>		
Expenditure Authority	\$ 263	\$ 263
Expenditures:		
Personal Services	\$ -	\$ -
Balances Lapsed	\$ 263	\$ 263
<b>Dram Shop Fund (Beverage Alcohol Sellers and Servers Education and Training (BASSET) Program) - 0821</b>		
Expenditure Authority	\$ 295	\$ 295
Expenditures:		
Personal Services	\$ 152	\$ 137
Retirement - Employer Contributions	84	74
Group Insurance	11	37
Social Security	42	9
Contractual Services	-	6
Total Expenditures	\$ 289	\$ 263
Balances Lapsed	\$ 6	\$ 32
<b>TOTAL APPROPRIATED FUND</b>		
Expenditure Authority	\$ 11,623	\$ 12,037
Expenditures	\$ 8,039	\$ 6,769
Balances Lapsed	\$ 3,584	\$ 5,268

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
EXPENDITURES, AND LAPSED BALANCES**

(IN THOUSANDS)

For the Fiscal Year Ended June 30,

	2021	2020
<b>STATE OFFICERS' SALARIES</b>		
<b>General Revenue Fund - 001 (State Comptroller)</b>		
Expenditures:		
For the Chairman	\$ 40	\$ 28
For Six Members	208	182
For the Chairman and One Member as Designated by Law, \$200 Per Diem for Work on a License Appeal Commission	7	4
Total Expenditures	\$ 255	\$ 214

Note 1: Expenditure authority, appropriations expenditures, and lapsed balances were obtained from the Commission's records and have been reconciled to the State Comptroller's records as of October 31, 2021, and August 31, 2020.

Note 2: Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

Note 3: As the Fiscal Year 2021 Lapse Period had not ended as of October 31, 2021, the total expenditures and lapsed balances reported in this schedule have been approximated.

Note 4: The Commission received appropriations during Fiscal Year 2021 from Public Act 101-0637. In addition, the Commission received appropriations during Fiscal Year 2020 from Public Act 101-0007.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
COMPARATIVE SCHEDULE OF NET EXPENDITURES  
BY MAJOR ACTIVITY**

(IN THOUSANDS)

For the Fiscal Year Ended June 30,

	2021	2020
<b>EXPENDITURE STATISTICS</b>		
<b>All State Treasury Funds</b>		
Total Operations Expenditures:	\$ 7,806	\$ 6,763
Percentage of Total Expenditures:	97.1%	99.9%
Personal Services	3,003	2,838
Other Payroll Costs	2,824	2,498
All Other Operating Expenditures	1,979	1,427
Total Permanent Improvements Expenditures:	\$ 231	\$ -
Percentage of Total Expenditures:	2.9%	0.0%
Total Refund Expenditures:	\$ 2	\$ 6
Percentage of Total Expenditures:	0.0%	0.1%
<b>GRAND TOTAL - ALL EXPENDITURES:</b>	<b>\$ 8,039</b>	<b>\$ 6,769</b>

Note 1: Expenditures were obtained from the Commission's records and have been reconciled to the State Comptroller's records as of October 31, 2021, and August 31, 2020.

Note 2: Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES  
For the Two Years Ended June 30, 2021**

**Fiscal Year 2021 Compared to Fiscal Year 2020**

**Dram Shop Fund (Operational Expenses) - 0821**

Group Insurance

The increase was primarily due to the increase of insurance plans introduced to State employees. This resulted to higher health insurance premiums paid by the Commission.

Contractual Services

The increase was primarily due to a new contract for the system used by the Commission to track all revenues, enforcement reports and fines in effect for 6 months in Fiscal Year 2020 and full year during Fiscal Year 2021.

Remodeling/Renovations

The increase was primarily due to the transfer of the Commission's Chicago office location during Fiscal Year 2021.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING  
For the Two Years Ended June 30, 2021**

**Fiscal Year 2021**

**Dram Shop Fund (Operational Expenses) - 0821**

Contractual Services

The significant lapse period spending was primarily due to the vendor billing for a systems software application services from July 2020 to June 2021 that was received and processed by the Commission during the lapse period.

Remodeling/Renovations

The significant lapse period spending was primarily due to the renovations made in the Commission's new Chicago office location. Billings were approved for payment by the Commission in June but was only processed for payment by the Office of Comptroller during the lapse period.

