

LEGISLATIVE AUDIT COMMISSION



Review of
Department of Central Management Services
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Springfield, Illinois 62706
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REVIEW #4590, DEPARTMENT OF CENTRAL
MANAGEMENT SERVICES, FY 22-23 COMPLIANCE

REVIEW: #4590
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
TWO YEARS ENDED
JUNE 30, 2023

RECOMMENDATIONS – 10

IMPLEMENTED/PARTIALLY IMPLEMENTED – 10

REPEATED RECOMMENDATIONS – 8

PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 16

This review summarizes the auditors' report of the Department of Central Management Services (CMS) the two years ended June 30, 2023, filed with the Legislative Audit Commission on May 7, 2024. The auditors conducted a compliance examination in accordance with state law and Government Auditing Standards.

Central Management Services (CMS) is the operational engine working behind the scenes to enable the State's more than 80 agencies, boards, and commissions to deliver efficient, reliable services to all Illinois citizens. The Agency's mission is to support the State by delivering innovative, responsive, and effective services that provide the best value for Illinois State government and the people it serves. Among the services CMS provides are human resources facilitation; benefits programs for employees, retirees and local governments; property and facilities management; diversity initiatives for State employment; joint purchasing support; vehicle fleet oversight and support; surplus property programs; print and electronic communications services; and administrative hearings coordination.

Raven DeVaughn was appointed Director in January 2023. Anthony Pascente was the Director during most of the audit period.

Appropriations and Expenditures

Appropriations (\$ thousands)	FY22		FY23	
	Approp	Expend	Approp	Expend
GENERAL FUNDS				
Designated Purposes				
Awards & Exp. Of St. Gov't Suggestion Aw. Bd.	0.0	0.0	0.0	0.0
Back Wages Claims	1,900.0	1,886.0	1,500.0	1,499.8
Deposit into St. Garage Revolving Fund	30,000.0	30,000.0	0.0	0.0
Nurses' Tuition	30.0	23.7	86.1	86.0
Ordinary & Contingent Operational Lump Sum	47,092.1	46,314.2	53,514.5	53,099.2

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Statewide Group Insurance	2,764,877.6	2,764,877.6	1,844,732.0	1,844,732.0
Upward Mobility Program	3,396.0	2,771.4	3,566.9	3,267.6
Total Designated Purposes	2,847,295.7	2,845,872.9	1,903,399.5	1,902,684.6
Grants				
Auto Liability, Adjust. & Admin. Of Claims, Loss Control & Prev. Serv., & Auto Liability Claims	5,460.3	4,890.5	3,600.0	1,479.4
Rep. & Indemnification for Pymt. Of Claims Under the St. Emp. Indemnification Act	1,445.3	1,313.4	2,001.3	2,001.2
Total Grants	6,905.6	6,203.9	5,601.3	3,480.6
TOTAL OTHER STATE FUNDS	2,854,201.3	2,852,076.8	1,909,000.8	1,906,165.2
OTHER STATE FUNDS				
Exp. Related to Admin. & Costs of Energy Transition Act	10,000.0	0.0	10,000.0	5,089.6
Exp. Related to Admin. & Costs of St. Garage	71,899.0	47,970.9	71,899.0	61,539.1
Exp. Related to Admin. Of St. Emp. Deferred Compensation Plan	1,600.0	921.8	1,400.0	779.6
Exp. Related to the Management of Facilities	286,102.3	226,893.1	290,102.3	267,937.4
Exp. Related to the Proc. Of Zero Emission Vehicles & Deploying Electrical Charging Infrastructure Throughout IL	30,000.0	0.0	30,000.0	0.0
Facilities Management Revolving Fund Int.	500.0	0.0	500.0	0.0
Group Insurance - Road Fund	130,993.4	130,993.4	110,283.1	110,283.1
Health Insurance Reserve Fund Prompt Pymt.	85,000.0	0.0	5,000.0	0.0
Life Insurance Cover. As Elected by Members per State Emp. Group Insurance Act	105,452.1	81,745.2	105,452.1	84,588.3
Professional Services	50,086.0	36,129.2	50,086.0	38,905.9
Provisions of Health Care Coverage as Elected by Members per State Emp. Group Insurance Act	4,915,000.0	3,010,091.2	3,695,000.0	3,002,362.9
Workers' Compensation Admin. Claims & Pymt.	118,516.2	104,725.7	113,667.3	110,771.4
TOTAL OTHER STATE FUNDS	5,805,149.0	3,639,470.5	4,483,389.8	3,682,257.3
TOTAL	8,659,350.3	6,491,547.3	6,392,390.6	5,588,422.5

Accountants' Findings and Recommendations

Condensed below are the ten findings and recommendations included in the audit report. Of these, eight are repeated from the previous audit. The following recommendations are

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classified on the basis of information provided by CMS of, via electronic mail received May 7, 2024.

1. **The auditors recommend the Department ensure premium rates meet the requirements established by the Act. Additionally, they recommend the Department either comply with the law by working with the Governor's Office of Management and Budget to obtain the necessary appropriation to supplement the Program or seek legislative relief from the statutory requirement.**

FINDING: *(Failure to determine premiums that allow for establishment of actuarial sound reserve) – First Reported 2019, Last 2023*

The Department of Central Management Services (Department) failed to determine premiums that will allow for the establishment of an actuarially sound reserve for the Community College Health Insurance Program (Program).

In the Fiscal Year 2018 and 2019 compliance examination, auditors first reported the Department had failed to determine premiums that would allow for the establishment of an actuarially sound reserve. During Fiscal Year 2023 testing, they continued to identify exceptions, as noted below:

- The State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/6.9(e)(2)) states the balance of the rate of insurance, including the entire premium for any coverage for community college dependent beneficiaries that has been elected, shall be paid by deductions authorized by the community college benefit recipient. During testing, auditors noted the Fund covered 13.42% of the total insurance rate for benefit recipients. The projected total additional cost to the Fund was \$340,388.
- The Act (5 ILCS 375/6.9(e)) requires the Department to determine premiums that will allow for the establishment of an actuarially sound reserve for the Program. As of June 30, 2023, the Program had a fund deficit of \$107.107 million. The Program does not have an actuarially sound reserve.

Department management stated the population enrolled in the non-MAPD plan in Community College Health Insurance Program represents roughly 1,350 lives (around 17%) of the overall program. This population, being so small in size, can experience significant volatility with its self-insured claims, making them less reliable. Additionally, fully insured HMO product rates are negated with increases across all health insurance programs administered by the Department. While the larger programs' impact on this can reduce volatility in year over year rate changes, the rates themselves are not completely accurate in representing the underlying claims experienced by the population in a given year. Finally, the poor financial condition of the program has created significant delays in the payment of claims for some vendors. Legislation has been passed which will allow for the establishment of an actuarially sound reserve in the future.

