

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY**

**COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

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

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

TABLE OF CONTENTS

		<u>Page(s)</u>
Agency Officials		1
Management Assertion Letter		2-3
Compliance Report:		
Summary		4-7
Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes		8-11
Schedule of Findings		
Current Findings – State Compliance		12-79
Prior Findings Not Repeated		80
Supplementary Information for State Compliance Purposes:		
Summary		81
Fiscal Schedules and Analysis (Not Examined)		
Schedule of Appropriations, Expenditures and Lapsed Balances Fiscal Year 2018 (Not Examined)	1	82
Schedule of Appropriations, Expenditures and Lapsed Balances Fiscal Year 2017 (Not Examined)	2	83
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Not Examined)	3	84-85
Schedule of Changes in State Property Fiscal Year 2018 (Not Examined)	4	86
Schedule of Changes in State Property Fiscal Year 2017 (Not Examined)	5	87
Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller (Not Examined)	6	88
Analysis of Operations (Not Examined)		
Agency Functions and Planning Program (Not Examined)		89-91
Analysis of Significant Variations in Expenditures (Not Examined)		92
Analysis of Significant Variations in Receipts (Not Examined)		93
Analysis of Significant Lapse Period Spending (Not Examined)		94
Analysis of Accounts Receivable (Not Examined)		95-96
Budget Impasse Disclosures (Not Examined)		97
Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined)		98-99

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

TABLE OF CONTENTS (Continued)

	<u>Pages</u>
Interest Costs on Invoices (Not Examined)	100
Average Number of Employees (Not Examined)	101
Emergency Purchases (Not Examined)	102
Service Efforts and Accomplishments (Not Examined)	103-106

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

AGENCY OFFICIALS

Secretary	Ron Guerrier, Acting (3/4/19 to present) Jennifer Ricker, Acting (2/12/19 to 3/3/19) Jack T. King, Interim (1/1/19 to 2/11/19) Kirk Lonbom, Acting (9/18/17 to 12/31/18) Hardik Bhatt (through 9/17/17)
Assistant Secretary	Vacant
Chief Administrative Officer	Jenifer Johnson (6/1/19 to present) Vacant (1/1/19 to 5/31/19) Clark Kaericher (5/1/18 to 12/31/18) Vacant (through 4/30/18)
Chief of Staff	Jennifer Ricker (2/11/19 to present) Tyler Clark (7/1/17 to 2/15/19) Vacant (through 6/30/17)
Chief Fiscal Officer	Brian Turner, Acting (11/16/18 to present) Kiersten Neswick (through 11/15/18)
General Counsel	Margaret L. van Dijk (4/16/19 to present) Vacant (4/1/19 to 4/15/19) Michael Delcomyn (1/6/18 to 3/31/19) Michael Bassel (through 1/5/18)
Chief Internal Auditor	Douglas Tinch (6/1/17 to present) Vacant (through 5/31/17)

Agency main offices are located at:

120 West Jefferson Street
Springfield, IL 62702
100 West Randolph Street
Chicago, IL 60601

MANAGEMENT ASSERTION LETTER

E.C. Ortiz & Co., LLP
333 South Des Plaines Street, Suite 2-N
Chicago, Illinois 60661

June 21, 2019

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 Illinois Department of Innovation and Technology. 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 Illinois Department of Innovation and Technology's compliance with the following assertions during the two-year period ended June 30, 2018. Based on this evaluation, we assert that during the years ended June 30, 2018 and June 30, 2017, the Illinois Department of Innovation and Technology has materially complied with the assertions below.

- A. The Illinois Department of Innovation and Technology 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 Illinois Department of Innovation and Technology 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 Illinois Department of Innovation and Technology 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 Illinois Department of Innovation and Technology are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Yours truly,

Illinois Department of Innovation and Technology

SIGNED ORIGINAL ON FILE

Ron Guerrier
CIO and Acting Secretary

SIGNED ORIGINAL ON FILE

Brian Turner
Acting Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Margaret L. van Dijk
General Counsel

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and the Illinois State Auditing Act.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes contains an adverse opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>
Findings	30
Repeated findings	N/A*
Prior recommendations implemented or not repeated	N/A*

*This is the first State Compliance Examination of the Department of Innovation and Technology

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2018-001	12	Failure to Comply with Executive Order 2016-01	Material Weakness and Material Noncompliance
2018-002	14	Failure to Maintain Controls over Property	Material Weakness and Material Noncompliance
2018-003	20	Failure to Comply with Office of the Comptroller Request	Material Weakness and Material Noncompliance

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
2018-004	22	Held Vouchers	Material Weakness and Material Noncompliance
2018-005	24	Lack of Review of Billing Rates	Material Weakness and Material Noncompliance
2018-006	26	Violation of the State Finance Act	Material Weakness and Material Noncompliance
2018-007	28	Inadequate Controls over Approval of Accounts Receivable Credit Memorandums	Material Weakness and Material Noncompliance
2018-008	30	Inadequate Controls over Collection Efforts	Material Weakness and Material Noncompliance
2018-009	32	Inadequate Controls over Voucher Processing	Material Weakness and Material Noncompliance
2018-010	34	Failure to Adopt Formal Departmental Rules	Material Weakness and Material Noncompliance
2018-011	36	Failure to Comply with the Fiscal Control and Internal Auditing Act	Material Weakness and Material Noncompliance
2018-012	40	Inadequate Controls over Project Management of the Enterprise Resource Planning System	Material Weakness and Material Noncompliance
2018-013	43	Failure to Timely Approve or Submit Overtime Requests	Material Weakness and Material Noncompliance
2018-014	45	Failure to Control and Monitor Software Licensing	Material Weakness and Material Noncompliance
2018-015	47	Emergency Purchases Weaknesses	Material Weakness and Material Noncompliance

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
2018-016	49	Inadequate Security and Control over Midrange Environment	Material Weakness and Material Noncompliance
2018-017	51	Lack of Adequate Controls over the Review of Internal Controls over External Service Providers	Significant Deficiency and Noncompliance
2018-018	54	Inadequate Controls over Monthly Reconciliations	Significant Deficiency and Noncompliance
2018-019	56	Inadequate Records for Refund	Significant Deficiency and Noncompliance
2018-020	57	Inadequate Controls over State Vehicles	Significant Deficiency and Noncompliance
2018-021	61	Employee Performance Evaluations Not Conducted Timely	Significant Deficiency and Noncompliance
2018-022	63	Failure to Submit and Accurately File Required Reports	Significant Deficiency and Noncompliance
2018-023	65	Inadequate Disaster Contingency Planning	Significant Deficiency and Noncompliance
2018-024	67	Inadequate Control over Employee Exit Procedures	Significant Deficiency and Noncompliance
2018-025	69	Employee Time Reports Not Timely Completed	Significant Deficiency and Noncompliance
2018-026	70	Contract Obligation Documents Not Accurately Completed	Significant Deficiency and Noncompliance
2018-027	72	Failure to Disable Wireless Communication Devices	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
2018-028	74	Lack of a Comprehensive and Accurate Description of IT Internal Controls	Significant Deficiency and Noncompliance
2018-029	76	Weaknesses in the IT Internal Control Environment	Significant Deficiency and Noncompliance
2018-030	78	Lack of Agreements to Ensure Compliance with IT Security Requirements	Significant Deficiency and Noncompliance

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on June 14, 2019. Attending were:

Representing the Illinois Department of Innovation and Technology

Jennifer Ricker, Chief of Staff
Jenifer Johnson, Chief Administrative Officer
Brian Turner, Acting Chief Fiscal Officer
Douglas Tinch, Chief Internal Auditor
Judy Zhu, Internal Auditor
Deborah Shotts, Internal Auditor (via teleconference)

Representing the Office of the Auditor General

Kathy Lovejoy, Senior Audit Manager

Representing E.C. Ortiz & Co., LLP

Marites Sy, Partner (via teleconference)
Elda Arriola, Partner

The responses to the recommendations were provided by Douglas Tinch, Chief Internal Auditor, in a correspondence dated June 21, 2019.



INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Department of Innovation and Technology's compliance with the requirements listed below (specified requirements), 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, 2018. The management of the State of Illinois, Department of Innovation and Technology is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Department of Innovation and Technology's compliance based on our examination.

- A. The State of Illinois, Department of Innovation and Technology 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 State of Illinois, Department of Innovation and Technology 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 State of Illinois, Department of Innovation and Technology 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 State of Illinois, Department of Innovation and Technology are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act (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 State of Illinois, Department of Innovation and Technology complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the State of Illinois, Department of Innovation and Technology complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Department of Innovation and Technology's compliance with specified requirements.

As described in items 2018-001 through 2018-030 in the accompanying schedule of findings, the State of Illinois, Department of Innovation and Technology did not comply with the specified requirements listed in the first paragraph of this report. Items 2018-001 through 2018-016 are each considered to represent material noncompliance with the specified requirements. Items 2018-017 through 2018-030 individually would have been regarded as significant noncompliance with the specified requirements; however, when aggregated, we determined these items constitute material noncompliance. Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Department of Innovation and Technology to comply with the specified requirements listed in the first paragraph of this report.

In our opinion, because of the significance and pervasiveness of the noncompliance described in the preceding paragraph, the State of Illinois, Department of Innovation and Technology did not comply, in all material respects, with the specified requirements listed in the first paragraph of this report during the two years ended June 30, 2018.

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

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Internal Control

Management of the State of Illinois, Department of Innovation and Technology is responsible for establishing and maintaining effective internal control over compliance with the specified requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Department of Innovation and Technology's internal control over compliance with the specified requirements listed in the first paragraph of

this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Department of Innovation and Technology's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Department of Innovation and Technology's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2018-001 to 2018-016 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2018-017 to 2018-030 to be significant deficiencies.

There were no immaterial findings that have been excluded from this report.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2018 and June 30, 2017 in Schedules 1 through 6 and the Analysis of Operations Section is presented for purposes of additional analysis. Because of the significance of the matters described in items 2018-001 through 2018-016 in the accompanying schedule of findings, it is inappropriate to, and we do not, express an opinion on the supplementary information referred to above.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
June 21, 2019

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS-STATE COMPLIANCE

2018-001. **FINDING** (Failure to Comply with Executive Order 2016-01)

The Department of Innovation and Technology (Department) failed to comply with the provisions of Executive Order 2016-01: Executive Order Consolidating Multiple Information Technology Functions Into A Single Department of Innovation and Technology.

The Executive Order, effective March 27, 2016, required the Department and 38 agencies (agencies) to transfer (1) identified employees, (2) personnel records, books, correspondence, and other property; both real and personal, and (3) unexpended balances of Fiscal Year 2016 and Fiscal Year 2017 appropriations, to the Department as of July 1, 2016.

Our testing noted, as of July 1, 2016, the Department and the agencies had not transferred:

- the identified personnel. The first transfer of personnel occurred on October 1, 2016, with 23 additional agencies transferring personnel during Fiscal Year 2018. As of June 30, 2018, the remaining 14 agencies had not transferred personnel or had transferred the personnel to another agency.
- the real and personal property. The first transfer of property from two agencies occurred during the last quarter of Fiscal Year 2017, with six agencies transferring property during Fiscal Year 2018. The remaining 30 agencies had not transferred property as of June 30, 2018.

The Department had entered into Intergovernmental Agreements (IGAs) with the agencies documenting the rights and duties of each party as they relate to the personnel, assets, contracts, and funding during the transition period. However, we noted the Department had not entered into IGAs with 11 and 13 agencies for Fiscal Years 2017 and 2018, respectively. In addition, we noted the Department had entered into IGAs with five agencies that were not documented in the Executive Order as a transferring agency.

Department management indicated there was insufficient resources to conduct the transfer of personnel and property within the timeframe outlined in the Executive Order.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

Failure to timely and fully consolidate IT functions, employees, assets, and funds is a violation of the Executive Order. In addition, as a result of failing to complete the transfer of property and personnel, the Department's Schedule of Changes in State Property and the Analysis of Operations, Average Number of Employees schedule are not fairly presented. (Finding Code No. 2018-001)

RECOMMENDATION

We recommend the Department work with the agencies to complete the transfer of personnel and property as required by the Executive Order.

DEPARTMENT RESPONSE

The Department agrees with the finding that it did not conduct the transfer of personnel and property within the timeframe outlined in the Executive Order and agrees it should work with agencies to complete the transfer of personnel and property as required by the Executive Order and Public Act 20 ILCS 1370. Given the complexity of issues and number of stakeholders involved, it was not possible to complete the transfers within the time period required by the Executive Order.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-002. **FINDING** (Failure to Maintain Controls over Property)

The Department of Innovation and Technology (Department) failed to maintain controls over its property and related records.

Agency Report of State Property

During our testing of the Agency Report of State Property (Form C-15) filed with the Office of the State Comptroller, we noted:

- For the Fiscal Year 2017 C-15 Reports:
 - The Department of Central Management Services (DCMS) compiled the C-15 Reports for the Statistical Service Revolving Fund (Fund 304) and the Communication Revolving Fund (Fund 312) for the Department. Department management indicated this was due to the DCMS, Bureau of Communication and Computer Services' property not being transferred to the Department until June 29, 2017. See Finding 2018-001 for additional information.
 - Fund 312 C-15 Reports were understated by \$54,790,222 due to not recording the cost of the Fiber Optic Network.
 - Building and building improvements, totaling \$1,089,591, were incorrectly classified as Capital Lease Assets on the C-15 Report for Fund 312. The Department corrected the asset classification on the second quarter of Fiscal Year 2018's C-15 Report.
 - The Department did not maintain supporting documentation for deletions reported on the C-15 Reports for Fund 304 and Fund 312, totaling \$946,569 and \$82,091, respectively.
- For the Fiscal Year 2018 C-15 Reports:
 - Fund 312 C-15 Report for the fourth quarter was understated by \$44,825,981 due to not recording the cost of the Fiber Optic Network.
 - The Department did not maintain support for deletions, additions, and transfers reported on the C-15 Reports for Fund 312, totaling \$741,267 (net).
 - On Fund 304's third quarter C-15 Report, totaling \$148,601,618, the Department stated "the above totals do not include a large quantity of tagged assets that have been recently identified with incomplete records in CIS (inventory system). These appear to primarily stem from FY17 and are in the process of being completed. The total value of these suspense items is estimated at \$10 million."

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

- Fund 312 C-15 Reports did not include deletions, totaling \$129,938 and transfers, totaling (\$240,430).
- For Fund 304 and Fund 312 C-15 Reports, net transfers totaling \$14,872,663 were incorrectly reported as deletions and additions.