**Fiscal Year 2020**

**Dram Shop Fund (Operational Expenses) - 0821**

Contractual Services

The significant lapse period spending was primarily due to revolving fund billing for services rendered during the fiscal year received and processed by the Commission during the lapse period.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
COMPARATIVE SCHEDULE OF CASH RECEIPTS  
AND DEPOSITS INTO THE STATE TREASURY**

(IN THOUSANDS)

For the Fiscal Year Ended June 30,

	<b>2021</b>	<b>2020</b>
<b><u>STATE TREASURY FUNDS</u></b>		
<b>General Revenue Fund - 0001</b>		
Receipt Sources:		
780 - Fines/Penalties or Violations	\$ 838	\$ 1,024
996 - Liquor Licenses	7,094	6,538
997 - Duplicate Liquor Licenses	7	29
Total Receipts, per Commission's Records	\$ 7,939	\$ 7,591
Receipts, per Commission's Records	\$ 7,939	\$ 7,591
Deposits in Transit, Beginning of the Fiscal Year	-	-
Deposits in Transit, End of the Fiscal Year	-	-
Deposits, Recorded by the State Comptroller	\$ 7,939	\$ 7,591
<b>Dram Shop Fund - 0821</b>		
Receipt Sources:		
996 - Liquor Licenses	\$ 9,604	\$ 9,056
1228 - Reimbursement/Jury Duty & Recoveries	1	-
Total Receipts, per Commission's Records	\$ 9,605	\$ 9,056
Receipts, per Commission's Records	\$ 9,605	\$ 9,056
Deposits in Transit, Beginning of the Fiscal Year	-	-
Deposits in Transit, End of the Fiscal Year	-	-
Deposits, Recorded by the State Comptroller	\$ 9,605	\$ 9,056
<b><u>GRAND TOTAL - ALL FUNDS</u></b>		
Receipts, per Commission's Records	\$ 17,544	\$ 16,647
Deposits in Transit, Beginning of the Fiscal Year	-	-
Deposits in Transit, End of the Fiscal Year	-	-
Deposits, Recorded by the State Comptroller	\$ 17,544	\$ 16,647

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.



**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS  
For the Two Years Ended June 30, 2021**

**Fiscal Year 2021 Compared to Fiscal Year 2020**

The Commission did not have any significant variations in receipts.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
SCHEDULE OF CHANGES IN PROPERTY  
For the Two Years Ended June 30, 2021**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Ending Balance</u>
<b><u>FISCAL YEAR 2021</u></b>					
<b>Property</b>					
Equipment	\$ 5,219	\$ 1,785	\$ 131	\$ -	\$ 6,873
Permanent Improvements	-	231,177	-	-	231,177
Total	<u>\$ 5,219</u>	<u>\$ 232,962</u>	<u>\$ 131</u>	<u>\$ -</u>	<u>\$ 238,050</u>
<b><u>FISCAL YEAR 2020</u></b>					
<b>Property</b>					
Equipment	\$ -	\$ -	\$ -	\$ 5,219	\$ 5,219
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,219</u>	<u>\$ 5,219</u>

Note 1: These balances were obtained from the Commission's records and have been reconciled to the Commission's quarterly *Agency Report of State Property* reports submitted to the Office of State Comptroller for the years ended June 30, 2020 and June 30, 2021.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS**  
**ILLINOIS LIQUOR CONTROL COMMISSION**  
**FUNCTIONS AND PLANNING**  
**For the Two Years Ended June 30, 2021**

**Functions**

The Illinois Liquor Control Commission's (Commission) mission is to protect the health, safety and welfare of the people of the State of Illinois through careful control and regulation of the manufacture, distribution, and sale of alcoholic liquors and through the development of strategies to reduce youth access to alcohol products.

The Commission's vision is to be recognized nationally and locally as the best in class provider of fair, efficient, and effective service, education, and regulatory enforcement.

The Commission is charged with ensuring the health, safety, and welfare of the people of the State of Illinois are protected and temperance in the consumption of alcoholic liquors is fostered and promoted by sound and careful control and regulation of the manufacture, sale, and distribution of alcoholic liquors as stated in the Illinois Liquor Control Act of 1934 (235 ILCS 5/).