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This significant deficiency in internal control over financial and fiscal operations poses a reasonable possibility that future misstatements of the Department's financial statements or noncompliance will occur and not be prevented or detected or corrected on a timely basis.

The premiums established for the fund were not in compliance with the Act, resulting in additional costs to the State. Additionally, failure to determine premiums that will allow for the establishment of an actuarially sound reserve makes the Program more vulnerable to negative economic impacts, could results in an inability to pay liabilities, and results in statutory noncompliance.

DEPARTMENT RESPONSE:

The Department agrees with the finding and has worked with the Governor's Office of Management and Budget (GOMB) to enact legislation that will allow for increases to the contributions provided by active employees, districts, and the General Revenue Fund. Additionally, the Department worked with GOMB to provide for an additional \$50M in transfers to the fund which was used to reduce the payment back log. These two remedies, based upon current projections, are expected to completely eliminate the back log by Fiscal Year 2032. Subsequently, revenues will be accrued in order to establish a sound reserve balance.

UPDATED RESPONSE:

Partially Implemented. With the passage of the FY2024 Budget Implementation Act (PA103-0008), two changes were made to the funding mechanisms for the College Insurance Plan. First, a one-time interfund loan was made from the Health Insurance Reserve Fund (HIRF) to the Community College Health Insurance Security Fund in the amount of \$50M. The money must be repaid to HIRF within 108 months from the date it was borrowed. Second, for FY2024, the rate applied to active teacher salaries (and matched by college districts and GRF) was increased from 0.5% to 0.75%. Effective July 1, 2024, the rate was increased to 0.85%. Effective July 1, 2025, the rate will increase to 0.95%. Each fiscal year thereafter, the rate may increase by no more than 5%. These two changes are projected to reduce the payment backlog to zero and subsequently allow for the establishment of an actuarial sound reserve.

2. **The auditors recommend the Department refrain from entering into interagency agreements which result in agencies and the Department not maintaining their own full-time internal audit function. They recommend any other services provided to agencies be done only with the approval of the Governor. Further, auditors recommend the Department consistently establish and enforce reimbursement arrangements for its interagency agreements. Interagency agreements should be amended to reflect the reimbursement arrangements followed by the Department.**

FINDING: *(Failure to adhere to the provisions of the Fiscal Control and Internal Auditing Act) - First Reported 2019, Last 2023*

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The Department of Central Management Services (Department) entered into interagency agreements that failed to adhere to provisions of the Fiscal Control and Internal Auditing Act (Act).

The Act requires each designated State agency to maintain a full-time program of internal auditing (30 ILCS 10/2001(a)). In addition, each chief internal auditor transferred under Executive Order 2003-10 to the Department of Central Management Services shall be transferred to the auditor's designated State agency, and if an auditor does not have a designated State agency or has more than one designated State agency, then the chief executive officer of a State agency shall appoint such person as the chief internal auditor of a State agency (30 ILCS 10/2001(a-5)). The Act also states, "[a]gencies which do not have full-time internal audit programs may have internal audits performed by the Department of Central Management Services" (30 ILCS 10/2001(b)).

During the engagement period, the Department was party to interagency agreements with the following designated State agencies to provide internal audit services:

- Illinois Finance Authority
- Illinois Department of Agriculture
- Illinois Department of Corrections
- Illinois Department of Financial and Professional Regulation
- Illinois Department of Human Rights
- Illinois Department of Public Health
- Illinois Department of Veterans' Affairs

Auditors noted the following issues with these interagency agreements:

- The Illinois Finance Authority, the Illinois Department of Agriculture, the Illinois Department of Financial and Professional Regulation, and the Illinois Department of Human Rights are defined as designated State agencies under 30 ILCS 10/1003(a). The Illinois Department of Agriculture, the Illinois Department of Financial and Professional Regulation, and the Illinois Department of Human Rights, are defined as departments of State government under the Civil Administrative Code (Code) (20 ILCS 5/5-15). The Act (30 ILCS 10/2001(a)) requires each designated State agency to maintain a full-time program of internal auditing. These agencies did not have a Chief Internal Auditor during the engagement period and strictly relied on the Department to provide internal audit services. The interagency agreements ultimately resulted in these four agencies not maintaining their own full-time internal audit function. Further, these interagency agreements resulted in the Department's Chief Internal Auditor not working full time with the Department's own internal audit function.

The Act was originally a Legislative Audit Commission initiative designed to address deficiencies noted in a May 1988 management audit of Illinois' State Programs of Internal Auditing. The audit report's conclusions and recommendations and the legislation that became the Act (House Bill 2031 of the 86th General Assembly which was signed into law

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as P.A. 86-936) demonstrated an understanding that agencies which are not required to have their own full-time program of internal auditing could obtain internal auditing assistance from an agency such as the Department of Central Management Services. In other words, each designated State agency must have a full-time program of internal auditing and each State agency that is not so designated is not required to have a full-time program of internal auditing but may receive internal audit services from the Department.

In 2003, by Executive Order (2003-10) the Governor transferred the internal auditors from the various State agencies and consolidated them into a bureau at the Department. In 2009, the General Assembly unanimously rejected this consolidation of internal audit authority in the Department and directed that the internal auditors and their functions be returned to their respective designated State agencies (P.A. 96-795, effective July 1, 2010).

The Illinois Office of the Auditor General contacted the Illinois Attorney General for a ruling on the Department acting as the full-time internal audit function for these agencies. The Attorney General ruled in Opinion No. 19-001, issued August 9, 2019, on page 18, that multiple designated State agencies may not appoint the same individual as their chief internal auditor through an intergovernmental agreement. Should designated State agencies desire to consolidate or combine their internal audit functions, they must either seek authorizing legislation from the General Assembly or follow the process for reassigning functions among or reorganizing executive agencies which are directly responsible to the Governor as established by article V, section 11, of the Illinois Constitution of 1970, and the Executive Reorganization Implementation Act. The ruling was issued after all these agreements were executed except for the Illinois Department of Public Health and the Illinois Department of Veterans Affairs. The Department's management team is responsible for implementing timely corrective action on all the findings identified during a state compliance examination.

- The Department did not obtain the Governor's approval for the Department to provide professional internal auditing services for the following designated State agencies:
 - Illinois Finance Authority
 - Illinois Department of Agriculture
 - Illinois Department of Corrections
 - Illinois Department of Financial and Professional Regulation
 - Illinois Department of Human Rights

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

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agencies.” “Additional services” is not defined and no approval for the Department to provide internal auditing services specifically to these designated State agencies under the Act, was obtained from the Governor. The Department’s management team is responsible for implementing timely corrective action on all the findings identified during a state compliance examination.