The Statewide Accounting Management System (SAMS) Manual, (Procedures 29.10.10) requires the Department's asset records to be reconciled to the results of the inventory and updated accordingly. Additionally, the SAMS Manual (Procedure 29.20.10) requires transfers in and out to be recorded independently from additions and deletions.

Property Records

Our testing of the Department's Property Records noted:

- Building and building improvements, totaling \$1,089,591 and intangible assets, totaling \$3,880,858 were not recorded in the Department's inventory system.
- 2,305 equipment items did not contain the purchase price and the purchase dates in the property records. Additionally, the Department was unable to determine the purchase price or the purchase dates.
- 6,928 equipment items purchased in months/years preceding June 30, 2018, totaling \$5,703,583 did not contain the purchase prices and the purchase dates.
- 4,965 equipment items transferred to the Department by six transferring agencies, totaling \$19,016,554 had not been recorded in the Department's property records.

The Illinois Administrative Code (44 Ill. Adm. Code 5010.230) requires entries on property records to include the purchase price and purchase date. In addition, the Illinois Administrative Code (44 Ill. Adm. Code 5010.400) requires the Department to adjust property records within 30 days of acquisition, change, or deletion of equipment items. Effective May 3, 2019, the Illinois Administrative Code was changed to allow the Department 90 days to adjust their property records.

- The Department recorded incorrect transaction codes in their property records for 150 and 1,652 equipment items in Fiscal Years 2017 and 2018, respectively. The Illinois Administrative Code (44 Ill. Adm. Code 5010.310) requires all transactions be recorded with an appropriate transaction code. Each transaction code identifies the type of transaction

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

applicable to each piece of property.

Annual Inventory

During our testing of the Department's Fiscal Years 2017 and 2018 annual physical inventory reports submitted to DCMS, we noted the following:

- DCMS completed the Annual Property Certification for Fiscal Year 2017 due to not transferring property to the Department. See finding 2018-001 for additional information.
- For 14 of 17 (82%) missing computers, totaling \$57,424, the Department was unable to provide information whether the computers contained confidential information.

The State Property Control Act (30 ILCS 605/4) requires the Department to be accountable for the supervision, control and inventory of all items under its jurisdiction and control. In addition, the Department had the responsibility to ensure that confidential information is protected from disclosure and the provisions in the Personal Information Protection Act (815 ILCS 530) are followed.

- The Department did not report the certification of inventory and discrepancy report for four of 203 (2%) location codes for Fiscal Year 2018. The Illinois Administrative Code (44 Ill. Adm. Code 5010.220) requires all equipment with an acquisition value of \$500 to be reported to DCMS by the holding agency. Effective May 3, 2019, the Illinois Administrative Code was changed to require all equipment with an acquisition value greater than the nominal value and equipment that is subject to theft with a value less than that nominal value to be reported to DCMS.

Population Completeness

We requested the Department to provide the population of its property in order to determine if property had been properly recorded. In response to the request, the Department provided a population; however, given the noted exceptions above we were unable to conclude the Department's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35).

Even given the population limitations noted above, we performed testing on a sample of the property population.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

Detailed Testing

Property Additions:

- Six of seven (86%) property additions, totaling \$4,131, were recorded 17 to 293 days late. The Illinois Administrative Code (44 Ill. Adm. Code 5010.400) requires the Department to adjust their property records within 30 days of acquisition, change, or deletion of equipment items. Effective May 3, 2019, the Illinois Administrative Code was changed to allow the Department 90 days to adjust their property records.

Property Deletions:

- For 34 of 60 (57%) property deletions, totaling \$955,552, the Department did not maintain the supporting documentation for the deletion.
- 12 of 60 (20%) property deletions, totaling \$103,651, were assigned improper transaction codes.

The Illinois Administrative Code (44 Ill. Adm. Code 5010.310) requires the Department to report to DCMS, a detailed list of inventory deletions including the transaction code, the tag number, description, purchase price, and purchase date on a monthly basis. Documentation supporting each deletion is to be maintained in the Department's files.

- 20 of 60 (33%) property deletions, totaling \$52,146, were recorded 15 to 1,337 days late. The Illinois Administrative Code (44 Ill. Adm. Code 5010.400) requires the Department to adjust their property records within 30 days of acquisition, change, or deletion of equipment items. Effective May 3, 2019, the Illinois Administrative Code was changed to allow the Department 90 days to adjust their property records.
- 35 of 60 (58%) property deletions, totaling \$325,978, lacked documentation of the approval by the DCMS' Property Control Division. The Illinois Administrative Code (44 Ill. Adm. Code 5010.310) requires all deletions from property control records to be approved by DCMS' Property Control Division prior to completing the transaction.
- 35 of 60 (58%) property deletions, totaling \$319,040, lacked documentation of the signature by the receiving officer. The Department of Central Management Services' Property Control Procedures (Sections 4.1 and 4.8) requires the receiving agency to sign the supporting documentation to confirm the equipment has been received.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

Physical observation

During testing, we noted:

- For 17 of 120 (14%) items, totaling \$84,503, property records were not updated to reflect the current location or transfer to DCMS as surplus. The Illinois Administrative Code (44 Ill. Admin. Code 5010.620) requires all agencies to regularly survey their inventories for transferable equipment and report any such equipment on proper forms to DCMS' Property Control Division.
- Seven of 60 (12%) items were not recorded in the property records. The State Property Control Act (30 ILCS 605/6.02) requires the Department to maintain a permanent record of all items of property under his jurisdiction and control.
- Three of 60 (5%) items, totaling \$2,510, were not included on the listing reported to DCMS. The Illinois Administrative Code (44 Ill. Adm. Code 5010.220) requires all equipment with an acquisition value of \$500 or more to be reported to DCMS by the holding agency. Effective May 3, 2019, the Illinois Administrative Code was changed to require all equipment with an acquisition value greater than the nominal value and equipment that is subject to theft with a value less than that nominal value to be reported to DCMS.

Schedule of Changes in State Property

Due to the noted exceptions above and limitations on the property population, the accountants were unable to conclude the Department's Schedule of Changes in State Property on pages 86-87 was complete and appropriately reported.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies 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 revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Department management indicated the exceptions were due to transitioning to a new agency and the lack of resources.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

Failure to maintain controls over the property and related records has resulted in the Department's property records, subsequent reporting to DCMS and the Office of the State Comptroller, and the Schedule of Changes in State Property being inaccurately reported. (Finding Code No. 2018-002)

RECOMMENDATION

We recommend the Department implement controls to ensure all property is accounted for in accordance with the Illinois Administrative Code and the Statewide Accounting Management System Manual. In addition, the Department should ensure the reporting to DCMS and the Office of the State Comptroller is accurate and reconciled to the Department's records.

DEPARTMENT RESPONSE

Department agrees with the finding. The Department now operates under a new set of procedures and a computer application for intake and reporting. Inaccurate data, which was a source of the findings, have been and continue to be corrected. The Department published an Information Security Incident Management Policy effective October 2018, that includes guidance for handling lost or stolen equipment as well as a procedure that supports the policy.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-003. **FINDING** (Failure to Comply with Office of the Comptroller Request)

The Department of Innovation and Technology (Department) failed to comply with request for documentation from the Office of the Comptroller.

On March 10, 2017, the Office of the Comptroller requested from the Department documentation supporting vouchers presented for payment related to the development of the State's Enterprise Resource Planning (ERP) system. The correspondence stated until such time the Office of the Comptroller received the documentation, the vouchers presented for payment would not be approved for payment.

During our examination, we requested from the Department documentation of their response to the Office of the Comptroller's correspondence. However, as of November 21, 2018, the Department had not provided the requested documentation to the Office of the Comptroller.

As of June 30, 2018, the Office of the Comptroller was holding vouchers dating back to November 2015, totaling \$124,938,490. In addition, due to the delay in payment of these vouchers, prompt payment interest has been accruing. As of December 31, 2018, accrued interest was \$20,658,807.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states all State agencies are to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that obligations and costs are in compliance with applicable law.

The State Comptroller Act (15 ILCS 405/9(d)) states the Comptroller shall examine each voucher and all other documentation required to accompany the voucher, and shall ascertain whether the voucher and documentation meet all requirements established by or pursuant to law. If the Comptroller determines that the voucher and documentation do not meet applicable requirements established by or pursuant to law, he shall refuse to draw a warrant.

The Illinois Administrative Code (Code) (74 Ill. Admin. Code 245.401) requires state agencies to use, implement and comply with the accounting principles and procedures promulgated by the Comptroller, whenever reporting or accounting for any transaction involving public funds. Additionally, the Code (74 Ill. Admin. Code 265.802) states if the Comptroller has reason to question the legality of a

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

transaction, either at the time a contract is filed or at the time a voucher is presented for payment, and if the documents routinely filed in support of such transaction do not in his opinion adequately resolve the question, the Comptroller may require the appropriate state agency to submit or make available such additional documentation or information as may be necessary to assist in determining the legality of the transaction.

The Statewide Accounting Management System (SAMS) (Procedure 17.10.10) states the Office of the Comptroller is to conduct a pre-audit of vouchers to ensure compliance with applicable laws, rules, and regulations. Upon notification from the Office of the Comptroller, agencies are to provide the Office of the Comptroller additional documentation to support the voucher presented for payment.

Department management indicated the Department's prior administration had been in communication with the Office of the Comptroller. However, records could not be located that the documentation had been provided.

Failure to comply with the Office of the Comptroller's request has resulted in delayed payments to the vendors and subsequent interest. (Finding Code No. 2018-003)

RECOMMENDATION

We recommend the Department work with and submit the requested documentation to the Office of the Comptroller.

DEPARTMENT RESPONSE

Department agrees with the finding. The Department provided answers to the Office of the Comptroller questions in early April 2019 and has subsequently provided a detailed explanation of all work and deliverables performed by vendors associated with the ERP project back to Fiscal Year 2016.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-004. **FINDING** (Held Vouchers)

The Department of Innovation and Technology (Department) did not timely submit vouchers for payment.

During our examination, we noted the Department did not submit a majority of their vouchers for payment until after June 30:

Fiscal Year	Prior to June 30	After June 30	Total*
2017	\$175,938,087 (49%)	\$182,217,868 (51%)	\$358,155,955
2018	\$125,348,536 (39%)	\$193,993,717 (61%)	\$319,342,253

*The chart does not reflect the vouchers being held by the Office of the Comptroller as noted in Finding 2018-003.

As a result of holding vouchers, the Department has accrued interest totaling approximately \$28,872,879 and \$11,863,416 at June 30, 2017 and 2018, respectively.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law, and funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

The Illinois Administrative Code (74 Ill. Adm. Code 900.70) requires an agency to review a bill and either deny the bill in whole or in part and ask for more information necessary to review the bill within 30 days after physical receipt of the bill.

The Department management indicated the vouchers were held due to cash management of the funds.

As a result of holding vouchers, the Department is noncompliant with the Fiscal Control and Internal Auditing Act and the Illinois Administrative Code. In addition, the Department has incurred unnecessary interest expense. (Finding Code No. 2018-004)

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

RECOMMENDATION

We recommend the Department review and approve or deny a bill within 30 days. Additionally, upon approval, the Department should immediately submit the voucher to the Office of the Comptroller for payment.

DEPARTMENT RESPONSE

Department agrees with the finding. The Department's cash management process has been revised to now send all invoices to the Illinois Office of the Comptroller and, working together, to release them based upon cash availability. Department actions caused no additional interest expense because there was not sufficient cash available to pay them any sooner.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-005. **FINDING** (Lack of Review of Billing Rates)

The Department of Innovation and Technology (Department) did not review the billing rates utilized to bill agencies for Information Technology and telecommunication services.

During our testing of the telecommunication rates, we noted the Department had not reviewed several of the rates since Fiscal Year 2013. In addition, the Department adds an administrative mark up to the telecommunication rate; however, we noted the Department did not have a methodology to determine the administrative mark up.

Additionally, we noted the Department had not developed a methodology to determine the monthly rate to be charged to agencies who utilize the State's Enterprise Resource Planning System (ERP).

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

Department management indicated the telecommunication rates review had not been sufficiently documented. The Department also indicated that the Governor's Office of Management and Budget had determined how the agencies would be charged for the ERP usage.

As a result in not reviewing the various rates and establishing a methodology for determining rates, the Department may be under or over charging agencies for usage of their services. (Finding Code No. 2018-005)

RECOMMENDATION

We recommend the Department develop a methodology for determining the rates to be charged for the usage of the ERP. Additionally, we recommend the Department review all rates at least annually to ensure appropriateness of the charges.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

DEPARTMENT RESPONSE

Department agrees with the finding. The Department does review telecommunication rates on an annual basis and agrees that better supporting evidence should be maintained to provide proof of that review. The annual Statewide Cost Allocation Plan reports excess or deficit balances based on services provided which then initiates collaboration with the Governor's Office of Management & Budget for rate realignment. The ERP rate is in the process of being developed and implemented as the adaptation of the new system is being expanded. In Fiscal Year 2017, ERP billings were allocated based on the voucher volume and headcount size of the agency to fund the development costs of the system. In Fiscal Year 2018, the development costs were shifted to a capital appropriation for the Department and not billed to the agencies. As of the end of the audit period (Fiscal Year 2018), the agencies that were on the system represented approximately 13% of the voucher volume. As such, an operational rate had not been developed and implemented.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-006. **FINDING** (Violation of the State Finance Act)

The Department of Innovation and Technology (Department) violated the State Finance Act by allowing other agencies to pay telecommunication and Information Technology vendor invoices.

During our testing of a sample of Accounts Receivable Credit Memorandums (ARCMs), we noted 12 of 60 (20%) ARCMs were credits to the agencies monthly service billings, due to the agency paying a vendor invoice on behalf of the Department. The vendor invoices were for services that benefited multiple agencies, not just the paying agency. The total of the 12 ARCMs was \$2,015,182.

Additionally, we requested the Department provide a listing of all vendor invoices paid by agencies on behalf of the Department; however, as of the end of our fieldwork, the Department had not provided.

The State Finance Act (Act) (30 ILCS 105/6p-1) states the money in the Technology Management Revolving Fund shall be used by the Department of Innovation and Technology as reimbursement for expenditures incurred in rendering information technology and related services. Additionally, the Act (30 ILCS 105/9.04) requires a State agency to certify on every voucher that the goods or services specified on the voucher were for the use of this agency and that the expenditure for such goods or services was authorized and lawfully incurred. Furthermore, the Act (30 ILCS 105/9.06) states to execute knowingly and intentionally a false certification under Section 9.03 or 9.04 of the Act shall result in removal from office if done by an officer, or discharge if done by an employee.