To carry out the Commission's mission, the following divisions/units have been established:

**Legal Division**

The Legal Division is comprised of attorneys responsible for counseling the Commissioners and the Executive Director on interpretations of the Illinois Liquor Control Act of 1934. The Division also reviews all violations to weigh the severity of offenses. When necessary, the Division holds pre-disciplinary conferences with licensees, provides administrative and legal support to the Commissioners regarding local liquor appeals, adjudicates Sale of Alcohol to Minors violations, and provides technical assistance to the public regarding explanations and interpretations of the provisionary rules and regulations of the Illinois Liquor Control Act of 1934.

**Enforcement Division**

Agents from the Enforcement Division conduct liquor inspections at Commission licensed entities throughout the State of Illinois. These agents visit liquor establishments and respond to complaints received regarding violations. These complaints are received via the on-line complaint system, USPS mail, phone, and even during in-person during inspections.

Commission agents also conduct periodic compliance sweeps in conjunction with other state and local enforcement agencies. During these sweeps, the combined forces check for violations above and beyond Illinois liquor laws.

The Enforcement Division is responsible for tracking and investigating instances of illegal importation in two major ways. The first is out-of-state companies shipping alcohol directly to consumers. The second is Illinois retailers obtaining their alcohol from out-of-state sources. The latter issue is especially troubling as it accounts for millions of dollars in lost state tax revenue.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

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The agents supervise underage purchasers during random underage compliance check (UACC) details. These details, which are performed throughout the State of Illinois, test retail sales personnel on their duty to perform proper ID checks necessary to ensure they do not sell alcohol to minors.

Agents are responsible for providing retailers with educational opportunities. This often comes in the form of answering questions during an inspection. The agents serve as the main point of contact for licensees, local liquor commissioners, municipal and county government officials, police departments, and sheriff's offices within their assigned territory.

**Industry Education**

Responsible Beverage Service and Reducing Youth Access to Alcohol Products are areas of focus for the Industry Education Division. This is accomplished by educating the liquor industry and public regarding the laws that govern liquor sales and consumption throughout the State of Illinois. Through the Beverage Alcohol Sellers and Servers Education and Training (BASSET), participants are properly equipped to serve responsibly by recognizing when a person is intoxicated, able to spot a fake identification, and utilize the verbal and situation skills necessary to intervene and prevent alcohol-related conflicts. The Commission issues BASSET certification cards that are good for three years, approves programs and curriculum, and promotes responsible beverage service.

The Industry Education Division coordinates the annual College Town Summit and the Under 21 program. The Commission Under 21 Program has a school program designed to prepare students and equip them to make healthy and informed decisions regarding alcohol.

The Commission participates in regional liquor industry-related workshops, coordinates communication and media strategies for the Commission, conducts research on industry best practices, and participates in Alcohol Abuse prevention campaigns. Maintaining partnerships with local, State and federal agencies such as the Illinois Department of Transportation, Illinois State Toll Highway Authority, and Substance Abuse and Mental Health Services Administration (SAMHSA) maximizes its efforts and outreach.

**Human Resources Division**

The Human Resources Division provides employees with all rules, regulations, and benefits allotted to State employees inclusive of the State Personnel Code, Personnel Rules, Pay Plan, Position Classification Plan, current collective bargaining agreements, and other applicable laws, interpretations and guidelines. This division is also responsible for the development and coordination of the Commission Training Division.

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**STATE OF ILLINOIS  
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The Human Resources Division also oversees Labor Relations which provides technical advice and assistance to agency managers, supervisors and employees relative to labor contract interpretations, Personnel Rules, State Pay Plan, and Agency Policies. In addition, Labor Relations administers collective bargaining and non-collective bargaining disciplinary actions for employees.

In addition, the HR Director will oversee all matters of policy involving human resources development, labor, and serves as the chief liaison between the Director and the Commission with the Governor's Office, Central Management Services, Civil Service Commission, and other local and State governmental entities on matters involving human resources and labor.

**Fiscal Division**

The Fiscal Division is responsible for the development, submission, implementation, and monitoring of the Commissions' budgets for operations and grants. Other responsibilities of the Fiscal Division include; serving as the Commission's Travel Coordinator, managing the Commission's temporary staffing contract, and overseeing the Commission's strategic planning and performance measurement efforts. As the Commission's Travel Coordinator, the Fiscal Division is responsible for overseeing the Commission's travel policies and rules, making transportation and lodging reservations for Commission staff, and managing the Commission's other funding sources. In overseeing the Commission's strategic planning and performance measurement functions, the Fiscal Division assists in the development of the Commission's mission, goals and objectives. The Fiscal Division also develops and monitors performance metrics that track and evaluate the Commission's performance and progress towards achieving its goals and objectives. Specific performance measurement activities include preparation of the annual Service, Efforts and Accomplishments report to the Office of Comptroller, submission of the quarterly and annual performance metrics to the Governor's Office of Management and Budget.