- During testing of the reimbursement to the Department, auditors noted the following reimbursement arrangements for designated State agencies:

Agency	Reimbursement Arrangement
Illinois Finance Authority	The Department is to pay all expenses related to the agreement.
Illinois Department of Agriculture	Allows the Department to use Illinois Department of Agriculture appropriations for processing payroll.
Illinois Department of Corrections	When and if more than two full-time equivalent employees are hired, the payroll expenses will be supported by the Illinois Department of Corrections via payroll agreements.
Illinois Department of Financial and Professional Regulation	Allows the Department to use Illinois Department of Financial and Professional Regulation appropriations for processing payroll.
Illinois Department of Human Rights	The Illinois Department of Human Rights agrees to transfer one full-time equivalent employee to the Department. Upon termination of this agreement, the Department will reimburse the Illinois Department of Human Rights for the full-time equivalent employee.
Illinois Department of Public Health	No reimbursement arrangement noted in agreement.
Illinois Department of Veterans Affairs	No reimbursement arrangement noted in agreement.

- The Department inconsistently established reimbursement arrangements for these agreements and did not follow any of the reimbursement arrangements in the interagency agreement. The Department spent 11,198 and 12,589 hours in Fiscal Years 2022 and 2023, respectively, but did not seek reimbursement for providing internal audit services in accordance with the agreements containing reimbursement arrangements. The Department does not plan to charge these agencies for this service. Since the Department does not plan to process vouchers through the Illinois Department of Agriculture’s or the Illinois Department of Financial and Professional Regulation’s appropriations, we believe there is a significant internal control risk with potentially delegating a state’s appropriation

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authority unnecessarily.

The Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable law; (2) obligations and costs are in compliance with applicable law; and (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. The Department's management team is responsible for implementing timely corrective action on all the findings identified during a state compliance examination.

This finding was originally noted during the compliance examination of the two years ended June 30, 2019. In the subsequent examinations, the Department has not been successful in completely implementing corrective action.

Department management indicated many of the agencies they support continue to have a difficult time finding candidates that meet their auditing needs. Department management indicated the Department's focus continued to be ensuring that audits and internal audit documents were completed so continued to honor the interagency agreements established. Department management also indicated the Department's billing practice did not reflect the most up-to-date intergovernmental agreements because the Department does not plan on charging for these services rather the Department will gain benefit from providing the services through the State-wide Cost Allocation Plan reimbursements in Section 1, which identifies, accumulates, and allocates indirect costs.

The establishment of intergovernmental agreements to provide internal audit functions to other designated agencies hinders the operational autonomy intended by the General Assembly for internal auditors and resulted in the Department's Chief Internal Auditor not working full time with the Department's own internal audit function. Management at these agencies cannot terminate an appointed chief internal auditor prior to the conclusion of their term without cause and a hearing before the Executive Ethics Commission, but management can terminate the interagency agreement with the Department at any time for any reason.

Failure to obtain the approval of the Governor for expanding the professional services provided by the Department limits governmental oversight and represents noncompliance with the Code.

Granting the Department authorization to expend the agency payroll appropriations weakens their overall internal control environment and represents noncompliance with State law.

DEPARTMENT RESPONSE:

The Department accepts the finding and recommendation. We have begun the process of updating the intergovernmental agreements with the necessary changes related to the billing issues. All intergovernmental agreements for internal audit services are now sent

through the Governor's Office for approval.

While the Department has been providing internal audit support for other designated state agencies, we are committed to training staff to become Chief Internal Auditors. As such, we are committed to encouraging qualified staff to consider these positions as they come available. We are further committed to training and preparing staff for other internal audit positions within the State.

UPDATED RESPONSE:

Partially Implemented. The Department has not entered into any new agreements for the provision of internal audit services with designated agencies who are not maintaining their own full-time internal audit function. Additionally, we will obtain Governor's Office approval prior to executing with designated agencies all intergovernmental agreements (IGA). Furthermore, the Department has updated its IGA templates to ensure they are compliant with the requirements of the State Finance Act and reflect its current billing practices. Lastly, we will execute amended agreements upon the approval of the Governor's Office.

- 3. The auditors recommend the Department enforce its procedures throughout the Department to ensure the completion of performance evaluations in accordance with State rules and internal personnel policy.**

FINDING: *(Failure to timely conduct yearly performance appraisals) – First Reported 2013, Last 2023*

The Department of Central Management Services (Department) failed to conduct employee evaluations on a timely basis.

During the auditors testing of 60 employees required to have annual performance evaluations, auditors noted evaluations for sixteen (27%) employees were not conducted in accordance with Department policies or the Illinois Administrative Code (Code) for at least one of the two evaluations required during the engagement period. The evaluations were performed one to 82 days late. In addition, annual evaluations were not performed for thirty-four of 60 (57%) employees tested for at least one of the two evaluations required during the engagement period.

The Department's internal personnel policy states, "Participation in the evaluation process is a requirement for all CMS employees. Evaluations take place every 12 months..." The Illinois Code (80 Ill. Admin. Code 302.270(d)) (Code) requires each agency to prepare such evaluations not less often than annually. Evaluations are due 30 days after the ending of the review period. The Department's management team is responsible for implementing timely corrective action on all the findings identified during a state compliance examination.

This finding was originally noted during the compliance examination of the two years ended June 30, 2013. In the subsequent examinations, the Department has not been successful

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in completely implementing corrective action. Department management indicated, while the performance of timely employee evaluations has continuously been stressed by management, not all supervisors have followed this directive.

Performance evaluations are a systemic and uniform approach used for the development of employees and communication of performance expectations. These evaluations should serve as the foundation for salary adjustments, promotion, demotion, discharge, layoff, recall, and reinstatement decisions.

DEPARTMENT RESPONSE:

The Department accepts the finding and recommendation. The Department has implemented additional procedures by assigning a Human Resources staff member to send monthly evaluation reports to Deputy Directors, notating upcoming evaluation deadline dates.

UPDATED RESPONSE:

Partially Implemented - Human Resources (HR) staff send out monthly evaluation reports to cover the fiscal year, notating upcoming evaluation deadline dates. The importance of the completion of employee evaluations is reiterated by CMS' HR Director at her quarterly meetings with each bureau's Deputy Director.

4. **The auditors recommend the Department ensure the original, properly completed Form I-9 is retained in employee personnel files. In addition, we recommend the Department reinforce to employees the importance of submitting timesheets in accordance with Department policy.**

FINDING: *(Weaknesses related to personal services) – First Reported 2019, Last 2023*

The Department of Central Management Services (Department) demonstrated weaknesses related to personal services.

During testing, auditors noted the following:

- The Department failed to maintain and complete the *Employment Eligibility Verification Form* (I-9).
 - Form I-9 was absent for two of 60 (3%) employees tested.
 - Form I-9 was not signed by the employer within three business days of the hire for four (7%) of 60 employees tested.
 - Form I-9 was not signed by the employee at the time of hire for two (3%) of 60 employees tested.