Department management indicated the agencies paid vendor invoices on their behalf due to cash flow problems.

As a result of allowing agencies to pay vendors on behalf of the Department, the Department is not properly accounting for its expenditures and revenue in its financial records. (Finding Code No. 2018-006)

RECOMMENDATION

We recommend the Department comply with the State Finance Act by not allowing other agencies to pay vendors on the Department's behalf. In addition, the Department should ensure each agency pays its appropriate share of the costs.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

DEPARTMENT RESPONSE

Department agrees with the finding. The Department presents the following as clarification to the numbers of identified exceptions.

Only 3 of the 60 credits sampled (5%) were related to an agency paying an invoice on behalf of the Department. An Intergovernmental Agreement existed with each of the 3 instances that transferred fiscal responsibility and specified the credits that would be given. Nine (9) of the 60 credits sampled (15%) were a result of the funding mechanism passed by the General Assembly in which the Department of Central Management Services was given appropriations for deposit into the State's revolving funds in lieu of appropriating GRF funding to individual, separate agencies for payment of revolving fund services. Credits were granted to GRF funded agencies as a result of these deposits made on their behalf.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-007. **FINDING** (Inadequate Controls over Approval of Accounts Receivable Credit Memorandums)

The Department of Innovation and Technology (Department) did not maintain adequate controls over the approval of Accounts Receivable Credit Memorandums (ARCMs).

During our testing, we noted 30 of 60 (50%) ARCMs sampled, totaling \$9,958,754, did not contain documentation of review and approval of the responsible Bureau and Accounting Division management. The purpose of the ARCM is to initiate an offset credit entry against an existing fund receivable from a State agency or local government unit. The Department processed billing credits totaling \$135,645,211 and \$32,755,811 during Fiscal Years 2017 and 2018, respectively.

According to the Department of Central Management Services' Fiscal Operations Policy, the ARCM is to be reviewed and approved and contain the authorizing signatures of responsible Bureau and Accounting Division management.

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

Department management indicated the forms were submitted electronically and did not contain the documentation of review and approval.

The lack of supervisory review and approval of credit memorandums increases the risk of unauthorized adjustments, misappropriation of assets, and fraudulent financial reporting. (Finding Code No. 2018-007)

RECOMMENDATION

We recommend the Department strengthen internal controls to ensure all credit memorandums are reviewed and approved prior to posting. Additionally, the Department should ensure electronic reviews and approvals are documented.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

DEPARTMENT RESPONSE

Department agrees with the finding. As an interim solution, IT credit approval processes have been revised that now require a ‘wet’ signature on a printed form (replacing the electronic submission).

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-008. **FINDING** (Inadequate Controls over Collection Efforts)

The Department of Innovation and Technology (Department) did not maintain adequate controls over collection efforts of delinquent accounts.

Our testing of 60 delinquent accounts receivable sampled, noted 58 (97%) did not have a record of the Department’s collection efforts. The Department generates a Collection Letters Summary Report (Report) which documents the date the Department sent collection letter to its customers. However, the Report was programmed to retain only the last six months of data; therefore, we could not determine if collections letters were sent to customers with accounts older than six months.

The State Records Act (5 ILCS 160/9) requires the head of each agency to establish and maintain an active, continuing program for the economical and efficient management of the records of the agency. Such program shall provide for effective controls over the creation, maintenance, and use of records in the conduct of current business and shall ensure that agency electronic records, as specified in Section 5-135 of the Electronic Commerce Security Act, are retained in a trustworthy manner so that the records, and the information contained in the records, are accessible and useable for reference for the duration of the retention period.

The Statewide Accounting Management System (SAMS) Manual (Procedure 26.40.10) states it is critical that agencies maintain complete records of all collection efforts related to each past due account. Collection documentation will be required in order to support legal action against the debtor, or to justify certification of uncollectability.

Department management indicated the collection system utilized had been established by the Department of Central Management Services and the Department did not have resources to replace it.

Failure to maintain records of all collection activities could result in the Department’s inability to pursue legal action or justify the debts’ uncollectability. (Finding Code No. 2018-008)

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

RECOMMENDATION

We recommend the Department implement a system to maintain a record of all collection activities.

DEPARTMENT RESPONSE

Department agrees with the finding. Change over to the ERP system will improve recording and maintenance of fiscal records.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-009. **FINDING** (Inadequate Controls over Voucher Processing)

The Department of Innovation and Technology (Department) did not have adequate controls over voucher processing.

During testing of a sample of 466 vouchers, we noted:

- 338 (73%) vouchers, totaling \$58,302,782 were approved from two to 421 days late.

The Illinois Administrative Code (74 Ill. Admin. Code 900.70 (b)) requires an agency to approve or deny, in whole or in part, a vendor's bills within 30 days after receipt.

- 58 (12%) vouchers, totaling \$13,851 were not supported by a purchase requisition or purchase order.

The State Records Act (5 ILCS 160/8) requires an agency make and preserve adequate and proper documentation of the essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities. Documentation for vouchers should include purchase orders or other obligation documents documenting management's approval to acquire a good or service.

- 3 (1%) vouchers, totaling \$2,780 were not approved for payment.

The Illinois Administrative Code (74 Ill. Admin. Code 900.70 (a)) requires State agencies to review in a timely manner each bill after its receipt to determine if the bill is a proper bill.

- 1 (.22%) voucher was paid at the incorrect amount. The voucher was paid at \$169.56 and should have been paid at \$119.56.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires an agency 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.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

- 1 (.22%) voucher, totaling \$2,794 did not have the correct object code.

The Statewide Accounting Management System (SAMS) Manual (Procedure 11.10.50) requires an agency to assign an appropriate detailed object code on its vouchers to report more detailed expenditure information.

Department management indicated the delay in approving vouchers was caused by cash flows difficulties and the remaining exceptions were due to human error.

Failure to establish adequate internal controls over voucher processing resulted in noncompliance with State laws, rules and regulations. Additionally, it increases the probability errors and other wrongdoings could occur and not be detected in a timely manner. (Finding Code No. 2018-009)

RECOMMENDATION

We recommend the Department implement adequate controls over voucher processing to ensure:

- the timely approval of invoice vouchers,
- the expenditures are substantiated with purchasing documents,
- proper approval is obtained,
- the voucher is paid at the correct amount, and
- the correct object code is recorded.

DEPARTMENT RESPONSE

Department agrees with the finding. Internal approvals were completed timely with only the final accounting approval delayed until cash was available to warrant the invoice. The Department's cash management process has been revised to now send all invoices to the Illinois Office of the Comptroller and, working together, to release them based upon cash availability. The Department has implemented the BidBuy eProcurement system and modified internal procedures which now requires all purchases, regardless of the dollar amount which are not tracked by other means (e.g. Remedy On Demand), to be entered into BidBuy.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-010. **FINDING** (Failure to Adopt Formal Departmental Rules)

The Department of Innovation and Technology (Department) had not adopted formal Departmental rules for the operation, administration, accounting and reporting of the Department.

During our examination, we noted the Department had not drafted or adopted formal rules related to accounting, property control, personnel, autos, and record retention.

Executive Order 2016-01: Executive Order Consolidating Multiple Information Technology Functions Into A Single Department of Innovation and Technology, effective March 27, 2016, created the Department and stated the Department was subject to all of the general laws applicable to the Executive Branch agencies. Additionally, the Illinois Administrative Procedure Act (5 ILCS 100/5 *et seq.*) states that each agency shall maintain and file organizational rules, including a current description of the agency’s organization, current procedures for information requests, and a current description of the agency’s rulemaking procedures.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law.

Department management indicated during the transition to a new agency, they utilized the Department of Central Management Services’ policies and procedures due to the limited resources available to establish Departmental rules.

Failure to establish Departmental rules is a violation of State law. (Finding Code No. 2018-010)

RECOMMENDATION

We recommend the Department adopt formal rules for the operation, administration, accounting and reporting of the Department.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

DEPARTMENT RESPONSE

Department agrees with the finding. The Department will adopt formal rules and has undertaken efforts to begin the rulemaking process.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-011. **FINDING** (Failure to Comply with the Fiscal Control and Internal Auditing Act)

The Department of Innovation and Technology (Department) failed to comply with the Fiscal Control and Internal Auditing Act (Act).

During our testing of the Department’s internal auditing activities, we noted:

- Although Executive Order 2016-01, effective March 27, 2016, established the Department, an Internal Audit Division was not established until June 1, 2017, with the hiring of a Chief Internal Auditor. For Fiscal Year 2017, the Department of Central Management Services’ Internal Audit Division conducted internal audit activities.
- The Department’s Fiscal Year 2018 two year internal audit plan did not have documentation of approval by the chief executive officer of the Department.

The Act (30 ILCS 10/2003) requires the chief executive officer of each designated State agency ensure that the internal auditing program includes a two-year plan, identifying audits scheduled for the pending fiscal year and approved by the chief executive officer before the beginning of the fiscal year. Additionally, the International Standards for the Professional Practice of Internal Auditing (Standards) (2020 – Communication and Approval) require the chief audit executive communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management for review and approval.

- The Department failed to develop a risk-based internal audit plan. The Department was unable to provide information on how the two-year internal audit plan was established.

The Standards (2010 – Planning) require the chief audit executive establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the Department’s goals.

- Three of the five (60%) audits proposed to be performed in Fiscal Year 2018 were not completed. In addition, we noted there were no audits relating to internal accounting and administrative controls of major systems.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

The Act (30 ILCS 10/2003) requires the internal auditing program to include audits of major systems of internal accounting and administrative control conducted on a periodic basis so that all major systems are reviewed at least once every two years. The audits must include testing of the obligation, expenditure, receipt, and use of public funds of the State and of funds held in trust to determine whether those activities are in accordance with applicable laws and regulations

- During our testing of the audit documentation of internal audits completed by the Department during Fiscal Year 2018, we noted:
 - the absence of the entrance conference documentation or communication to Department representatives that an audit would be performed,
 - findings were not supported,
 - there was no documentation of submission and approval of the final internal audit reports to the chief executive officer,
 - there was no documentation of responses to findings, and
 - there was no evidence of follow-up to determine if corrective actions were initiated and implemented.

The Standards (2300 – Performing the Engagement) require the internal auditors identify, analyze, evaluate, and document sufficient information to achieve the engagement’s objectives. The Standards (2330 – Documenting Information) also require internal auditors document sufficient, reliable, relevant, and useful information to support the engagement results and conclusion. Additionally, the Standards (2400 – Communicating Results) require internal auditors communicate the results of the engagements to the appropriate parties. Finally, the Standards (2500 – Monitoring Progress) states the chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.

- The Department submitted its Fiscal Year 2017 Fiscal Control and Internal Auditing Act certification (FCIAA certification) to the Office of the Auditor General two days late. In addition, the Department submitted its Fiscal Year 2018 FCIAA certification and indicated that their systems of internal fiscal and administrative controls comply with the requirements of the Act even though they had not completed their evaluation of the Department’s purchasing, contracting, and leasing internal fiscal and administrative controls.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

The Act (30 ILCS 10/3003) requires the chief executive officer of each State agency to prepare and transmit to the Auditor General by May 1 of each year a certification, on the basis of an evaluation conducted in accordance with guidelines established by the Act, that the systems of internal fiscal and administrative controls of the State agency fully or do not fully comply with the requirements of the Act. If the systems do not fully comply with the requirements of the Act, the certification shall include a report describing any material weaknesses and the plans and schedule for correcting the weaknesses, or a statement of the reasons why the weaknesses cannot be corrected.

Department management indicated the delay in hiring a Chief Internal Auditor and associated staff contributed to the exceptions.

Failure to ensure audits are conducted and documented appropriately is a violation of the Fiscal Control and Internal Auditing Act and the International Standards for the Professional Practice of Internal Auditing. Additionally, failure to ensure FCIAA certifications are timely submitted and properly supported is a violation of the Act. (Finding Code No. 2018-011)

RECOMMENDATION

We recommend the Department ensure:

- risk-based internal audit plans are approved,
- planned audits are completed,
- audits of major systems of internal accounting and administrative controls are performed at least once every two years, and
- FCIAA certifications are timely submitted and properly supported to comply with the Act.

We also recommend the Department ensure internal audit documentation contain sufficient, reliable, relevant, and useful information to support the engagement results and conclusion, and results are appropriately communicated and monitored to comply with the International Standards for the Professional Practice of Internal Auditing.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

DEPARTMENT RESPONSE

Department agrees with the finding. The FY 20-21 audit plan, currently being developed, is risk based. As internal auditing positions are filled, resources will be available capable of conducting required control reviews. For the 11 months from July 1, 2016 through May 31, 2017, the Department's Chief Internal Auditor position remained vacant.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-012. **FINDING** (Inadequate Controls over Project Management of the Enterprise Resource Planning System)

The Department of Innovation and Technology (Department) did not establish adequate controls to ensure project management over the State's Enterprise Resource Planning System (ERP).

The Department embarked on the ERP project in order to deliver a modern, integrated IT platform across finance, human capital management and procurement for all State agencies, with the first set of agencies transitioning to the ERP in October 2016.

Costs

As part of the examination, we requested the initial approved budgeted cost for the ERP project; however, the Department was unable to provide this documentation. The Department did, however, provide the Fiscal Year 2017 Capital Budget Overview, which stated the ERP was estimated to cost \$250 million over five to six years. For Fiscal Years 2015 through 2021, the Department's actual and projected expenditures totalled \$399,069,500. Specifically:

- FY2015 through FY 2018 actual expenditures were \$149,328,900, and
- FY2019 through FY2021 projected expenditures were \$249,740,600.

Change Management

Our review of the ERP Change Management Policy and Procedures (Policy) noted it did not depict the current change environment. Specifically, we noted the Policy did not document:

- the type of changes and the process they were to follow,
- the information the Project Management Office and/or the Change Request Lead were to review and approve,
- who was to review and approve the change request requirements and resource estimates, and
- who was to approve the movement of the change request to the various environments.

In addition, we noted the approvals were not always maintained in the change tracking system as required by the Policy, but rather in a secondary repository.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

We selected a sample of 15 change requests to determine if they complied with the requirements that were documented in the Policy, noting change requests were not always properly completed, tested, approved, or documented.

Processes

We selected a sample of 13 transaction processes to ensure they were functioning properly, and noted the ERP allowed for duplicate asset tag numbers. During testing, auditors were able to enter the same property tag number into the Asset management module.

