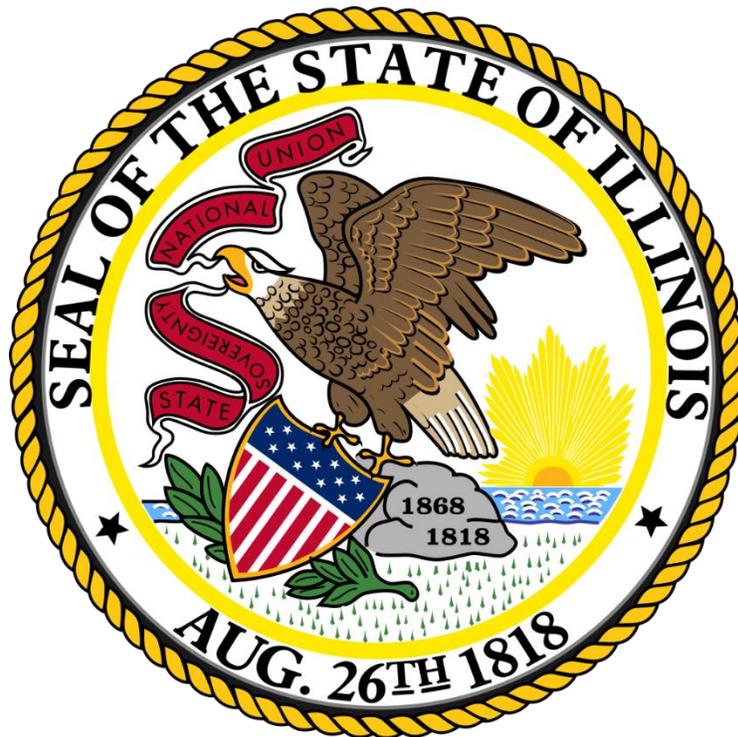


LEGISLATIVE AUDIT COMMISSION



Review of
Department of Veterans' Affairs
Two Years Ended June 30, 2022

620 Stratton Office Building
Springfield, Illinois 62706
217/782-7097

REVIEW: DEPARTMENT OF VETERANS' AFFAIRS, REVIEW #4567

**REVIEW: 4567
DEPARTMENT OF VETERANS' AFFAIRS
TWO YEARS ENDED
JUNE 30, 2022**

**RECOMMENDATIONS – 32
IMPLEMENTED – 23
PARTIALLY IMPLEMENTED – 5
UNDER STUDY - 4**

**REPEATED RECOMMENDATIONS – 20
PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 25**

Agency Narrative

The mission of IDVA (Illinois Department of Veterans' Affairs) is to empower Illinois' veterans, as well as their dependents and survivors, to thrive by assisting them in obtaining the benefits to which they are entitled; by providing long-term health care for eligible veterans; and by partnering with other agencies and nonprofits to help veterans address education, mental health, housing, employment, and other challenges.

The impacts of COVID-19 continue to have effects on the agency and its functions, resulting in larger than normal differences when compared to historic figures and trends.

Background

Director Terry Prince has been the IDVA Director since April 1, 2021. Prior agency directors include Interim Director General Peter Nezamis from Jan 20, 2021 – March 31, 2021 and Linda Chapa LaVia from July 1, 2020 – January 19, 2021.

The IDVA primary administrative offices are located at:

- 833 South Spring St, Springfield, IL 62794; and
- 69 West Washington, Chicago, IL 60601.

The Illinois Veterans' Anna Home is located at 792 N. Main Street, Anna, IL 62906. The Home Administrator was vacant at the time of the compliance exam.

The Illinois Veterans' Chicago Home is located at 4250 N. Oak Park Avenue, Chicago, IL 60634. The Home Administrator is Ms. T'Kira Siler-Wilkerson.

The Illinois Veterans' LaSalle Home is located at 1015 O'Conor Ave, LaSalle, IL 61301. The Home Administrator is Ms. Brandi Melton.

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The Illinois Veterans' Manteno Home is located at 1 Veterans Drive, Manteno, IL 60950. The Home Administrator is Ms. Tanya Smith.

The Illinois Veterans' Quincy Home is located at 1707 North 12th Street, Quincy, IL 62301.

Accountants' Findings and Recommendations

Condensed below are the 32 findings and recommendations included in the audit report. Of these, 20 are repeated from the previous audit. The following recommendations are classified on the basis of information provided by IDVA, via electronic mail received April 13, 2023.

1. **The auditors recommend IDVA submit requested documents to auditors and ensure that any requested documents are provided in their entirety.**

FINDING: *(Failure to Provide Requested Documentation) – First Reported 2020, Last 2022*

IDVA did not provide all requested documentation to the auditors.

As is necessary in a compliance examination, the auditors made numerous requests of IDVA during the auditors' fieldwork. 559 specific written requests for information were made to IDVA for documentation required to perform the testing. Requests were routed through three employees. These employees were designated as the liaisons for the compliance examination. While the employees' ensured requests were sent to the appropriate personnel, and conducted follow-ups, six (1%) requests were never returned to the auditors by various IDVA employees and had to be considered exceptions during their testing. Many of these are included as part of other findings in this report:

- Two of five (40%) instances where supporting documentation of locally held funds disbursements could not be provided for the Members Trust Fund – Chicago (Fund 1443) and the Chicago Clearing Account (Fund 1441).
- Six of nine (67%) instances where supporting documentation of locally held funds receipt dates could not be provided for Fund 1441, Fund 1443, and the Benefits Trust Fund – Chicago (Fund 1444).
- IDVA was unresponsive to attempts to organize a meeting to observe how the Chicago Veterans' Home's locally held fund population was generated to verify the completeness and accuracy of the population.
- IDVA was unresponsive to attempts to organize a meeting to observe how the Chicago Veterans' Home's commodities population was generated to verify the completeness and accuracy of the population.