The Immigration Reform and Control Act of 1986 (8 U.S. Code § 1324a) Part 274a: Control and Employment of Aliens (8 C.F.R. § 274a.2) states that a person or entity that hires an individual for employment must ensure the individual properly completes Section

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1 of Form I-9 at the time of hire and sign Section 2 of Form I-9 within three business days of the hire. Section 274a.2 further states a paper (with original handwritten signatures), electronic, original paper scanned into an electronic format, or a combination of paper and electronic, or microfilm or microfiche copy of the original signed version of Form I-9 must be retained by an employer for three years after the date of the hire or one year after the date the individual's employment is terminated, whichever is later. The Department's management team is responsible for implementing timely corrective action on all the findings identified during a state compliance examination.

Department management indicated the assurance of employees completing/submitting the I-9 form was due to employee error.

Failure to comply with U.S. Department of Homeland Security regulations could subject the State to unnecessary legal costs and penalties.

- Three of 40 (8%) employees tested did not submit their timesheets within a week of the last day of the timesheet. Additionally, auditors noted three of 40 (8%) timesheets tested were not signed by the employee.

According to the CMS Policy Manual, "The daily timesheet must be submitted to the employee's supervisor for approval on a weekly basis." The Department's management team is responsible for implementing timely corrective action on all the findings identified during a state compliance examination.

This finding was originally noted during the compliance examination of the two years ended June 30, 2019. In the subsequent examinations, the Department has not been successful in completely implementing corrective action. Department management indicated the issues noted were due to employee oversight.

Not submitting timesheet timely diminishes management oversight.

DEPARTMENT RESPONSE:

The Department accepts the finding and recommendation. The Department will begin discussing the importance of completing I-9 forms and submitting timesheets weekly to employees during the semi-monthly New Employee Orientation meetings.

UPDATED RESPONSE:

Partially Implemented - The Department will continue to emphasize the importance of completing the I-9 forms and submitting timesheets weekly during the semi-monthly New Employee Orientation meetings.

5. **The auditors recommend the Department ensure all interagency agreements are approved by an authorized signer prior to the effective date of the agreement and executed prior to the commencement of services.**

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FINDING: *(Inadequate monitoring of interagency agreements) – First Reported 2006,
Last 2023*

The Department of Central Management Services' (Department) process to monitor interagency agreements was inadequate.

During the auditors testing of the Departments' interagency agreements, auditors noted three of five (60%) interagency agreements tested were not signed by all parties prior to the start date of the services. These agreements were signed between one and 111 days late.

The Department was first cited for this noncompliance in the compliance examination for the year ended June 30, 2006. In the years since the finding was first noted, the Department has not been successful in correcting this finding.

The Illinois Intergovernmental Cooperation Act (5 ILCS 220/5) states that an agency may contract with another agency to transfer authority or privileges, provided that the contract is approved by both agencies. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires that agencies establish internal fiscal and administrative controls to provide assurance that resources, obligations and costs are in compliance with applicable laws, rules and agreements. Good internal controls require the approval of agreements prior to the effective date. Finally, the Department's management team is responsible for implementing timely corrective action on all the findings identified during a state compliance examination.

Department management indicated the late signing of the agreements was due to continued difficulties encountered with multi-agency discussion and collaboration.

The Department entered into 46 agreements with other State agencies and other units of government during the examination period. The purpose of these agreements is to assist the Department in fulfilling its mandated mission. In order to assess whether the agreements are reasonable, appropriate, and sufficiently document the responsibilities of the appropriate parties, the contracts and agreements need to be approved prior to the effective date and executed before the commencement of services.

DEPARTMENT RESPONSE:

The Department accepts the finding and recommendation. The Department has implemented the introduction of language into agreements which allows for a flexible effective date upon full execution of the agreement. This implementation has led to a reduction in the number of agreements that are signed after the effective date. We continue to encounter scenarios where the timely execution of agreements is not possible due to factors outside the Department's control.

UPDATED RESPONSE:

Partially Implemented – No change

6. The auditors recommend the Department ensure all contracts are signed prior to the commencement of services or receipt of goods.

FINDING: *(Untimely execution of contracts) – New*

The Department of Central Management Services (Department) did not obtain signed contracts from all vendors prior to commencement of services or receipt of goods.

During the auditors testing of 32 contracts, totaling \$2,222,360,461, auditors noted five (16%) contracts were not reduced to writing and signed by the Department prior to performance of services or receipt of goods. Work was performed by these five contractors from 42 to 136 days prior to when the Department signed the contract and filed it with the Illinois State Comptroller.

According to Procurement Code (30 ILCS 500/20-80(d)), no voucher shall be submitted to the Comptroller for a warrant...unless the contract is reduced to writing before the services are performed and filed with the Comptroller. Contractors shall not be paid for any supplies that were received or services that were rendered before the contract was reduced to writing and signed by all necessary parties.

Department personnel indicated the five contracts cited for noncompliance were not executed timely due to turnover in key management positions, including the Director, which occurred during the engagement period.

Failure to obtain signed contracts before the beginning of the Department's contract period does not bind the contractor to comply with applicable laws, regulations, or rules and may result in improper and unauthorized payments.

DEPARTMENT RESPONSE:

The Department accepts the finding and recommendation and will work to ensure all contracts are reduced to writing and signed by all necessary parties prior to the commencement of services or receipt of goods.

UPDATED RESPONSE:

Partially Implemented - The Department is continuing to streamline ways to ensure all contracts are signed prior to the commencement of services or receipt of goods by writing standard operating procedures for each phase of the contract process to reduce the risk of filing delays.

7. The auditors recommend the Department enforce its procedures to ensure compliance with its internal policies and the Code.

FINDING: *(Weaknesses in internal control over travel) - New*

The Department of Central Management Services (Department) did not maintain adequate controls over travel expenditures to ensure compliance with the Department's

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internal travel policies and the Illinois Administrative Code (Code).

During the auditors testing of general travel vouchers, auditors noted the following:

- Five of 40 (13%) vouchers, totaling \$1,560, were not submitted timely, within 60 days of the last date of travel on the voucher. The untimeliness ranged from four to 92 days late. Section 4.5 of the Department Policy Manual states, "Employees shall submit Travel Vouchers for review and the employee's supervisor must signify approval by signing and dating the Travel Voucher within sixty (60) days of the last date of travel on the voucher."
- Two of 40 (5%) vouchers, totaling \$1,663, did not have out-of-state travel request forms submitted to the Governor's Office of Management and Budget's (GOMB) on-line travel system (eTravel) at least 30 days in advance of the departure date. Out-of-state travel request forms were submitted 6 days and 19 days late. The Code (80 Ill. Admin. Code 2800.70) requires travel outside of Illinois requests to be submitted to GOMB at least 30 days in advance of the departure date.

Department management stated issues noted were due to employee noncompliance with the Department Policy.

Noncompliance with the internal policy and the Code could result in improper expenditure of State funds.

DEPARTMENT RESPONSE:

The Department accepts the finding and recommendation. The Department will continue to emphasize its policies and procedures Department-wide to help ensure compliance with travel policies.