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

Generally accepted information technology guidance endorses the implementation of a process to ensure computer system development activities meet management's objectives. A defined process increases the likelihood of effective and efficient use of resources resulting in computer systems that meet expectations. Additionally, generally accepted information technology guidance endorses the implementation of suitable change management procedures to control changes to computer systems. Effective change management procedures reduce the risk of unauthorized, improper, or erroneous changes to computer systems.

Department management indicated the exceptions were due to staff turnover, lack of resources and the learning process of a major new application.

Lack of controls over project management may expose the State to excessive expenditures, over-reliance on contractors, and a system that does not meet the needs of the State. Additionally, inadequate controls over changes may result in unauthorized changes and accidental or intentional destruction or alteration of data. (Finding Code No. 2018-012)

RECOMMENDATION

We recommend the Department establish controls to ensure project management over the State's ERP. Additionally, the Department should ensure the ERP does not allow duplicate asset tag numbers.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

The Department should also review the ERP Change Management Policy and Procedures and ensure it depicts the current change environment and actual practices. Specifically, the Department should ensure the Policy addresses:

- the type of changes and the process they are to follow,
- the information the Project Management Office and/or the Change Request Lead are to review,
- who is to review the change request requirements and resource estimates, and
- who is to approve the movement of the change request to the quality environments.

The Department should also ensure all change requests document the requirements of the ERP Change Management Policy and Procedures.

DEPARTMENT RESPONSE

Department agrees with the finding. A new module that has been launched within the ERP system will now alleviate the problem of duplicate asset tag numbers. The Department will review and update Change Management policies and procedures as necessary to ensure they are comprehensive and reflect current practices.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-013. **FINDING** (Failure to Timely Approve or Submit Overtime Requests)

The Department of Innovation and Technology (Department) failed to timely approve or submit overtime requests.

The Department paid \$4,161,746 for approximately 69,560 hours of overtime during Fiscal Years 2017 and 2018. Based on our testing of a sample of employee overtime pre-approval requests and time report details, we noted:

- For 31 of 60 (52%) employees, the overtime pre-approval requests totaling 326 hours were not pre-approved by the supervisors. These requests were approved one to 17 days after the overtime had been worked.
- 27 of 60 (45%) employees did not submit overtime pre-approval requests in advance of the time to be worked. These requests were submitted one to 17 days after the overtime was worked.

According to the Department of Central Management Services' Policy Manual, Chapter 2, Section 6, employees must complete overtime request in advance and the employee's immediate supervisor must review and approve the employee's request in advance of the time to be worked. Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to ensure resources are utilized efficiently and effectively.

Department management indicated the operational requirements and lack of workforce resources caused the exceptions noted.

Failure to ensure pre-approval overtime requests are timely submitted and properly approved in advance undermines accountability controls and may result in unnecessary expenditures. (Finding Code No. 2018-013)

RECOMMENDATION

We recommend the Department ensure overtime pre-approval requests are timely submitted and properly approved in advance.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

DEPARTMENT RESPONSE

Department agrees with the finding. The Department has converted to eTime as the recognized employee timekeeping system. This system will make overtime pre-approvals more timely. Also, the Department is in the process of adopting its own Policy Manual, where the issue of emergency overtime will be addressed.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-014. **FINDING** (Failure to Control and Monitor Software Licensing)

The Department of Innovation and Technology (Department) did not have controls in place to control, track, and monitor end-user software use.

The Department had not developed procedures for controlling, monitoring, and tracking the use of software licenses. In addition, the Department could not provide an inventory of software licenses purchased and the number of software licenses that was actually deployed. As a result, we were unable to determine if the Department was in compliance with contractual licensing agreements.

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

Department management indicated an inventory of software licenses was not maintained and procedures for monitoring and tracking software licenses were not formalized in writing due to the lack of resources.

Failure to track, control, and monitor software license usage leaves the Department, and user agencies exposed to possibility of additional costs, including fees, penalties and litigation and possibility of the termination of software usage. (Finding Code No. 2018-014)

RECOMMENDATION

We recommend the Department develop and implement procedures to control, monitor, and track software licenses. Additionally, the Department should develop a mechanism to track the software licenses purchased and utilized. Furthermore, the Department should at least annually reconcile their software license inventory to vendor software inventory to ensure software is deployed in accordance with the terms of procurement.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

DEPARTMENT RESPONSE

Department agrees with the finding. The Department is in the process of developing enterprise software license management procedures, staffing dedicated positions to support software license management, and purchasing a tool to assist with identifying services running on Department servers.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-015. **FINDING** (Emergency Purchases Weaknesses)

The Department of Innovation and Technology (Department) was unable to provide documentation demonstrating the actual cost of emergency purchases.

Population

As part of our testing, we requested the Department provide a population of emergency purchases in order to determine if the Department complied with the requirements of the Illinois Procurement Code. In response to our request, the Department provided a listing of emergency purchases. However, our reconciliation of the Department's listing with the Illinois Office of the Comptroller's Agency Contract Report (SC14), noted emergency purchases listed on the SC14 and not in the Department's population and vice versa.

Due to these conditions, we were unable to conclude the Department's population of emergency purchases were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35). **Even given the population limitations noted above, we performed testing on a sample of emergency purchases.**

Testing

Our testing noted two of six (33%) emergency purchase contracts had no documentation of the actual cost statements published in the Illinois Procurement Bulletin.

The Illinois Procurement Code (30 ILCS 500/20-30(b)) requires the purchasing agency to publish in the Illinois Procurement Bulletin the total cost of each emergency procurement made during the previous month. When the actual total cost is determined, it shall be published before the 10th day of the next succeeding month.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are utilized efficiently, effectively, and in compliance with applicable law.

Department management indicated the failure in publishing the actual cost statements in the Illinois Procurement Bulletin was overlooked due to the transition of procurement responsibilities from the Department of Central Management Services to the Department.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

Failure to maintain accurate records and publish the costs incurred for emergency purchases is noncompliance with State law. (Finding Code No. 2018-015)

RECOMMENDATION

We recommend the Department ensure compliance with the requirements of the Procurement Code and maintain an accurate and complete listing of emergency purchases.

DEPARTMENT RESPONSE

Department agrees with the finding. The Department will develop specific procedures to help ensure that the Procurement Code is followed and actual cost statements are published to the Illinois Procurement Bulletin within the established time frames.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-016. **FINDING** (Inadequate Security and Control over Midrange Environment)

The Department of Innovation and Technology had not implemented adequate security and controls over the midrange environment.

The Department provides information technology services to over 100 agencies and is the primary provider for over 35 agencies. As a result, the Department has the responsibility to implement effective computer security controls to safeguard internal and user agency data.

Population

We requested the Department provide a population of servers utilized in order to determine the controls over the servers. In response, the Department provided a population; however, during our testing we noted additional servers and servers which were no longer utilized. Due to these conditions, we were unable to conclude the Department's population records were complete and accurate under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35).

Even given the population limitations noted above, we performed testing on the population of servers identified.

Testing

During our testing, we noted:

- Servers running unsupported operating systems or service pack versions;
- Servers without anti-virus software; and
- Outdated anti-virus software definition files.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation. In addition, generally accepted information technology guidance endorses the development of well-designed and well-managed controls to protect computer systems and data.

Department management indicated the noted weaknesses were due to the lack of resources.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

Failure to implement security and control over the midrange environment increases the risk of unauthorized access and heightened the vulnerability to existing or emerging threats. (Finding Code No. 2018-016)

RECOMMENDATION

The Department should ensure complete, accurate, and detailed records are available to substantiate its midrange environment. Additionally, we recommend the Department:

- Update servers to the current vendor recommended patch or service pack levels; and
- Ensure all servers are running antivirus software, with current definition files.

DEPARTMENT RESPONSE

Department agrees with the finding. The Department will update current procedures to address deficiencies related to inventory, service level patches, and anti-virus. The Department is currently in communication with agencies to remove unsupported resources which would then facilitate installing current anti-virus signatures.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-017. **FINDING** (Lack of Adequate Controls over the Review of Internal Controls over External Service Providers)

The Department of Innovation and Technology (Department) did not obtain or conduct timely independent internal control reviews over all of its external service providers.

The Department utilized external service providers for hosting applications and data, tracking help desk tickets, inventory, and change management.

We requested the Department provide the population of service providers utilized in order to determine if the Department had reviewed the internal controls over the service providers. According to the Department, they do not have a mechanism in place to track service providers. Therefore, the Department was unable to provide a population of service providers utilized. Due to these conditions, we were unable to conclude the Department's population records were complete and accurate under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35).

Even given the population limitations noted above, we performed testing on four service providers utilized by the Department.

During our testing of the four service providers identified, we noted:

- The Department did not obtain System and Organization Controls (SOC) Reports or conduct independent internal control examinations for each of the service providers for the complete examination period.
- The Department did not document its review of each of the SOC reports.
- The Department did not monitor and document the operation of the Complementary User Entity Controls (CUECs) relevant to the Department's operations.
- The Department did not obtain or review SOC reports for subservice organizations or perform alternative procedures to determine the impact on its internal control environment.

Additionally, it was noted the contracts between the Department and the service providers did not contain a requirement for an independent review to be completed.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

The Department is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to ensure resources and data are adequately protected from unauthorized or accidental disclosure, modifications, or destruction. This responsibility is not limited due to the process being outsourced.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. In addition, generally accepted information technology guidance endorses the review and assessment of internal controls related to information systems and operations to assure the accurate processing and security of information.

Department's management indicated the exceptions were due to oversight and lack of resources.

Without having obtained and reviewed a SOC Report or another form of independent internal control review, the Department does not have assurance the external service provider's internal controls are adequate. (Finding Code No. 2018-017)

RECOMMENDATION

We recommend the Department identify all third party service providers and determine and document if a review of controls is required. If required, the Department should:

- Obtain SOC reports or (perform independent reviews) of internal controls associated with outsourced systems at least annually.
- Monitor and document the operation of the CUECs relevant to the Department's operations.
- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

- Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Department, and any compensating controls.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

DEPARTMENT RESPONSE

Department agrees with the finding. The Department will develop a practical, effective, and consistent technique that identifies all third party service providers and will continue to improve the current process. In addition, the Department will ensure that contract boilerplate language continues to contain independent review (audit) language.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-018. **FINDING** (Inadequate Controls over Monthly Reconciliations)

The Department of Innovation and Technology (Department) did not maintain adequate controls over monthly appropriation, cash receipt, and cash balance reconciliations.

During our testing of the monthly reconciliations between the Office of the Comptroller's (Comptroller) records and the Department's records, we noted:

- For the Monthly Appropriation Status Reports (SBO1):
 - Ten of 53 (19%) reconciliations were not reviewed in a timely manner. The reviews were completed five to 103 days late.
 - Eight of 53 (15%) reconciliations were not prepared timely. The reconciliations were completed five to 103 days late.
 - One of 53 (2%) reconciliation did not contain documentation of an independent review.

- For the Monthly Revenue Status Reports (SBO4):
 - Five of 43 (12%) reconciliations were not reviewed in a timely manner. The supervisory reviews were completed 20 to 158 days late.
 - For one of 43 (2%) reconciliations, the timeliness of completion could not be determined as the Department did not document the preparation date.

- For the Monthly Cash Report (SB05):
 - For seven of 43 (16%) reconciliations there was no documentation of an independent review.
 - For four of 43 (9%) reconciliations, the timeliness of completion could not be determined as the Department did not document the preparation date.
 - One of 43 (2%) reconciliation was not reviewed in a timely manner. The review was completed 20 days late.

The Statewide Accounting Management System (SAMS) Manual (Procedure 07.30.20) states “the effectiveness of any accounting and financial information system is very much dependent on the accuracy of data submitted and the confidence of its users that the system handled that data properly. Agency reconciliation is the primary control that insures these requirements are being satisfied.” Additionally, the SAMS Manual (Procedures 09.40.30, 11.40.20, and

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

25.40.20) requires the Department to perform a monthly reconciliation of appropriation, receipt account and cash balances within 60 days of the month end and notify the Office of the Comptroller of any unreconcilable differences so necessary corrective action can be taken to locate the differences and correct the accounting records. Furthermore, the SAMS Manual (Procedure 02.50.10) requires supervisors to review and approve the assigned work of their staff to minimize errors.

Department management indicated the exceptions were due to transitioning to a new agency and the development of a paperless reconciliation process.

Failure to timely prepare and review reconciliations increases the risk of undetected loss or theft and could lead to unresolved differences between the Department and the Office of the Comptroller records and inaccurate financial reporting. (Finding Code No. 2018-018)

RECOMMENDATION

We recommend the Department implement adequate controls to ensure reconciliations are completed timely and contain documentation of independent review.

DEPARTMENT RESPONSE

Department agrees with the finding. Implementation of the paperless reconciliation plan will document the reconciliations in a timely manner.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-019. **FINDING** (Inadequate Records for Refunds)

The Department of Innovation and Technology (Department) did not maintain adequate records for cash refunds.

During our testing, we noted for two of eight (25%) cash refunds sampled, totaling \$134,746, the Department failed to maintain documentation of the date when the refund was received. Therefore, timeliness of the deposits could not be determined.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires the Department to deposit receipts collected into the State Treasury within a specific number of business days, depending on the value of receipts on hand and to keep a detailed itemized account of all moneys received, including the date of receipt, the payer, the purpose, and the amount.

Department management indicated the exceptions were due to oversight.

Failure to maintain adequate documentation of cash receipts increases the risk of misappropriation of assets. (Finding Code No. 2018-019)

RECOMMENDATION

We recommend the Department maintain adequate documentation of the date a receipt is received.

DEPARTMENT RESPONSE

Department agrees with the finding. The Department is now solely responsible for processing refunds and, as such, has assigned appropriate tasks to a fiscal specialist.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-020. **FINDING** (Inadequate Controls over State Vehicles)

The Department of Innovation and Technology (Department) did not exercise adequate controls over State vehicles.

Automobile Liability Coverage

During our testing of the annual certifications of license and automobile liability coverage form (certification form), we noted:

- One of two (50%) Fiscal Year 2018 annual certification forms had not been filed; and
- Two of four (50%) certification forms were submitted from 16 to 362 days late.

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

Department management indicated the exceptions were due to oversight.

Maintenance

The Department's fleet consisted of 35 vehicles at June 30, 2017 and 32 vehicles at June 30, 2018.

During our testing of a sample of vehicle maintenance records, we noted:

- Nine of nine (100%) vehicles received oil changes 950 to 4,500 miles past the allowed oil change interval; and
- One of nine (11%) vehicles did not receive a tire rotation, as required.