The Fiscal Division is responsible for the Commission's deposit and allocation of receipts, expenditure processing, and financial reporting. This includes ordering receipts into State Treasury held funds, reconciling expenditures and receipts with the Office of Comptroller and the State Treasurer, and providing documentation and support/review to the Office of Comptroller for preparation of the Generally Accepted Accounting Principles (GAAP) packages.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
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**Licensing Division**

The Licensing Division serves as the first point of contact for all entities entering the Illinois liquor industry. It is imperative that all Licensing Division employees are properly trained and equipped with the necessary technology to maintain exemplary levels of service. The Licensing Division is responsible for reviewing, granting, and renewing State liquor license applications; issuing more than 200 new State liquor licenses, and over 2,000 license renewals each month. There are 29 different license categories including but not limited to airplanes, trains, liquor stores, non-beverage users, out-of-state distributors, special events, non-resident dealers, national and foreign licensing, and brand registration. The Licensing Division will continue to make customer relation management enhancements through the integration of technology which will enable real time processing, and the tracking of customer service metrics.

**Performance Measures**

The Commission's Fiscal Years 2020, 2021, and 2022 (projected) measures have been included below.

	<b>Fiscal Year 2020 Actual</b>	<b>Fiscal Year 2021 Actual</b>	<b>Fiscal Year 2022 Target/Projected</b>
<b>Input Indicators</b>			
Total Expenditures - all sources (in thousands)	\$6,768.6	\$8,038.8	\$11,059.9
Total Expenditures - State appropriated funds (in thousands)	\$6,768.6	\$8,038.8	\$11,059.9
Average monthly full-time employees	43.0	43.0	60.0
<b>Output Indicators</b>			
Number of licenses issued	30,598	30,475	32,000
Number of inspections	11,400	15,561	17,000
<b>Outcome Indicators</b>			
Liquor inspections compliance rate	82.5%	88.5%	84.0%
Revenue generated from liquor licensing and enforcement (in thousands)	\$9,056.5	\$9,604.4	\$10,002.4

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**STATE OF ILLINOIS  
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FUNCTIONS AND PLANNING  
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**Significant Challenges**

The primary challenges that the Commission have faced have been related to the impact of COVID-19.

Fiscal Year 2020 proved to be an extraordinarily challenging year for many sectors within the liquor industry. Since March 2020, the Commission has issued a series of temporary directives to provide swift regulatory and financial relief to all licensees during these difficult times. Whether it be extension of license renewals, temporary suspension of the delinquency list, increased delivery options, or the virtual 2020 College Town Summit, the Commission has remained fully committed to collaboration with industry associations, local liquor commissions, law enforcement, local health departments, and licensees to ensure that we navigate the industry back to full health.

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**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
NUMBER OF EMPLOYEES  
For the Fiscal Year Ended June 30,**

	<b>2021</b>	<b>2020</b>
<b><u>AVERAGE FULL-TIME EMPLOYEES</u></b>		
<b>Field</b>		
Enforcement Agents	21	20
<b>Springfield</b>		
General Offices	7	10
<b>Chicago</b>		
General Offices	13	12
BASSET Program	2	2
Subtotal, Chicago	15	14
Total Full-Time Equivalent Employees	43	44

Note 1: This schedule presents the average number of full-time employees by function and location at the Commission.

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**STATE OF ILLINOIS  
ILLINOIS LIQUOR CONTROL COMMISSION  
ANALYSIS OF OVERTIME AND COMPENSATORY TIME  
For the Fiscal Year Ended June 30,**

	2021	2020
<b>OPERATIONAL DIVISION</b>		
<b>General Division</b>		
Overtime Hours Paid	40	48
Compensatory Hours Granted	5,505	5,002
Total	5,545	5,050
Value of Overtime Hours Paid	\$ 1,895	\$ 1,925
Value of Compensatory Hours Granted	358,855	296,924
Total Costs	\$ 360,750	\$ 298,849

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