UPDATED RESPONSE:

Partially Implemented - The Department continues to send out reminder emails emphasizing its policies and procedures for travel. Additionally, the Department's Office of Finance and Management has addressed these issues with specific travelers and supervisors, as necessary.

8. The auditors recommend the Department:

- **Enforce vehicle maintenance schedules to reduce future year expenditures for repairs and to extend the useful lives of vehicles.**
- **Send a formal notice to those employees whose jobs involve travel to remind them of the requirement and importance of filing accident reports in a timely manner.**
- **Monitor the submission of accident reports to ensure the requirements**

are being met as required by the Illinois Administrative Code.

FINDING: *(Inadequate procedures regarding State vehicles) – First Reported 2021, Last 2023*

The Department of Central Management Services (Department) had several weaknesses regarding State vehicles. Auditors noted deficiencies over vehicle maintenance records and accident reports as follows:

- During the auditors testing of the Department's vehicle maintenance records during the engagement period auditors noted the following:
 - Fourteen of 19 (74%) vehicles tested for proper vehicle maintenance did not have oil changes performed at the required intervals. Days ranged from 364 to 805 days overdue for oil changes, and mileage overdue ranged from 33 to 8,989 miles.
 - Twelve of 19 (63%) vehicles did not have timely tire rotations performed. Out of these 12 vehicles, six (50%) vehicles did not have tire rotations performed at all during the examination period, and the other nine vehicles had tire rotations performed, but they were not performed timely.
 - Ten of 19 (53%) vehicles did not receive an inspection once per year. Five of the 10 (50%) vehicles did not have inspections performed during either Fiscal Year 2022 or 2023.

The Illinois Administrative Code (Code) (44 Ill Admin. Code 5040.400) requires all State-owned or leased vehicles undergo regular service and/or repair in order to maintain the vehicles in road worthy, safe, operating condition and appropriate cosmetic condition. The Code requires the driver to check oil, coolant, and battery water levels (if possible) regularly. The Code (44 Ill. Admin. Code 5040.410) also requires agencies have vehicles inspected by the Department at least once per year and maintain vehicles in accordance with the schedules provided by the Department or with other schedules acceptable to the Department that provide for proper care and maintenance of special use vehicles. Furthermore, according to the most recent authoritative memorandum on vehicle maintenance provided by the Department to its vehicle coordinator, the Department requires oil changes for vehicles ten model years and older every 3,000 miles or 12 months, whichever comes first. The recommended interval policy for nine model years and newer is 5,000 miles or 12 months, whichever comes first. Tire rotation is recommended every second oil change or once every two years, whichever comes first.

Department management indicated the issues with vehicle maintenance records were attributed to human error issues such as failure to properly track repair and maintenance intervals; inaccurate work orders related to data entry and job codes errors; work being completed using the State commercial fuel card, which does not require a work order; and, user divisions not bringing vehicles for repair and required maintenance.

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The failure to maintain vehicles properly can cause these vehicles to not function at an optimum level and could cost the State additional amounts in future years through additional repair bills and shortened useful lives for the vehicles.

- During the auditors testing of the Department's accident reports filed during the engagement period, auditors noted one of four (25%) accident reports tested (SR-1 Form) were not submitted accurately and in a timely manner.

The Code (44 Ill. Adm. Code 5040.520) requires a driver of a State owned or leased vehicle which is involved in an accident of any type report such accident to the appropriate law enforcement agency, the State's insurance carrier and to the Department by completing the Motorist's Report of Illinois Motor Vehicle Accident (Form SR-1). The Form SR-1 is to be completed, as nearly as possible, in its entirety including a clear description of the accident and the conditions surrounding the accident no later than three days following an accident and submitted to the office of the current insurance carrier. All accidents must be reported to the Division of Risk Management within seven days to ensure coverage under the State's auto liability plan.

Department management indicated issues noted regarding accident reporting were due to a lack of employee training on how to report accidents.

When accident reports are not submitted timely and accurately, facts of the accident may become unclear and it is more difficult to follow up on any possible liability.

DEPARTMENT RESPONSE:

The Department accepts the finding and recommendation. Significant progress has been made to ensure that the fleet is properly maintained going forward. The fleet management system was upgraded to the latest subscription as a service enterprise asset management version in January of 2024. This is the first time it has been up to date in almost 14 years. Further action is being taken to ensure maintenance schedules can be driven by the implementation of telematics, which will remove the dependency on manual input of odometer readings. The automatic upload of odometer readings will allow the Department to drive maintenance requirements by automatic notifications and reports. Fleet Administration will continue to conduct vehicle coordinator training on accident reporting requirements.

UPDATED RESPONSE:

Partially Implemented - Vehicle coordinator access to the new fleet management system has been provided and maintenance schedules are being configured. A new accident report form has been drafted and vehicle coordinator training will be scheduled.

- 9. The auditors recommend the Department comply with the respective statutory requirements or seek legislative remedies as appropriate.**

FINDING: *(Noncompliance with statutory mandates) – First Reported 2019, Last 2023*

The Department of Central Management Services (Department) did not comply with various statutory mandates.

During testing auditors noted the following:

- The Civil Administrative Code of Illinois (Code) (20 ILCS 405/405-130(b)) created the State Government Suggestion Award Board (Board) to administer the State Government Suggestion Award Program (Program). The membership of the Board was to include eight members, appointed two each by the President of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives, and the Minority Leader of the House of Representatives and, as ex-officio, non-voting members, the directors of the Governor's Office of Management and Budget and the Department. The Code (20 ILCS 405/405-130(a)) also requires the Department to assist in the implementation of the Program. The Board was mandated to meet monthly and annually report to the General Assembly by January 1st on the operation of the Program, including the nature and cost-savings of implemented suggestions, and any recommendations for legislative changes it deems appropriate.

During the examination, auditors noted the Board did not meet or submit any reports to the General Assembly. The Department did not provide evidence they took measures to implement the Program. The Department provided no evidence of actions taken during the examination period to communicate with the agency they believed was responsible for designating the Chair regarding any future meetings or assistance needed. Neither did the Department provide any evidence of internal correspondence prepared or considerations made during the examination period to ensure the Department's compliance with their responsibilities under this mandate. Department management indicated the Board was not appointed, the chair not identified, and the Department not contacted. As a result, the Department did not take additional action to implement this program.

The Department's failure to take measures in the implementation of the Program inhibited the Program's ability to encourage and reward improvements in the operation of State government that result in substantial monetary savings.

- The Civil Administrative Code of Illinois (Code) (20 ILCS 405/405-125) requires the Department to collect information concerning each State agency's Hispanic, Asian- American, Native American, and bilingual employment budget allocations. The Department did not collect this information. In the previous examination the Department failed to timely submit the State Hispanic Employment Plan and a State Asian-American Employment Plan to the General Assembly by February 1 in accordance with the Code (20 ILCS 405/405-120). The reports submitted during the engagement period were submitted timely.