The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5040.410(a)) requires agencies to have vehicles inspected at least once per year and maintain vehicles in accordance with the Department of Central Management Services' schedules for proper care and maintenance of vehicles. In addition, the Code (44 Ill. Adm. 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.

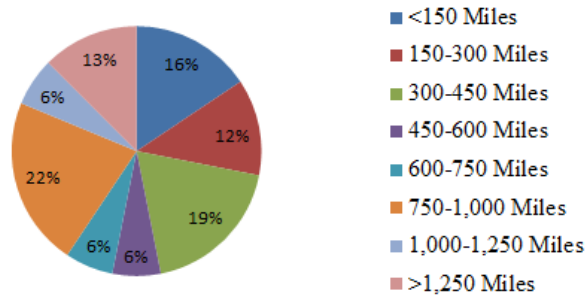
**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

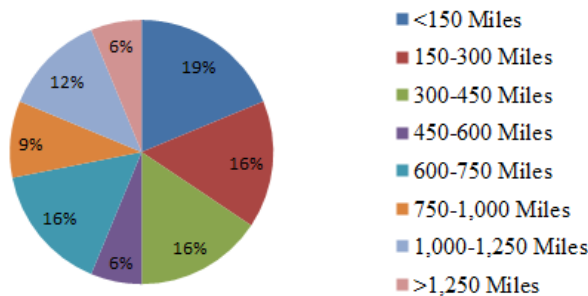
Department management indicated the delay in oil changes and tire rotation maintenance was caused by the lack of staff availability and higher priority assignments.

In addition, the Department had not performed an analysis of its automobiles to determine whether maintaining each vehicle could be justified as the most cost effective solution for the specific operational needs of the Department. We analyzed the total activity of the Department’s 35 and 32 vehicles used during Fiscal Years 2017 and 2018, respectively. The Department’s vehicles traveled between 100 and 19,675 miles during Fiscal Year 2017 and 534 and 23,231 miles during Fiscal Year 2018, with the following charts showing the average monthly vehicle utilization:

FY 2017 PERCENTAGE OF DEPARTMENT VEHICLES BY AVERAGE MILEAGE PER MONTH



FY 2018 PERCENTAGE OF DEPARTMENT VEHICLES BY AVERAGE MILEAGE PER MONTH



**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

Further, we noted the following underutilized vehicles during Fiscal Years 2017 and 2018:

Fiscal Year 2017

Year	Make	Odometer on June 30, 2017	FY17 Total Usage	FY17 Average Monthly Usage
2006	Ford	67,575	1,734	145
2006	Ford	46,394	1,298	108
2006	Ford	147,326	100	8
2006	Ford	95,448	1,507	126
2010	Dodge	122,139	1,417	118
2013	Nissan	4,922	1,754	146

Fiscal Year 2018

Year	Make	Odometer on June 30, 2018	FY18 Total Usage	FY18 Average Monthly Usage
2003	Dodge	224,884	688	57
2006	Ford	48,057	1,663	139
2006	Ford	96,965	1,517	126
2008	Ford	15,963	534	45
2013	Nissan	6,030	1,108	92

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are utilized efficiently and effectively. Additionally, the Illinois Administrative Code (44 Ill. Admin. Code 5010.620) requires the Department to regularly survey its inventory to identify transferable equipment that is no longer needed and/or useful to the Department and report it to the Property Control Division of the Department of Central Management Services.

Department management indicated, due to transitioning to a new agency, usage had been limited.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

Accident Reports

During our testing of accidents involving State vehicles, we noted one of five (20%) vehicle accident reports reviewed was submitted 13 days late.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5040.520) requires vehicle accidents to be reported to law enforcement, the Department of Central Management Services Auto Liability Unit, and the agency on the vehicle accident form within seven calendar days or the driver and agency risk forfeiture of coverage under the State's auto liability plan.

Department management indicated the delay in submitting the accident report filing was due to oversight.

Failure to timely submit the annual certifications of license and automobile liability is a violation of the Illinois Vehicle Code. In addition, failure to properly maintain vehicles may result in low fuel economy and exposure to safety issues. Furthermore, failure to timely file accident reports is a violation of the Illinois Administrative Code. (Finding Code No. 2018-020)

RECOMMENDATION

We recommend the Department ensure:

- The annual certifications of license and automobile liability coverage forms are completed timely;
- Vehicle maintenance is completed as required by the Illinois Administrative Code;
- An analysis is conducted to determine the need for vehicles; and
- Accident reports are filed timely.

DEPARTMENT RESPONSE

Department agrees with the finding. The Department will develop and publish its own vehicle use policy and procedure. The Department will work to prevent future maintenance and repair scheduling delays.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-021. **FINDING** (Employee Performance Evaluations Not Conducted Timely)

The Department of Innovation and Technology (Department) did not conduct employee performance evaluations in a timely manner.

We sampled 60 employees for testing of performance evaluations conducted during the examination period. A total of 55 evaluations should have been completed, including three-month new hire evaluations, four-month probationary evaluations, six-month probationary evaluations, and annual evaluations. During our testing, we noted 24 of 55 (44%) employees' performance evaluations had not been timely completed, ranging from five to 198 days late.

The Illinois Administrative Code (80 Ill. Adm. Code 302.270) requires performance records include an evaluation of employee performance prepared by each agency on prescribed forms. Additionally, the performance evaluations are to be completed: at the end of the third month of the probationary period and 15 days before the conclusion of the probationary period for employees serving a six month probationary period; three and half months of the probationary period for employees serving a four month probationary period; and no less than annually for certified employees.

Department management indicated the lack of workforce resources and enforcement deficiencies resulted in the exceptions.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Failure to conduct timely employee performance evaluations delays formal feedback on an employee's performance, delays communication of areas for improvement, and delays communication of the next year's performance goals and objectives. In addition, employee performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharge, layoff, recall, or reinstatement decisions. (Finding Code No. 2018-021)

RECOMMENDATION

We recommend the Department provide employee performance evaluations in a timely manner.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

DEPARTMENT RESPONSE

Department agrees with the finding. The Department will implement a written policy on performance evaluation due dates providing guidance to supervisors for timely completion of employee performance evaluation.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-022. **FINDING** (Failure to Submit and Accurately File Required Reports)

The Department of Innovation and Technology (Department) failed to file reports timely and accurately.

During our testing, we noted:

- The Department did not file its Travel Headquarter Report (TA-2) for the periods ended December 31, 2016, December 31, 2017, and June 30, 2018 with the Legislative Audit Commission. In addition, the TA-2 Report for the period ended to June 30, 2017 was submitted two days late.

The State Finance Act (Act) (30 ILCS 105/12-3) requires the Department to file Travel Headquarter Reports with the Legislative Audit Commission for all individuals whose official headquarters are located other than where their official duties require them to spend the largest part of their working time. The reports shall be filed no later than July 15 for the period from January 1 through June 30 of that year and no later than January 15 for the period July 1 through December 31 of the preceding year. The report is to list, for each officer or employee, the place designated as his or her official headquarters and the reason for each designation. Agencies with no officers or employees in this status shall file negative reports.

- The Department's Fiscal Year 2017 Agency Workforce Report was submitted 122 days late. In addition, the number of employees in one category reported on the Report did not agree to the supporting documentation provided by the Department. Discrepancies were noted on the statistical percentages presented for 12 of 16 (75%) employee groups in the Report.

The State Employment Records Act (5 ILCS 410/15(a)(v)) requires the Department to report its total number of professional employees, and the number and percentage of minorities, women, and physically disabled persons employed. In addition, the State Employment Records Act (5 ILCS 410/20) requires the Department to file the Agency Workforce Report by January 1 of each year with the Office of the Secretary of State and the Governor.

- The Department failed to submit the Fiscal Year 2017 Asian-American Employment Plan Survey.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

The Department of Central Management Services Law (20 ILCS 405/405-125) requires each State agency to implement strategies and programs in accordance with the State Hispanic and State Asian-American Employment Plan to increase the number of Hispanics and Asian-American as well the number of bilingual persons by the State at supervisory, technical, professional and managerial levels. The Law requires each State agency to report annually to the Department of Central Management Services and the Department of Human Rights, in a prescribed format, all of the Agency's activities in implementing the State Hispanic Employment Plan and the State Asian-American Employment Plan.

Department management indicated the failure to file timely and accurate reports was due to the lack of staffing and oversight.

Failure to submit and accurately report information on statutorily required reports prevents the appropriate oversight authorities from receiving relevant feedback and monitoring of programs and can decrease effectiveness of future decisions when accurate information is not available. (Finding Code No. 2018-022)

RECOMMENDATION

We recommend the Department implement controls to ensure required reports are filed timely and accurately. We further recommend the Department file corrected Agency Workforce Reports per the Illinois State Auditing Act (30 ILCS 5/3-2.2) within 30 days of the examination release.

DEPARTMENT RESPONSE

Department agrees with the finding. Filing of travel and affirmative action reports have now been assigned to dedicated Department staff who are aware and cognizant of reporting responsibilities and due dates.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-023. **FINDING** (Inadequate Disaster Contingency Planning)

The Department of Innovation and Technology (Department) did not have adequate disaster recovery plans and had not conducted testing of the midrange environment.

During the examination period, the Department had not developed detailed disaster recovery plans for the mainframe and midrange environments. In addition, the Department had not conducted recovery testing of the midrange environment during the examination period.

The Department provides information technology services to over 100 agencies and is the primary provider for over 35 agencies. As a result, the Department and agencies have a shared responsibility over disaster contingency planning; however, the Department has the fundamental duty to ensure recovery resources are available and tested. This duty is outlined in the Department’s 2018 - *State of Illinois Annual Report - Information Technology Transformation*. The report states “Illinois must ensure the cyber-resiliency of systems and the ability to recover quickly from any successful attacks as well as prepare for disasters which negatively impact systems and compromise the state’s ability to provide key information and services.”

In addition, information technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorses adequate development and formal testing of disaster contingency plans.

Department management indicated that transformation complexities and ownership confusion contributed to the lack of testing.

Failure to have tested comprehensive plans could result in agencies not being able to process critical transactions for an extended period of time in the event of disaster. (Finding Code No. 2018-023)

RECOMMENDATION

We recommend the Department develop detailed disaster recovery plans for the mainframe and midrange environments. Additionally, the Department should conduct annual testing of the recovery plans.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

DEPARTMENT RESPONSE

Department agrees with the finding. The Department will develop a schedule for testing and documentation of tests.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-024. **FINDING** (Inadequate Control over Employee Exit Procedures)

The Department of Innovation and Technology (Department) did not have adequate controls over timely submission of employee exit forms.

During testing of a sample of 51 separated employees during Fiscal Years 2017 and 2018, we noted:

- For 15 of 51 (29%) separated employees, their exit forms did not document the date the forms were completed, reviewed, and submitted by the supervisor. Thus, we could not determine the proper and timely completion of the exit forms.
- For eight of 51 (16%) separated employees, the Department did not ensure exit forms were timely completed. The exit forms were submitted from one to 103 days after the employees' separation date.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies 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.

The Department of Central Management Services' Policy Manual, Chapter 2, requires the completion of the Exit Form to ensure the collection of assets, credit cards, badges, keys and the deactivation of access rights.

Department management indicated oversight caused the exceptions.

Failure to ensure exit forms are properly completed, reviewed, and timely submitted exposes the Department to the risk of loss of State property, inappropriate expenditures, and unauthorized access to the Department's resources. (Finding Code No. 2018-024)

RECOMMENDATION

We recommend the Department strengthen its controls to ensure all exit forms are completed, reviewed, and timely submitted.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

DEPARTMENT RESPONSE

Department agrees with the finding. The Department will implement policies regarding employee offboarding and update the current offboarding forms and processes to ensure that all State property is collected and all access rights are deactivated in a timely manner.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-025. **FINDING** (Employee Time Reports Not Timely Completed)

The Department of Innovation and Technology (Department) did not implement adequate controls over employee time reporting.

We tested a sample of 60 employees Daily Time Reports, noting 12 (20%) were not completed timely. Completion of the Daily Time Report was one to 33 days late. The Department had expended \$86,991,442 and \$87,833,176 for payroll during Fiscal Years 2017 and 2018, respectively.

The State Officials and Employees Ethics Act (5 ILCS 430/5-5(c)) requires State employees to periodically submit time sheets documenting the time spent for each day on official State business to the nearest quarter hour. Additionally, the Department of Central Management Services' Policy Manual (Chapter 2, Section 2) states all employees are required to complete an accurate, daily timesheet documenting the time spent on official state business to the nearest quarter hour. The daily timesheets are to be submitted to the employee's supervisor for approval on a weekly basis. The Department would consider the daily timesheet to be past due the second week after reporting period.

Department management indicated the lack of workforce resources caused the exceptions.

Failure to maintain adequate controls over employee time reporting increases the risk of the Department paying for services not rendered by the employees. (Finding Code No. 2018-025)

RECOMMENDATION

We recommend the Department strengthen controls to ensure employees' time reports are completed, submitted in a timely manner, and approved by their supervisor.

DEPARTMENT RESPONSE

Department agrees with the finding. The Department is in the process of adopting its own Policy Manual in which the timeframes for submission of employee time reports and supervisory approvals will be addressed.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-026. **FINDING** (Contract Obligation Documents Not Accurately Completed)

The Department of Innovation and Technology (Department) did not have adequate controls over Contract Obligation Documents (COD).

During our testing of a sample of 60 contractual agreements, we noted the CODs were not properly completed for nine (15%) contracts. Specifically:

- One COD did not state the correct maximum and annual amounts. The maximum and annual amounts entered on the COD was \$357,360; however, the contract award was \$178,680.
- Four CODs totaling \$1,957,244 included incorrect Illinois Procurement Bulletin publication dates.
- Three CODs totaling \$622,217 contained inaccurate Illinois Procurement Bulletin reference numbers.
- One COD totaling \$49,954 reported an incorrect beginning date of the contract.
- One COD totaling \$44,340 contained an incorrect description. The Procurement Business Case number included in the description was for a different vendor.

The Statewide Accounting Management System (SAMS) (Procedure 15.20.10) requires the contract obligation document to contain the maximum contract amount, annual contract amount, beginning date of the contract, detailed description of the contract, and procurement information from the Department of Central Management Services' Illinois Procurement Bulletin.

Department management indicated that lack of resources contributed to the exceptions.