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Department officials stated current tracking and reporting do not provide the data to determine specific budget allocations based on various demographic spending and collect information from each State agency on findings made by the Governor in his report to the General Assembly.

Failure to collect all information required by the Code could deter efforts by State officials, administrators, and residents to achieve a more diversified State workforce.

- The Civil Administrative Code of Illinois (Code) (20 ILCS 405/405-317) requires the Director of the Department take actions as necessary to ensure that actual bird mortality is monitored at state buildings that were constructed, acquired, or of which 50% of the façade is substantially altered after January 1, 2022. The Department failed to monitor bird mortality during the engagement period.

Department management stated they were unaware of the requirement.

Failure to monitor bird mortality rates could result in higher bird mortality rates.

- The Civil Administrative Code of Illinois (Code) (20 ILCS 405/405-540) requires the African Descent-Citizens Reparations Commission(Commission) to have the Governor or his or her designee, one member of the House of Representatives appointed by the Speaker of the House of Representatives one member of the Senate appointed by the President of the Senate; one member of the House of Representatives appointed by the minority Leader of the House; one member of the Senate appointed by the Minority Leader of the Senate; three representatives of a national coalition that supports reparations for African American descendants of slavery; and ten members of the public appointed by the Governor, of which at least eight of whom are African American descendants of slavery. The Code also requires the Commission develop and implement measures to ensure equity, equality, and parity for African American descendants of slavery, hold hearings to discuss the implementation of these measures, educate the public on reparations for African American descendants of slavery, and report their information and findings to the General Assembly. The Commission shall also discuss and perform actions regarding preserving African American neighborhoods and communities through investments, building and developing a Vocational Training Center for People of African Descent-Citizens, ensuring proportional economic representation in all State contracts, and creating and enforcing an Illinois Slavery Era Disclosure Bill. Lastly, the Code requires the Commission, beginning January 1, 2022, to submit an annual report regarding its actions and information as required under this section to the Governor and General Assembly, and to post this report to the Department's website.

During the auditors testing of the Code, auditors noted the following exceptions:

- The Commission did not have one member of the Senate appointed by the

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President of the Senate, one member of the House of Representatives appointed by the Minority Leader of the House, one member of the Senate appointed by the Minority Leader of the Senate, one member of a national coalition that supports reparations for African Americans appointed by the Governor, four members of the public appointed by the Governor.

- The Commission did not file its annual report due January 1, 2022.

Department management indicated the exceptions occurred because the statute was enacted in June 2021, and the Commission accomplished all activities feasible during the engagement period with the time and resources available. Department management indicated the Department cannot control additional appointments as the Code dictates appointment authority.

Failure to fully staff the Commission hinders the ability of the Commission to function as intended by the General Assembly. Failure to submit, and do so timely, hinders the public exposure of the Commission's efforts.

- The African American Employment Plan Act (Act) (20 ILCS 30/20) requires the Department to collect information from each State agency on findings made by the Governor in his or her report to the General Assembly and information concerning each State agency's African American employment budget allocations. The Department did not collect this information. In the previous examination the department failed to timely submit the African American Employment Plan to the General Assembly by February 1 in accordance with the Act (20 ILCS 30/15). The reports submitted during the engagement period were submitted timely. Furthermore, the Act (20 ILCS 30/25) created the African American Employment Plan Advisory Council consisting of eleven members with the Department providing administrative support. The African American Employment Plan Advisory Council only consisted of ten members during the engagement period. In the previous examination the African American Advisory Council failed to timely submit the African American Advisory Council Annual Report to the General Assembly by February 1 in accordance with the Act. The reports submitted during the engagement period were submitted timely.

As it indicated in the previous engagement, Department management indicated the current tracking and reporting processes do not provide the data to determine specific budget allocations based on various demographic spending and collect information from each State agency on findings made by the Governor in his or her report to the General Assembly. Department management indicated no appointments were made by the Governor to fill the one vacant position on the Council during the engagement period.

Failure to collect all information required by the Act could deter efforts by State officials, administrators, and residents to achieve a more diversified State workforce. Failure to ensure the Council is fully staffed results in noncompliance with the Act and could deter efforts by State officials, administrators, and residents

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to achieve a more diversified State workforce.

- The Illinois South Asian American Advisory Council Act (Act) (20 ILCS 4120) created the Illinois South Asian American Advisory Council to advise the Governor and the General Assembly on policy issues impacting South Asian Americans and immigrants; advance the role and civic participation of South Asian Americans in this State; enhance trade and cooperation between South Asian countries and this state; and, in cooperation with State agencies, boards, and commissions, build relationships with and disseminate information to South Asian American and immigrant communities across this State. The Act requires the Council to consist of 21 voting members, as well as six ex officio nonvoting members. One of the ex officio nonvoting members is to be appointed by the Department. The Department did not appoint a liaison to be an ex officio member during the engagement period.

Department officials indicated the ex officio member was not appointed during the engagement period because the Department did not believe the Council had other appointments, elected officers, or scheduled meetings. Auditors noted eight individuals were appointed by other entities to the Council by June 30, 2023. The Department continues outreach in order to make this appointment but has not yet done so.

Failure to appoint the ex officio to the Council could result in the inability of the Department to influence its activities to support the South Asian American community.

- The Illinois Muslim American Advisory Council Act (Act) (20 ILCS 5110) created the Illinois Muslim American Advisory Council to advise the Governor and General Assembly on policy issues impacting Muslim Americans and immigrants; advance the role and civic participation of Muslim Americans in this State; enhance trade and cooperation between Muslim-majority countries and this State; and build relationships with and disseminate information to, in cooperation with State agencies, boards, and commissions, Muslim American and immigrant communities across this State. The Council shall consist of 21 members and ten ex officio members. The Department is mandated to appoint a liaison to serve as an ex officio member of the Council. The Department did not appoint a liaison during the engagement period.

Department officials indicated the Council has been inoperable since the Commission on Equity and Inclusion was granted oversight authority and became effective in January 2022. The Department reached out to the Commission to appoint a liaison, but due to this state of change, the Department did not appoint a liaison during the engagement period.

Failure to appoint an ex officio member to the Council could result in the inability of the Department to influence its activities to support the Illinois Muslim community.

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- The State Finance Act (30 ILCS 105/9.08) requires each State agency to report to the Illinois Office of Comptroller (Comptroller) identifying current State liabilities held at the agency, by fund source; whether the liabilities are appropriated; and an estimate of interest penalties accrued under the State Prompt Payment Act under criteria prescribed by the Comptroller. During testing auditors noted the Department failed to properly report the Agency's Liabilities for one of four (25%) months tested. The Department understated total liabilities by \$8,586,000.

Department officials indicated the error was due to receiving updated information after the report was initially compiled. The updated information was inadvertently excluded from the report.

Failing to accurately report total liabilities to the Comptroller resulted in inaccurate information being disseminated to the public.

- The Upper Illinois River Valley Development Authority Act (Act) (70 ILCS 530/4) requires that the governing and administrative powers of the Upper Illinois River Valley Development Authority (Authority) to be vested in a body consisting of 21 members including, as ex officio members, the Director of the Department, or his or her designee. Additionally, the Act requires that eleven members shall constitute a quorum, and the Board may not meet or take any action without a quorum present. The Department's designated ex-officio member of the Authority did not attend nine of nine (100%) of the Authority's meetings in Fiscal Year 2022 and two of seven (29%) meetings in Fiscal Year 2023.

Department officials indicated that the noncompliance was the result of employee turnover and unfamiliarity with the requirements of the statute requirements.

Failure to attend the meetings of the Authority could result in there being no quorum and hindering the Authority's ability to take necessary actions.

- The State Property Control Act (Act) (30 ILCS 605/8) requires the Department upon request from a local governmental unit, to make available information as provided in Section 7 of the Act. Section 7 of the Act states that when the Department determines property is to be disposed of by sale, notices of inspection or viewing dates and property lists shall be distributed in the manner provided in rules and regulations promulgated by the Administrator. The rules promulgated by the Administrator are in the Illinois Administrative Code (44 Ill. Admin. Code 5010.720) which requires notice of sales of transferable equipment to be given to local Illinois governments, Illinois school districts, and not-for-profit educational, charitable and public health organizations by means calculated to alert the largest number of prospective buyers. The notice of sales shall list items for sale, condition, price, terms of sale, and date and place of sale. The Department failed to distribute notice of sales of transferable equipment to local Illinois governments, by means to alert the largest number of prospective buyers. During the engagement period, local Illinois governments did not receive listings of items for sale, condition, price,

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terms of sale, and date and place of sale. The practice followed by the Department was for local Illinois governments to contact the Department and inquire if items were available.

Management indicated they have not distributed the required information due to competing priorities.

Failure to provide local Illinois governments notice of sales of transferable equipment that includes a listing of items for sale, condition, price, terms of sale, and date and place of sale results in a lack of transparency of items available for sale and could result in available items going unused.

Noncompliance noted in the previous examination regarding the State Prompt Payment Act (30 ILCS 540/11), the Illinois Procurement Code (30 ILCS 500/45-35)(e)(4)), the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/5) and (30 ILCS 575/8g), the State Library Act (15 ILCS 320/21(a)), the Western Illinois Economic Development Authority Act (70 ILCS 532/20), the Civil Administrative Code of Illinois (20 ILCS 405/405-105(11) and the Native American Employment Plan Act (Act) (20 ILCS 60/15) was not repeated due to the corrective action implemented by the Department within the examination period.

DEPARTMENT RESPONSE:

The Department accepts the finding and recommendations and will take the necessary steps to comply with the respective statutory requirements or seek legislative remedies as appropriate.

UPDATED RESPONSE:

The responses for each statutory mandate tested are compiled below by implementation status.

Implemented. Illinois South Asian American Advisory Council Act (20 ILCS 4120) - Effective February 1, 2024, CMS appointed Kevin Jeong to the Council. The Secretary of State was notified of this appointment on January 12, 2024.

Illinois Muslim American Advisory Council Act (20 ILCS 5110) - Effective February 1, 2024, CMS appointed Ayesha Patel to the Council. The Secretary of State was notified of this appointment on January 12, 2024.

State Finance Act (30 ILCS 105/9.08) - The Department added a review process over the compilation of the Debt Transparency Report to help ensure the most recent accurate information is included.

Partially Implemented. Civil Administrative Code of Illinois (20 ILCS 405/405-130) - The Department believes that it has implemented the recommendation to comply with its statutory requirements. In June 2024, the Department conducted a legal review and explored submitting a legislative remedy through the Statutory Mandate Review process under the Budgeting for Results Commission. The Department will continue to maintain

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the resources it developed that are associated with assisting with the implementation of the program. These resources (including a website, form, and email address) will be available to the Board when a workable quorum exists.

Civil Administrative Code of Illinois (20 ILCS 405/405-125) - The FY24 annual survey was updated to collect information concerning each State agency's Hispanic, Asian-American, Native American, and bilingual employment budget allocations. The revised surveys were distributed to all agencies in August 2024.

Civil Administrative Code of Illinois (20 ILCS 405/405-317) - The Department has written standard operating procedures for tracking bird mortality rates, as well as designed and implemented a bird strike tracker and a survey related to the legislation for Department-owned and Department-occupied facilities. The Department is continuing to work on procedures to deter bird strikes at Department-owned and Department-occupied facilities.

Civil Administrative Code of Illinois (20 ILCS 405/405-540) - Senate President appointed Senator Chris Belt on 8/25/2023. House Minority Leader appointed Representative Tom Weber on 7/17/2024. Office of the Governor appointed Dominic Watson as a board member on 6/14/2024. Additionally, the Commission's 2023 annual report regarding its actions has been submitted to the Governor and General Assembly.

African American Employment Plan Act (20 ILCS 30/20) - Diversity & Inclusion will work with cabinet and Government Affairs to document findings made by the Governor to determine pathways for report incorporation. The FY24 annual survey was updated to collect information concerning each State agency's African American employment budget allocations and was distributed to all agencies in August 2024.

Upper Illinois River Valley Development Authority Act (70 ILCS 530/4) - The Department continues to take action to comply with the Upper Illinois River Valley Development Authority Act by attending Board meetings.

State Property Control Act (Act) (30 ILCS 605/8) - Surplus Property Control has begun complying with the respective requirements of the State Property Control Act (30 ILCS 605/8) and 44 Ill. Adm. 5010.720 requiring notice of sales of transferrable equipment to local Illinois governments, Illinois school districts, and not-for-profit educational, charitable, and public health organizations. Surplus Property Control has created a property posting template that allows staff to easily distribute notice of available transferrable equipment to the largest number of prospective buyers via CMS-managed social media and other electronic platforms (i.e., Facebook, CMS Surplus Website, email distribution lists).

10. The auditors recommend the Department:

- **Ensure all employees and contractors complete security awareness training annually.**

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- **Document a formal backup policy and change management policy and procedures.**
- **Include information related to retention and destruction to the data classification documentation.**

FINDING: (*Weaknesses in cybersecurity programs and practices*) – First Reported 2019, Last 2023

The Department of Central Management Services (Department) had not implemented adequate internal controls related to cybersecurity programs and practices.

As a result of the Department's mission to support the State by delivering innovative, responsive, and effective services that provide the best value for Illinois State government and the people it serves, the Department maintains computer systems that contain large volumes of confidential or personal information such as names, addresses, and Social Security numbers of the citizens of the State.