The lack of proper controls over contract obligation documents may result in inaccurate recording and a lack of accountability by the Department. (Finding Code No. 2018-026)

RECOMMENDATION

We recommend the Department strengthen controls to ensure the proper review of the required information on contract obligation documents before filing with the Office of the Comptroller.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

DEPARTMENT RESPONSE

Department agrees with the finding. Steps have begun that will minimize the amount of manual entry into the Department's financial system when filing contracts with the Illinois Office of the Comptroller. In addition, once the Department is able to fill vacant positions, the additional staff will provide improved quality control of SAP ERP Contract Obligation Document entries.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-027. **FINDING** (Failure to Disable Wireless Communication Devices)

The Department of Innovation and Technology (Department) failed to disable the services of wireless communication devices in a timely manner.

During our testing of a sample of nine terminated employees, we noted:

- The terminated employee's cell services was not timely cancelled or reassigned for six (67%) terminated employees. The Department disabled or reassigned the devices from 46 to 291 days after the termination of the employee. The Department incurred additional costs totaling \$1,576.
- Cellular service was not cancelled for one (11%) terminated employee. The Department has incurred a monthly telecommunication service charge of \$52 since the termination date of the employee on June 15, 2018 until the date the accountants notified the Department of the exception.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies 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.

The Department of Central Management Services Wireless Communication Policy requires the Agency Telecommunications Coordinator to be responsible for securing the return of the wireless communication devices issued to an employee who no longer has a need for them.

Department management indicated poor communication between Department functional business units caused a delay in termination of services.

Failure to cancel wireless communication device services at the time of employee termination exposes the Department to the risk of the unauthorized use of State property and inappropriate expenditures. (Finding Code No. 2018-027)

RECOMMENDATION

We recommend the Department implement internal controls to ensure the timely return and cancellation of telecommunication services upon an employee's termination.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

DEPARTMENT RESPONSE

Department agrees with the finding. The Department has established a new position responsible for ensuring that wireless communication devices are disabled as appropriate. The Department will review current offboarding procedures to ensure the timely return and cancellation of telecommunication services upon an employee's termination.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-028. **FINDING** (Lack of a Comprehensive and Accurate Description of IT Internal Controls)

The Department of Innovation and Technology's (Department) Description of the IT General Controls and Application Controls (Description) was not comprehensive or accurate.

The Description is a comprehensive internal controls document which provides a framework and guidance to protect the security, processing integrity, availability, and confidentiality of internal and user agencies systems and data. In addition, a comprehensive internal controls document is the foundation for the annual System and Organization Control (SOC) examination to determine if the Department's internal control framework is comprehensive, accurate, suitably designed, and operating effectively. In the 2018 SOC examination, the deficiencies outlined above contributed to an adverse opinion.

The Description was not comprehensive as it contained the following omissions:

- Information regarding the configuration standards and installation requirements for midrange devices to promote consistency and security;
- Information and associated controls on the secondary mainframe operating system;
- Interfaces and protocols available to user agencies to securely transmit data; and
- The process for termination of physical access rights when they were no longer required.

The Description included references to controls that were not currently implemented. Specifically, we noted:

- The IT Risk Assessment Policy was no longer utilized by the Department;
- Ethics training was not provided to newly hired contractors;
- Data file transmissions did not always utilize a standard process; and
- Preventive maintenance agreements for the water detection system had not been established.

The Department provides information technology services to over 100 agencies and is the primary provider for over 35 agencies. As such, the Department, as a service provider, delivers services which are likely relevant to user agencies' internal controls. Specifically, the Department's information technology general controls and application controls environment impact the user agencies and should provide for security, processing integrity, availability, and confidentiality.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

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

Department management indicated the errors were due to oversight.

Without an accurate depiction of its internal controls, the Department and user agencies may have unidentified deficiencies and may be unable to rely on the internal controls over the services provided. (Finding Code 2018-028)

RECOMMENDATION

We recommend the Department develop a comprehensive and accurate document that outlines its internal controls for its IT environment.

DEPARTMENT RESPONSE

Department agrees with the finding. The Department will update and maintain a description of internal controls for its IT environment that is comprehensive and accurate.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-029. **FINDING** (Weaknesses in the IT Internal Control Environment)

The Department of Innovation and Technology's (Department) Information Technology (IT) had weaknesses in the implementation and documentation of IT internal controls.

The Department provides information technology services to over 100 agencies and is the primary provider for over 35 agencies.

During our review, we noted the policies and procedures governing logical security did not address the requirements for requesting, obtaining and modifying access rights, periodic review of access rights, and revocation of access rights.

In addition, we noted employees or contractors had not:

- Completed security awareness training or cybersecurity training;
- Completed the annual acknowledgement of compliance with security policies;
- Obtained proper authorization for access rights, or request forms were submitted late, or not properly approved; and
- Removed access rights in a timely manner.

We also noted the Department did not maintain documentation to support the following activities required by internal policies and procedures:

- Annual review of security software IDs with powerful privileges;
- Reviews of Incident Reports by the Chief Information Security Officer;
- Weekly reviews of security records; and
- Assessments of newly discovered vulnerabilities.

We also found:

- The required security banner warning of prosecution for unauthorized access was not always displayed at initial sign-on; and
- 551 laptops and desktops were not up-to-date with the latest anti-virus product and 3,692 were not up-to-date with the latest anti-virus definitions.

The Department provides State agencies with information technology general controls and application controls for their use. As such, the Department, as a service provider, delivers services which are likely relevant to user agencies' internal controls.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Additionally, generally accepted information technology guidance endorses the development of well-designed and well-managed controls to protect computer systems and data.

Department management indicated the errors were due to oversight.

Failure to provide internal controls that were suitably designed and operating effectively may result in security weaknesses and data integrity concerns. (Finding Code No. 2018-029)

RECOMMENDATION

We recommend the Department ensure controls are suitably designed and implemented to protect computer systems and data. Specifically, we recommend the Department:

- Update policies and procedures governing logical security to address the requirements for requesting, obtaining and modifying access rights, periodic review of access rights, and revocation of access rights;
- Ensure security awareness training or cybersecurity training and annual acknowledgement of compliance with security policies is completed;
- Ensure access rights are properly authorized;
- Ensure access rights are timely removed;
- Maintain documentation to support the completion of activities required by policies and procedures;
- Ensure the required security banner warning of prosecution for unauthorized access is always displayed at initial sign-on; and
- Ensure laptops and desktops have current anti-virus products and definitions.

DEPARTMENT RESPONSE

Department agrees with the finding. The Department is in the process of aligning policies, procedures, and standards to comply with appropriate NIST controls.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

2018-030. **FINDING** (Lack of Agreements to Ensure Compliance with IT Security Requirements)

The Department of Innovation and Technology (Department) had not entered into detailed agreements with user agencies to ensure prescribed requirements and available security mechanisms were in place in order to protect the security, processing integrity, availability, and confidentiality of user agencies systems and data.

On January 25, 2016, the Governor signed Executive Order 2016-01, which created the Department of Innovation and Technology. Under the Executive Order, the Department assumed responsibilities for the State’s IT decisions and spending, including the Information Technology infrastructure and functions. Commencing on July 1, 2016, the Department and user agencies were to work together in order to “transfer all relevant functions, employees, property, and funds” to the Department.

The Department and user agencies entered into Intergovernmental Agreements (Agreements), with a term of July 1, 2016 through June 30, 2017 and July 1, 2017 through June 30, 2018. The Agreements outlined the transfer of assets and staff; however, they did not address the security, processing integrity, availability and confidentiality of the user agencies systems and data. As a service provider, the Department has the responsibility to ensure critical and confidential systems and data are adequately secured.

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

Department management indicated detailed Agreements had not been entered into due to lack of resources.

Without formal agreements, the Department may not have an understanding of the prescribed requirements and available security mechanisms user agencies require in order to ensure the security, processing integrity, availability, and confidentiality of systems and data. (Finding Code No. 2018-030)

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

CURRENT FINDINGS – STATE COMPLIANCE (Continued)

RECOMMENDATION

We recommend the Department enter into detailed Agreements with the user agencies to ensure prescribed requirements and available security mechanisms are documented in order to protect the security, processing integrity, availability, and confidentiality of user agencies systems and data.

DEPARTMENT RESPONSE

Department agrees with the finding. The Department recognizes its obligation to ensure that the responsibilities and roles related to security and interoperability of agency data is clearly articulated and defined with user and client agencies.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

PRIOR FINDINGS NOT REPEATED

There are no prior findings not repeated, as this is the first Compliance Examination of the Department.

**STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis: (Not Examined)
 - Schedule of Appropriations, Expenditures and Lapsed Balances Fiscal Year 2018 (Not Examined)
 - Schedule of Appropriations, Expenditures and Lapsed Balances Fiscal Year 2017 (Not Examined)
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances (Not Examined)
 - Schedule of Changes in State Property Fiscal Year 2018 (Not Examined)
 - Schedule of Changes in State Property Fiscal Year 2017 (Not Examined)
 - Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller (Not Examined)

- Analysis of Operations (Not Examined):
 - Agency Functions and Planning Program (Not Examined)
 - Analysis of Significant Variations in Expenditures (Not Examined)
 - Analysis of Significant Variations in Receipts (Not Examined)
 - Analysis of Significant Lapse Period Spending (Not Examined)
 - Analysis of Accounts Receivable (Not Examined)
 - Budget Impasse Disclosures (Not Examined)
 - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined)
 - Interest Costs on Invoices (Not Examined)
 - Average Number of Employees (Not Examined)
 - Emergency Purchases (Not Examined)
 - Service Efforts and Accomplishments (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that because of the significance of the matters described in items 2018-001 through 2016-016 in the accompanying schedule of findings, it is inappropriate to, and we do not, express an opinion on the supplementary information.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2018

Sixteen Months Ended October 31, 2018
(NOT EXAMINED)

Public Act 100-0021 and Public Act 100-0586	Appropriations (Net After Transfers)	Expenditures Through June 30, 2018	Lapse Period Expenditures July 1, 2018 to October 31, 2018	Total Expenditures 16 Months Ended October 31, 2018	Balances Lapsed October 31, 2018
APPROPRIATED FUNDS					
Capital Development Fund - 0141	\$ 397,680,000	\$ -	\$ 52,012,867	\$ 52,012,867	\$ 345,667,133
Information Technology, including Enterprise Resource Planning Subtotal - Fund 0141	<u>\$ 397,680,000</u>	<u>\$ -</u>	<u>\$ 52,012,867</u>	<u>\$ 52,012,867</u>	<u>\$ 345,667,133</u>
Technology Management Revolving Fund - 0304	\$ 350,000,000	\$ 125,348,536	\$ 141,980,850	\$ 267,329,386	\$ 82,670,614
Administration and Program Expenses Subtotal - Fund 0304	<u>\$ 350,000,000</u>	<u>\$ 125,348,536</u>	<u>\$ 141,980,850</u>	<u>\$ 267,329,386</u>	<u>\$ 82,670,614</u>
Total Appropriated Funds	<u>\$ 747,680,000</u>	<u>\$ 125,348,536</u>	<u>\$ 193,993,717</u>	<u>\$ 319,342,253</u>	<u>\$ 428,337,747</u>

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of October 31, 2018, and have been reconciled to Department records.

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

Note 3: Article 998 of Public Act 100-0021 authorized the Department to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Department's Fiscal Year 2017 or Fiscal Year 2018 appropriations to non-payroll expenditures. The Analysis of Operations section of this report at page 97 includes information from Department management about the number of invoices and the total dollar amount of invoices held by the Department submitted against its Fiscal Year 2018 appropriation.

Note 4: As noted in Finding 2018-003, the above expenditures do not include the \$124,938,490 vouchers being held by the Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2017

Fifteen Months Ended September 30, 2017
(NOT EXAMINED)

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2017	Lapse Period		Total Expenditures 15 Months Ended September 30, 2017	Balances Lapsed September 30, 2017
			Expenditures July 1, 2017 to September 30, 2017	Expenditures September 30, 2017		
Public Act 99-0524						
APPROPRIATED FUNDS						
Statistical Services Revolving Fund - 0304	\$ 700,000,000	\$ 126,092,737	\$ 126,223,047	\$ 252,315,784	\$ 447,684,216	
Administration and Program Expenses	\$ 700,000,000	\$ 126,092,737	\$ 126,223,047	\$ 252,315,784	\$ 447,684,216	
Subtotal - Fund 0304						
Communications Revolving Fund - 0312	\$ 200,000,000	\$ 49,845,350	\$ 55,994,821	\$ 105,840,171	\$ 94,159,829	
Administration and Program Expenses	\$ 200,000,000	\$ 49,845,350	\$ 55,994,821	\$ 105,840,171	\$ 94,159,829	
Subtotal - Fund 0312						
Total Appropriated Funds	\$ 900,000,000	\$ 175,938,087	\$ 182,217,868	\$ 358,155,955	\$ 541,844,045	

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2017, and have been reconciled to Department records.

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

Note 3: Public Act 99-0524 authorized the Department to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 97 includes information from Department management about the number of invoices and the total dollar amount of invoices held by the Department submitted against its Fiscal Year 2017 appropriation.

Note 4: As noted in Finding 2018-003, the above expenditures do not include the \$124,938,490 vouchers being held by the Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES**
For the Years Ended June 30, 2018 and 2017

Schedule 3

(NOT EXAMINED)

	<u>2018</u>	<u>2017</u>
	<u>P.A.100-0021 and P.A. 100-0586</u>	<u>P.A. 99-0524</u>
APPROPRIATED FUNDS		
Capital Development Fund - 0141		
Appropriations (Net After Transfers)	\$ 397,680,000	\$ -
Expenditures		
Information Technology, including Enterprise Resource Planning	\$ 52,012,867	\$ -
Total Expenditures	<u>\$ 52,012,867</u>	<u>\$ -</u>
Lapsed Balances	<u>\$ 345,667,133</u>	<u>\$ -</u>
Technology Management Revolving Fund - 0304 (formerly Statistical Services Revolving Fund)		
Appropriations (Net After Transfers)	\$ 350,000,000	\$ 700,000,000
Expenditures		
Administration and Program Expenses	\$ 267,329,386	\$ 252,315,784
Total Expenditures	<u>\$ 267,329,386</u>	<u>\$ 252,315,784</u>
Lapsed Balances	<u>\$ 82,670,614</u>	<u>\$ 447,684,216</u>
Communications Revolving Fund - 0312		
Appropriations (Net After Transfers)	\$ -	\$ 200,000,000
Expenditures		
Administration and Program Expenses	\$ -	\$ 105,840,171
Total Expenditures	<u>\$ -</u>	<u>\$ 105,840,171</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ 94,159,829</u>
Total - All Appropriated Funds		
Appropriations (Net After Transfers)	<u>\$ 747,680,000</u>	<u>\$ 900,000,000</u>
Total Expenditures	<u>\$ 319,342,253</u>	<u>\$ 358,155,955</u>
Lapsed Balances	<u>\$ 428,337,747</u>	<u>\$ 541,844,045</u>

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES**
For the Years Ended June 30, 2018 and 2017

Schedule 3
(Continued)

(NOT EXAMINED)

	2018	2017
	P.A.100-0021 and P.A. 100-0586	P.A. 99-0524
STATE OFFICERS' SALARIES		
Appropriations (State Comptroller)	\$ 150,300	\$ 150,300
Expenditures	124,195	145,008
Lapsed Balances	\$ 26,105	\$ 5,292

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of October 31, 2018 and September 30, 2017, and have been reconciled to Department

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

Note 3: Public Act 99-0524 authorized the Department to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 97 includes information from Department management about the number of invoices and the total dollar amount of invoices held by the Department submitted against its Fiscal Year 2017 appropriation.

Note 4: Article 998 of Public Act 100-0021 authorized the Department to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Department's Fiscal Year 2017 or Fiscal Year 2018 appropriations to non-payroll expenditures. The Analysis of Operations section of this report at page 97 includes information from Department management about the number of invoices and the total dollar amount of invoices held by the Department submitted against its Fiscal Year 2018 appropriation.

Note 5: As noted in Finding 2018-003, the above expenditures do not include the \$124,938,490 vouchers being held by the Comptroller.

Note 6: For Fiscal Year 2017, the Secretary's salary was paid from the Communications Revolving Fund (Fund 312).

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF CHANGES IN STATE PROPERTY

For the Year Ended June 30, 2018
(Expressed in Thousands)

(NOT EXAMINED)

	Balance June 30, 2017	Additions	Deletions	Net Transfers	Balance June 30, 2018
<u>Technology Management Revolving Fund - 0304</u>					
Intangibles	\$ -	\$ -	\$ -	\$ 3,881	\$ 3,881
Buildings and Building Improvements	-	-	-	1,090	1,090
Equipment	70,468	15,853	(7,261)	77,333	156,393
Total Technology Management Revolving Fund - 0304	<u>70,468</u>	<u>15,853</u>	<u>(7,261)</u>	<u>82,304</u>	<u>161,364</u>
<u>Communications Revolving Fund - 0312</u>					
Equipment	86,096	825	(8,285)	(78,636)	-
Intangibles	3,881	-	-	(3,881)	-
Leases: Buildings and Building Improvements	1,090	-	-	(1,090)	-
Total Communications Revolving Fund - 0312	<u>91,067</u>	<u>825</u>	<u>(8,285)</u>	<u>(83,607)</u>	<u>-</u>
TOTAL PROPERTY AND EQUIPMENT, AT COST	<u>\$ 161,535</u>	<u>\$ 16,678</u>	<u>\$ (15,546)</u>	<u>\$ (1,303)</u>	<u>\$ 161,364</u>

Note: The above schedule was derived from the property reports (C-15 Agency Report of State Property) submitted to the Office of the Comptroller which have been reconciled to Department records. During testing, the auditors noted misstatements in Department property reports and records of equipment amounts reported in this schedule. See Finding 2018-002 for details.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF CHANGES IN STATE PROPERTY

For the Year Ended June 30, 2017
(Expressed in Thousands)

(NOT EXAMINED)

	Balance				Balance	
	June 30, 2016	Additions	Deletions	Net Transfers	June 30, 2017	
<u>Statistical Services Revolving Fund - 0304</u>						
Equipment	\$ -	\$ -	-	\$ 70,468	\$ 70,468	
<u>Communications Revolving Fund - 0312</u>						
Equipment	-	-	-	86,096	86,096	
Intangibles	-	-	-	3,881	3,881	
Leases: Buildings and Building Improvements	-	-	-	1,090	1,090	
Total Communications Revolving Fund - 0312	-	-	-	91,067	91,067	
TOTAL PROPERTY AND EQUIPMENT, AT COST	\$ -	\$ -	-	\$ 161,535	\$ 161,535	

Note: The above schedule was derived from the property reports (C-15 Agency Report of State Property) submitted to the Office of the Comptroller which have been reconciled to Department records. During testing, the auditors noted misstatements in Department property reports and records of equipment amounts reported in this schedule. See Finding 2018-002 for details.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
RECONCILIATION OF CASH RECEIPTS TO
DEPOSITS REMITTED TO THE STATE COMPTROLLER**
For the Years Ended June 30, 2018 and 2017

(NOT EXAMINED)

	Fiscal Year	
	2018	2017
Technology Management Revolving Fund - 0304		
(formerly Statistical Services Revolving Fund)		
Local Illinois governmental units	\$ 4,880,318	\$ 2,676
Miscellaneous	658	-
Other Illinois State agencies	114,692,530	233,618,841
Private organization or individual	2,054,066	34
Federal government	295,875	-
Prior year refund	89,077	27,795
Total cash receipts per Department	<u>122,012,524</u>	<u>233,649,346</u>
Less - In transit at end of year	(1,083,396)	(36)
Less - Due from other funds beginning of year	(2,823,695)	(357)
Plus - In transit at beginning of year	36	261
Plus - Due from other funds end of year	<u>77,507,413</u>	<u>2,823,695</u>
Total cash receipts per State Comptroller's records	<u><u>195,612,882</u></u>	<u><u>236,472,909</u></u>
Communications Revolving Fund - 0312		
Local Illinois governmental units	\$ 1,760,719	\$ 6,069,752
Other Illinois State agencies	27,158,599	74,027,982
Private organization or individual	1,026,122	3,381,848
Federal government	104,240	280,953
Prior year refund	-	134,872
Total cash receipts per Department	<u>30,049,680</u>	<u>83,895,407</u>
Less - In transit at end of year	-	(226,311)
Less - Due from other funds beginning of year	(7,710,956)	(65,627)
Plus - In transit at beginning of year	226,311	222,589
Plus - Due from other funds end of year	-	7,710,956
Plus - Prior year refunds / warrant voids	-	135
Total cash receipts per State Comptroller's records	<u>\$ 22,565,035</u>	<u>\$ 91,537,149</u>
GRAND TOTAL - ALL FUNDS		
Total cash receipts per Department Records	\$ 152,062,204	\$ 317,544,753
Less - In transit at end of year	(1,083,396)	(226,347)
Less - due from other funds beginning of year	(10,534,651)	(65,984)
Plus - In transit at beginning of year	226,347	222,850
Plus - due from other funds end of year	77,507,413	10,534,651
Plus - Prior year refunds / warrant voids	-	135
Total cash receipts per State Comptroller's records - All Funds	<u><u>\$ 218,177,917</u></u>	<u><u>\$ 328,010,058</u></u>

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Agency Functions

The Department of Innovation and Technology (Department) was established on July 1, 2016 via Executive Order 2016-01 with the mission to “deliver best-in-class innovation and technology to client agencies to foster collaboration among client agencies, to empower client agencies to provide better service to residents of Illinois, and to maximize the value of taxpayer resources.” The Department is responsible for:

- managing and planning, procurement, maintenance and delivery of voice, data, wireless, video, internet and telecommunication services to all State-government agencies, boards, commissions and State-supported institutions of higher education in Illinois, as well as other governmental and some nongovernmental entities;
- operating the central computer facility, as well as other facilities that provide complete IT environment systems and support for most State agencies, boards and commissions;
- maintaining applications and the related infrastructure that State agencies, boards and commissions may utilize to meet their financial requirements.

The highest level executive within the Department has the title of ‘Secretary’ who is a member of the Governor’s Cabinet and is considered (per the Executive Order) the “chief information officer for the State and the steward of State data, with respect to those agencies under the jurisdiction of the Governor”.

The Department is organized into divisions covering business functions of: Administrative, Staff, Service, Enterprise Resource Planning, Strategy and Planning, Technology, Information Security, Internal Audits, Affirmative Action, and seven Chief Information Officer (CIO) positions.

The Department’s main administrative office is located in Springfield with network and telecommunication remote sites spread geographically throughout Illinois. Staff are geographically located in multiple locations across the State in order to respond effectively and efficiently to networking and telecommunication issues. The Department’s main computer processing facility resides in Springfield. The contracted Alternate Data Center (for resiliency and recovery capabilities) is located in the northern part of the State.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Long range goals and strategies are documented in the Department's Annual Report to the Illinois General Assembly expressed as responsibilities of the Secretary which are to:

- Transform information technology functions,
- Protect State data and systems from cyber attacks and breaches,
- Enable State agencies to provide better services to Illinois citizens and key stakeholders, and
- Reduce costs and avoid inefficiencies through innovation.

The Annual Report also contains detailed actions of transformation successes matched to the goals and objectives of the Department. Another publication that communicates the Department's vision, goals, and objectives is the Cybersecurity Strategy 2017-2019 which focuses on specific goals and achievable objectives that meet the Governor's "vision for a more efficient, accessible, competitive, and compassionate Illinois". The Strategy aligns the State's cybersecurity goals and objectives to the generally accepted best practices published by the National Institute of Standards and Technology.

The Department conducts an enterprise-wide forum daily (Mondays through Thursdays) that provides for communication and transparency of the Department's short term goals by providing timely, pertinent, and actionable information to a wide audience of Department senior leadership, critical management staff, Cluster CIOs, and agency CIOs. Agenda items require that accountability measures be attached to ensure rapid response and customer success.

The Department's organizational structure of CIOs promote quality of service, enhance the effectiveness of the Department's internal control environment, and contribute to the development and successful implementation of the Department's long and short range plans through information exchange, general oversight of agency information processing, and strategic planning participation. The Cluster CIOs enhance agency awareness of Department policies, procedures, objectives, and new initiatives as well as providing a channel to communicate agency concerns and recommendations. Cluster CIOs are categorized into seven (7) groups reflecting Statewide agency services of (1) family, children, elderly, and veterans; (2) government and public employees; (3) business and workforce; (4) natural and cultural resources; (5) public safety; (6) students; and (7) transportation.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Interagency (Intergovernmental) Agreements (IGAs), pursuant to the Intergovernmental Cooperation Act (5 ILCS 220), were established between the Department and the Illinois Department of Central Management Services (CMS) to provide various operational functions during the transition period when the Department was stabilizing and assigning new internal roles and responsibilities to often unfilled organizational positions. IGAs in place during Fiscal Year 2017 and Fiscal Year 2018 covered various Department areas such as internal audits, inventory and fixed asset management, accounts payable, deposit processes, and GAAP packages. An ongoing, continuous IGA also exists with the Illinois Department of Human Services to provide reproduction and mail services as a Statewide, Governor initiated cost reduction effort.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

The Illinois Department of Innovation and Technology's (Department) explanations for significant fluctuations in expenditures as presented in the Comparative Schedule of Net Appropriations, Expenditures and Lapsed balances (Schedule 3) are detailed below. For the purpose of this analysis, fluctuations equal to or in excess of \$500,000 and 20% in expenditures were considered to be significant.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2018 AND 2017

Communications Revolving Fund - 0312

The decrease was due to the consolidation of this fund into the Technology Management Revolving Fund (Fund 0304) at the end of calendar year 2017. The fund no longer existed nor did the Department receive an appropriation for this fund in Fiscal Year 2018.

Capital Development Fund - 0141

The increase was due to this fund receiving appropriation during Fiscal Year 2018 but none in Fiscal Year 2017.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

The Illinois Department of Innovation and Technology's (Department) explanations for significant fluctuations in receipts as presented in the Comparative Schedule of Cash Receipts and Reconciliation to Cash Receipts to Deposits Remitted to the Comptroller (Schedule 6) are detailed below. For the purpose of this analysis, fluctuations equal to or in excess of \$500,000 and 20% in receipts were considered to be significant.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2018 AND 2017

Technology Management Revolving Fund (formerly known as Statistical Revolving Fund) - 0304

The Statistical Revolving Fund was renamed as Technology Management Revolving Fund effective Fiscal Year 2018. The decrease was due to billing of Enterprise Resource Planning expenses to the various State agencies in Fiscal Year 2017, which did not occur in Fiscal Year 2018 due to receipt of capital funding.

Communication Revolving Fund – 0312

The decrease was due to the consolidation of this fund into the Technology Management Revolving Fund (Fund 0304) at the end of calendar year 2017. The fund no longer existed nor did the Department receive an appropriation for this fund in Fiscal Year 2018.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

The Illinois Department of Innovation and Technology's (Department) explanations for significant lapse period spending as presented in the Schedule of Appropriations, Expenditures, and Lapsed Balances for Fiscal Years 2018 and 2017 (Schedules 1 and 2) are detailed below. For the purpose of this analysis, lapse period spending of \$500,000 and 20% or more of total expenditures was considered to be significant.

Fiscal Year 2018

Technology Management Revolving Fund - 0304

A large portion of the vouchers were paid during the Lapse Period due to cash flow issues with the fund.

Capital Development Fund - 0141

Public Act 100-0021 established an appropriation for this fund for purposes related to information technology but was given to the Department of Central Management Services. Public Act 100-0586 amended Public Act 100-0021 and moved the appropriation to the Department on June 4, 2018 which resulted in all spending occurring in the Lapse Period.

Fiscal Year 2017

Statistical Services Revolving Fund - 0304

A large portion of the vouchers were paid during the Lapse Period due to cash flow issues with the fund.