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

- Ensured all staff members and contractors completed cybersecurity training upon employment and annually thereafter. During testing they noted three of 40 (8%) employees tested did not complete security awareness training. Additionally, one of five (20%) contractors had enrolled in the course but had not completed it.
- Documented and implemented a formal backup policy related to backup verification and off-site storage.
- Documented a formal change management policy noting Department specific procedures.
- Ensured that data classification documentation included information related to data retention and destruction.

The Department was first cited for this noncompliance in the compliance examination for the two years ended June 30, 2019. In the years since the finding was first noted, the Department has not been successful in correcting this finding.

The Data Security on State Computers Act (20 ILCS 450/25) requires every employee to annually undergo training by the Department of Innovation and Technology concerning cybersecurity. Additionally, the *Framework for Improving Critical Infrastructure Cybersecurity and the Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National

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Institute of Standards and Technology (NIST) requires entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

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

Finally, the Department's management team is responsible for implementing timely corrective action on all the findings identified during a state compliance examination.

Department management indicated its ongoing resource shortage prevented it from addressing these requirements.

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

DEPARTMENT RESPONSE:

The Department accepts the finding and recommendation. The Department is in the process of hiring an Information Risk Officer to oversee technology trainings and to develop and document a formal backup policy along with a retention and destruction policy. This position will also work with the Department of Innovation and Technology (DoIT) to ensure DoIT cybersecurity policies are followed within the Department.

UPDATED RESPONSE:

Partially Implemented - The Department tracks the completion of annual cybersecurity training for all employees and contractors. This initiative will be overseen by the new Information Risk Officer. Candidates have been interviewed. New Standard Operating Procedures have also been established for the Backup Process and Change Management to strengthen our security posture. Furthermore, the retention and destruction policy are being developed in collaboration with DoIT.

Emergency Purchases

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the state that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts...." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to state property in order to protect against further loss of or damage to state property, to prevent or minimize serious disruption in critical state services that affect health, safety, or collection of substantial state revenues,

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or to ensure the integrity of state records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than five business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file a statement with the Procurement Policy Board and the Auditor General to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

CMS had 7 emergency purchases in the first quarter of FY22:

- Estimated Cost - \$103,468.80 in state funds for a dedicated elevator repair foreman.
- Estimated Cost - \$98,727 in state funds for a HVAC contract for Sangamon County.
- Estimated Cost - \$52,903 in state funds for an electrical contract for the Chicago Region.
- Estimated Cost - \$96,480 in state funds for an electrical contract for the Southern Region.
- Estimated Cost - \$56,700 in state funds for an elevator maintenance contract.
- Estimated Cost - \$69,127.99 in state funds for an elevator maintenance contract in the Des Plaines area.
- Estimated Cost - \$269,511.40 in state funds for a contract for minor carpentry service repairs and alterations to interior and exterior structures in the Chicago area.

There were 4 emergency purchases in the third quarter of FY22:

- Estimated Cost - \$25,000,000 in state funds for the purchase of drugs and pharmaceuticals for the Departments of Human Services and Public Health.
- Estimated Cost - \$378,177.77 in state funds for an emergency lease for a DHS facility in Springfield.
- Actual Cost - \$42,053.74 in state funds for an emergency lease for a DES facility in Burbank.
- Estimated Cost - \$100,000 in other funds for a service station fuel pump repair service.

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There was 1 emergency purchase in the fourth quarter of FY22 for an estimated cost of \$324,475 in state funds to replace a communications satellite system rendered inoperable by a lightning strike.

There were 6 emergency purchases in the first quarter of FY23:

- The first is a corrected contract for replacing the communications satellite system.
- Estimated Cost - \$14,740 in state funds to replace 2 failed sump pumps in a state building.
- Estimated Cost - \$71,550 in state funds for a parking contract in Chicago.
- Estimated Cost - \$30,000 in state funds for an electrical contract for emergency repairs.
- Estimated Cost - \$195,000 in state funds for a service contract to assist CMS with assigning departmental costs for professional licensure categories.
- Estimated Cost - \$39,915 for janitorial services at the Bilandic Building in Chicago.

There were 4 emergency purchases in the second quarter of FY23:

- Estimated Cost - \$39,915 in state funds for janitorial services at the Bilandic Building in Chicago.
- Estimated Cost - \$144,766 in state funds to replace a communications satellite system.
- Estimated Cost - \$175,000 in state funds for electrical work required due to a power failure at a state facility in Des Plaines.
- Estimated Cost - \$193,000 in state funds for construction work to be done to install a new communications satellite system.

There were 6 emergency purchases in the third quarter of FY23:

- Estimated Cost - \$19,500 in state funds to replace an existing fire suppression cylinder at a facility in DuQuoin.
- Estimated Cost - \$375,349.50 in state funds for a service contract for the HVAC in the Bilandic Building in Chicago.
- Estimated Cost - \$15,000 in state funds for clean up following a Halon Gas leak which activated the fire suppression system at a facility in DuQuoin.
- Estimated Cost - \$144,766 in state funds to replace a communications satellite system.
- Estimated Cost - \$25,000 in state funds to repair the compressor in the computer server room at the Bilandic Building in Chicago.
- Estimated Cost - \$20,000 in state funds to repair a leaking pipe that is part of the fire suppression system in the Thompson Center in Chicago.

There were 13 emergency purchases in the fourth quarter of FY23:

- Estimated Cost - \$42,000 in state funds to repair a leaking isolation valve on the system providing heat to the Thompson Center in Chicago.
- Estimated Cost - \$25,000 in state funds to repair a leak in the fire suppression system in the Thompson Center in Chicago.

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- Estimated Cost - \$25,000 in state funds to repair a leak in the fire suppression system in the Thompson Center in Chicago.
- Estimated Cost - \$2,000 in state funds to repair a gas leak on a main gas line feeding boilers at a state facility in Springfield.
- Estimated Cost - \$2,000 in state funds to repair a compressor in a computer server room at a state facility in Springfield.
- Estimated Cost - \$99,000 in state funds to repair HVAC system at the Chicago Med Center.
- Estimated Cost - \$65,000 in state funds to install a temporary chiller within the HVAC system at the Chicago Med Center.
- Estimated Cost - \$25,000 in state funds to repair a leak in the sprinkler line in the Thomson Center in Chicago.
- Actual Cost - \$5,283.10 in state funds to repair the fire sprinkler system at the Dickson Mounds Museum in Lewistown.
- Estimated Cost - \$6,000 in state funds to remove a tree that dropped a large branch onto the data line between two state facilities in Springfield.
- Estimated Cost - \$363,575 in state for 5,000 pounds of refrigerant for the HVAC system at the Thompson Center in Chicago.
- Estimated Cost - \$6,600 in state funds to test the wet fire sprinkler system at the Thompson Center in Chicago.
- Estimated Cost - \$5,000 in state funds to repair the roof of the Traffic Building in Carbondale following a large branch falling and causing damage.

Headquarters Designations

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

As of July 2023, CMS had 53 employees assigned to locations others than official headquarters.