Communications Revolving Fund - 0312

A large portion of the vouchers were paid during the Lapse Period due to cash flow issues with the fund.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
ANALYSIS OF ACCOUNTS RECEIVABLE
June 30, 2018
(Expressed in Thousands)
(NOT EXAMINED)

An aging schedule of the Department's accounts receivable at June 30, 2018 is presented below:

Fund	Current	1-30 Days	31 to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days	Total
Technology Management Revolving Fund - 0304	\$ 33,954	\$ -	\$ 22,079	\$ 40,411	\$ 49,455	\$ 135,882	\$ 281,781
Less: allowance for uncollectible accounts							(64)
Net accounts receivable							\$ 281,717

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
ANALYSIS OF ACCOUNTS RECEIVABLE
June 30, 2017
(Expressed in Thousands)
(NOT EXAMINED)

An aging schedule of the Department's accounts receivable at June 30, 2017 is presented below:

Fund	Current	1-30 Days	31 to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days	Total
Statistical Services Revolving Fund - 0304	\$ 14,617	\$ -	\$ 15,398	\$ 17,385	\$ 52,858	\$ 35,998	\$ 136,256
Communications Revolving Fund - 0312	5,623	-	7,212	8,306	10,117	30,739	61,997
Total	<u>\$ 20,240</u>	<u>\$ -</u>	<u>\$ 22,610</u>	<u>\$ 25,691</u>	<u>\$ 62,975</u>	<u>\$ 66,737</u>	<u>\$ 198,253</u>
Less: allowance for uncollectible accounts							<u>(64)</u>
Net accounts receivable							<u>\$ 198,189</u>

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
BUDGET IMPASSE DISCLOSURES
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Article 74 of Public Act 99-0524 authorized the Illinois Department of Innovation and Technology (Department) to pay Fiscal Year 2016 costs using the Department's Fiscal Year 2017 appropriations for non-payroll expenditures. In addition, Article 998 of Public Act 100-0021 authorized the Department to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Department's Fiscal Year 2017 or Fiscal Year 2018 appropriations to non-payroll expenditures. The following chart shows the Department's plan to pay its prior costs using future appropriations:

FISCAL YEAR 2016 INVOICES

<u>Fund Number</u>	<u>Fund Name</u>	<u>Paid From Fiscal Year 2017 Appropriations</u>	
		<u>Number</u>	<u>Dollar Value</u>
0304	Statistical Services Revolving Fund	471	\$48,017,611
0312	Communications Revolving Fund	2,960	\$16,607,922
		<u>3,431</u>	<u>\$64,625,533</u>

FISCAL YEAR 2017 INVOICES

<u>Fund Number</u>	<u>Fund Name</u>	<u>Paid From Fiscal Year 2018 Appropriations</u>	
		<u>Number</u>	<u>Dollar Value</u>
0304	Technology Management Revolving Fund	180	\$2,602,885

Note: As part of the Executive Order 2016-01, the Department of Central Management Service, Bureau of Communication and Computer Services was transferred to the Department of Innovation and Technology. As a result, the Department of Central Management Services transferred the Fiscal Year 2016 invoices related to the activities of the Bureau of Communication and Computer Services to the Department of Innovation and Technology.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Transactions Involving the Illinois Finance Authority

The Illinois Department of Innovation and Technology (Department) and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2017 and Fiscal Year 2018.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

Vendor Payment Program (VPP)

In 2011, the State of Illinois (State) created the voluntary VPP in response to delays in payments for goods and services provided by the State’s vendors arising from the State’s cash flow deficit. The Department of Central Management Services (CMS) approved third party financing entities to act as “qualified purchasers” of accounts receivable from “participating vendors” who had submitted invoices which had not been paid by the State.

A participating vendor’s accounts receivable is eligible for the VPP if it is from an invoice unpaid by the State that is (1) not for medical assistance payments (2) where 90 days have passed since the proper bill date, which is (3) entitled to interest under the State Prompt Payment Act (Act) (30 ILCS 540) and (4) free of any liens or encumbrances. Under the terms of an agreement between a qualified purchaser and the participating vendor, the participating vendor receives payment for 90% of the receivable balance. The participating vendor, in turn, assigns its rights to the interest due under the Act to the qualified purchaser. When the State Comptroller ultimately pays the invoice, the participating vendor receives the remaining 10% due (less any offsets).

Notably, while CMS approved the qualified purchasers and provided information to vendors about VPP, neither CMS nor the State are parties to the assignment agreements.

The following chart shows the Department’s VPP transactions for Fiscal Year 2017 and Fiscal Year 2018:

	VPP TRANSACTIONS	
	Fiscal Year Ended June 30,	
	2018	2017
Dollar Value	\$ 4,336,031	\$ 5,074,101
Vendors	2	7
Invoices	4	25

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Vendor Support Initiative Program (VSI)

During Fiscal Year 2016, the State created the voluntary VSI as an alternative to the VPP for cases where the Department lacked an enacted appropriation or other legal expenditure authority to present invoices to the State Comptroller for payment. The VSI operated similarly to the VPP, although the Department was required to determine a participating vendor's invoice (1) would have met the requirements of the VPP and (2) provided the proper bill date of invoice prior to the qualified purchaser and participating vendor entering into an agreement where the participating vendor received payment for 90% of the receivable balance. The participating vendor, in turn, assigned its rights to the interest due under the Act to the qualified purchaser. After the State Comptroller ultimately paid the invoice after the Department received appropriations or other legal expenditure authority to pay the invoice, the participating vendor received the remaining 10% due (less any offsets).

During Fiscal Year 2017, the Department had 30 vendors participate in VSI for 356 invoices, totaling \$137,188,672. A summary of the amount of transactions by qualified purchaser follows:

TRANSACTION BY QUALIFIED PURCHASER

Qualified Purchaser	Total
A	\$ 92,062
B	94,813,119
C	1,934,226
D	3,783,308
E	2,996,664
F	33,569,293
	<u>\$ 137,188,672</u>

During Fiscal Year 2018, the Department had 19 vendors participate in VSI for 1,150 invoices, totaling \$62,636,210. A summary of the amount of transactions by qualified purchaser follows:

TRANSACTION BY QUALIFIED PURCHASER

Qualified Purchaser	Total
A	\$ 610,370
B	59,700,183
C	240,468
D	382,373
E	1,702,816
	<u>\$ 62,636,210</u>

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
INTEREST COSTS ON INVOICES
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Prompt Payment Interest Cost

The Illinois Department of Innovation and Technology (Department) plans to calculate prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor's proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during Fiscal Year 2017 and Fiscal Year 2018. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90th day after a vendor submits an eligible proper bill to the Department. The following chart shows the Department's prompt payment interest incurred related to Fiscal Year 2017 and Fiscal Year 2018 invoices, calculated on the accrual basis of accounting, through June 30, 2017 and June 30, 2018, by fund:

PROMPT PAYMENT INTEREST INCURRED
Year Ended June 30, 2017

Fund Number	Fund Name	Invoices	Vendors*	Dollar Value**
0304	Statistical Revolving Fund	302	111	\$25,443,581
0312	Communications Revolving Fund	358	75	3,429,298
		<u>660</u>	<u>186</u>	<u>\$28,872,879</u>

PROMPT PAYMENT INTEREST INCURRED
Year Ended June 30, 2018

Fund Number	Fund Name	Invoices	Vendors*	Dollar Value**
0141	Capital Development Fund	3	2	\$2,809,206
0304	Technology Management Revolving Fund	287	38	9,054,210
		<u>290</u>	<u>40</u>	<u>\$11,863,416</u>

* Total of vendors represents count of unique vendors regardless of fund.

** Interest calculated through February 28, 2019 for invoices not yet paid by the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
AVERAGE NUMBER OF EMPLOYEES
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

The average number of employees employed by the Department as of the end of fiscal year are as follows:

Division	2018	2017
Enterprise Resource Planning	15	13
Infrastructure*	141	370
Network and Telecommunications	97	97
Illinois Century Network & Broadband	24	26
Contractual (Fund 304)	21	19
Service Management*	113	-
Administration*	87	-
Information Security*	18	-
Enterprise Application*	53	-
	<u>569</u>	<u>525</u>
Total average full-time employees	<u>569</u>	<u>525</u>

* Employees from Infrastructure were re-assigned to newly created Divisions: Service Management, Administration, Information Security, and Enterprise Application.

Note: The above number of employees does not take into account the employees located at the various agencies. See Finding 2018-001 for additional details.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
EMERGENCY PURCHASES
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

The Department reported the following emergency purchases during Fiscal Year 2017 and 2018:

Description	Amount
Fiscal Year 2017	
To continue meeting the goals of the open operating standard. This purchase would be in line with the administration’s policy of promoting open data on an even broader scale and doing so with an appropriate and feasible cloud-based solution.	\$ 33,499
To ensure containment of a computer breach, investigate the incident, determine root cause and establish protections to prevent cybersecurity incidents.	38,400
Total Fiscal Year 2017	\$ 71,899
Fiscal Year 2018	
To continue meeting the goals of the open operating standard. This purchase would be in line with the administration’s policy of promoting open data on an even broader scale and doing so with an appropriate and feasible cloud-based solution.	\$ 54,083
To minimize serious disruption of State Agency services that utilize Environmental Systems Research Institute, Inc. (ESRI) software products.	32,038
To minimize serious disruption of State Agency services that utilize Micro Focus Software Inc (formerly Novell) software products, maintenance, and support.	469,202
To maintain hardware support and maintenance on the 12 Xerox machines. This emergency contract will enable the Department to continue to print and process various court mandated and time sensitive materials.	249,079
Total Fiscal Year 2018	\$ 804,402

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Department of Innovation and Technology
(Appropriated Spending in Thousands)

Reporting Programs	FY 2017		FY 2018	
	Expenditures	Headcount	Expenditures	Headcount
Information Technology	\$ 252,316.00	370.0	\$ 52,013.00	1,172.5
Communications and Broadband Services	105,840.00	117.0	267,329.00	118.0
Agency Totals	\$ 358,156.00	487.0	\$ 319,342.00	1,290.5

The mission of the Illinois Department of Innovation & Technology (DoIT) is to empower the State of Illinois through high-value, customer-centric technology by delivering best-in-class innovation to client agencies fostering collaboration and empowering employees to provide better services to residents, businesses, and visitors. DoIT delivers Statewide information technology and telecommunication services and innovation to State government agencies, boards and commissions as well as policy and standards development, lifecycle investment planning, enterprise solutions, privacy and security management, and leads the nation in Smart State initiatives.

Information Technology

Mission Statement: DoIT’s mission is to empower the State of Illinois through high-value, customer-centric technology by delivering best-in-class innovation to client agencies fostering collaboration and empowering employees to provide better services to residents, businesses, and visitors.

Program Goals:

Objectives:

1. Use technology effectively to reduce administration costs.
2. Encourage agencies to upgrade and replace legacy mainframe systems.
3. Continue consolidation of State agencies into the shared data center to reduce capital investment and operating expense for the State.
4. Support the rollout of the Statewide ERP system and ensure successful integration with existing applications.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

5. Continue to measure and improve reliability, security, and availability of services.
6. Standardize service offerings to provide consistent cost-effective services to all State agencies.
7. Upgrade Windows 7 Operating System to Windows 10 Operating System to increase efficiency and information security. Goal completion is targeted for December 31, 2019.

Funds: Capital Development Fund, Technology Management Revolving Fund
Statutory Authority: 20 ILCS 450 & EO 06-12

	Fiscal Year 2017 Actual	Fiscal Year 2018 Target / Projected	Fiscal Year 2018 Actual	Fiscal Year 2019 Target / Projected
<u>Input Indicators</u>				
Total expenditures – all sources (in thousands)	\$ 252,316.00	\$ 600,000.00	\$ 215,749.80	\$ 360,000.00
Total expenditures – State appropriated funds (in thousands)	252,316.00	600,000.00	215,749.80	360,000.00
Average monthly full-time equivalents	370.0	588.0	1,172.5	1,413.0
<u>Output Indicators</u>				
State employee users supported	42,849	44,000	44,186	45,000
E-mail users supported	42,012	54,300	52,806	53,000
Websites supported	109.0	115.0	152.0	152.0
Statewide applications supported	29.0	29.0	52.0	52.0
Personal Identity Certificates (PKI) issued to the public	337,271	350,000	350,225	360,000
Help Desk calls answered	93,975	97,000	133,048	170,000
Midrange computing environment availability	99%	99%	99.5%	99.5%
Virtualized servers managed	2,715	3,000	2,800	3,500
Legacy systems supported and maintained	32.0	32.0	32.0	32.0
Enterprise Data Storage Managed – Petabyte (PB)	N/A	9.0	11.0	12.0

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target / Projected</u>	<u>Fiscal Year 2018 Actual</u>	<u>Fiscal Year 2019 Target / Projected</u>
<u>Outcome Indicators</u>				
Percentage of mainframe transactions completed within one second	N/A	N/A	99%	N/A
Mainframe system availability	N/A	N/A	99%	99.5%
Systems for which Disaster Recovery Services are provided	N/A	N/A	100%	N/A
<u>External Benchmarks</u>				
Mainframe transactions completed within two seconds (Per Gartner Group Research)	98%	98%	98%	N/A

Communications and Broadband Services

Mission Statement: To provide state-of-the-art, reliable, cost-effective, high quality communications and broadband services to State agencies, boards, commissions, constitutional offices, educational entities and participating units of local and county government.

Program Goals:

Objectives:

1. Migrate phone lines leased from outside vendors to the State's owned Voice over Internet Protocol (VOIP) infrastructure to reduce operating costs.
2. Complete transition of all State call centers to the State's VOIP infrastructure to lower cost, improve tracking and reporting, and modernize functionality.
3. Expand the reach of the Illinois Century Network (ICN) to provide service to additional schools and units of local government.
4. Increase and improve the State's online presence to improve information availability, increase transparency, and reduce operating expenses.
5. Provide professional quality media materials to increase awareness of State programs and initiatives in a cost-effective manner.

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Funds: Capital Development Fund, Communications Revolving Fund
Statutory Authority: 20 ILCS 405/405-20; 405-27

	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target / Projected</u>	<u>Fiscal Year 2018 Actual</u>	<u>Fiscal Year 2019 Target / Projected</u>
<u>Input Indicators</u>				
Total expenditures – all sources (in thousands)	\$ 105,840.00	\$100,000.00	\$ 103,592.50	\$ 150,000.00
Total expenditures – State appropriated funds (in thousands)	105,840.00	100,000.00	103,592.50	150,000.00
Average monthly full-time equivalents	117.0	0	118.0	120.0
<u>Output Indicators</u>				
Lease phone lines managed	37,150	37,150	29,088	9,500
Phones converted to Voice Over Internet Protocol (VOIP) technology	21,484	21,484	13,862	19,937
Average Telecommunications Voice Orders processed per month	691.0	691.0	553.0	N/A
Non-Smartphone wireless devices managed	17,421	17,421	13,273	N/A
Smartphone devices managed	4,605	4,605	7,863	N/A
Network data circuits managed	4,087	4,087	3,728	3,276
Illinois' Century Network (ICN) anchor institutions	4,350	4,350	2,070	2,070
<u>Outcome Indicators</u>				
Percent of incidents resolved within performance standards set for third-party telecommunications providers	N/A	N/A	94%	N/A
Average bandwidth in Gbps (all customers)	N/A	N/A	170.0	230.0
<u>Efficiency/ Cost-Effectiveness</u>				
Network availability	99.99%	N/A	99.78%	N/A
<u>External Benchmarks</u>				
Network availability	N/A	99.9%	99.99%	99.9%