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- IDVA was unable to provide an accurate interest allocation population for the Chicago Veterans' Home, and therefore auditors were unable to select a sample of interest payments to recalculate.
- IDVA was unable to provide supporting documentation for the *Quarterly Summary of Accounts Receivable* (C-97 and C-98) reports for all funds and for each Fiscal Year under examination.

IDVA management indicated during the engagement period they had a large amount of turnover of key personnel in both the Homes as well as Central Office. Additionally, a lack of training for individuals in new roles has also contributed to the Department's inability to provide requested documentation.

Without being provided populations and/or support for testing related to the above items, auditors were unable to determine whether IDVA was performing all of its required duties and responsibilities, as noted in numerous findings throughout this report. (Finding Code No. 2022-001, 2020-001)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation and has begun to take the necessary steps to ensure that IDVA is following compliance with the Illinois State Auditing Act (30 ILCS 5/3-12).

UPDATED RESPONSE:

Implemented.

2. The auditors recommend IDVA process proper bills within 30 days of receipt.

FINDING: (*Voucher Processing Weaknesses*) - New

IDVA did not exercise adequate controls over its voucher processing during the examination period.

Due to the auditors' ability to rely upon the processing integrity of the Enterprise Resource Planning (ERP) System operated by DoIT for FY21 and FY22, the auditors were able to limit the voucher testing at IDVA to determine whether certain key attributes were properly entered by IDVA staff into ERP. In order to determine the operating effectiveness of IDVA internal controls related to voucher processing and subsequent payment of interest, auditors selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's ERP System based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

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The auditors then conducted an analysis of IDVA's expenditures data for FY21 and FY22 to determine compliance with the Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.70). Auditors noted the following noncompliance:

- IDVA did not timely approve 3,004 of 15,454 (19%) vouchers processed during FY21. Auditors noted these late vouchers were submitted by IDVA to the Office of Comptroller (Comptroller) between 31 and 422 days late.
- IDVA did not timely approve 1,773 of 13,143 (13%) vouchers processed during FY22. Auditors noted these late vouchers were submitted by IDVA to the Comptroller between 31 and 366 days late.

The Code requires IDVA to timely review each vendor's invoice and approve proper bills within 30 days after receipt.

IDVA management indicated the deficiencies noted were due to a lack of staff and resources available to timely complete these requirements. Additionally, staff turnover within the Central Office and competing priorities contributed to the lack of resources available.

Failure to timely approve vouchers represents noncompliance with the Code and may subject the state to unnecessary interest charges. (Finding Code No. 2022-002)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation and will take the necessary steps to comply with the statutory requirements of the State Prompt Payment Act (30 ILCS 540).

UPDATED RESPONSE:

Implemented. Central Office Fiscal Department is working to create an aging tracker for use in Central Office and Homes. The full implementation of the tracker was 8/1/23.

- 3. The auditors recommend IDVA appoint all required members to the Illinois Joining Forces Executive Committee.**

FINDING: *(Noncompliance with the Department of Veterans' Affairs Act) – First reported 2020, Last reported 2022*

IDVA failed to comply with the Department of Veterans Affairs Act (20 ILCS 2805) (Act).

During the examination period, auditors noted IDVA failed to properly appoint all required members to the Illinois Joining Forces Executive Committee.

During the previous examination auditors also noted IDVA could not provide evidence of timely submission of the reports required by the Act to be submitted January 1 and July 1

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of each year. The auditors also noted IDVA did not make any appointments to the Veterans' Service-Related Ailments Task Force. Corrective action for these exceptions was implemented during the examination period.

IDVA management indicated the noncompliance occurred due to misinterpretation of the Department's requirements under the statute.

Failure to properly appoint all members of the Foundation's executive committee represents non-compliance with a statutory mandate and may hinder the Foundation from fulfilling its statutory mission. (Finding Code No. 2022-003, 2020-003)

DEPARTMENT RESPONSE:

IDVA accepts the finding. IDVA also notes that Public Act 102-1140 became law in February 2023, which amends the statute (20 ILCS 2805/37(d)) referenced regarding board appointments by the Director. IDVA will continue to work to make sure the appointments made by the Director are appropriate.

UPDATED RESPONSE:

Implemented.

4. The auditors recommend IDVA increase the number of bilingual on-board frontline staff to ensure at least five bilingual staff are employed.

FINDING: *(Noncompliance with the State Services Assurance Act) – First reported 2020, Last 2022*

IDVA failed to add five additional bilingual on-board frontline staff as required by the State Services Assurance Act (Act).

IDVA did not increase the number of bilingual on-board frontline staff to at least five as required by the Act. IDVA only had two bilingual staff members as of June 30, 2021, and June 30, 2022. As a result, the requirements of the Act were not met during the examination period.

The Act (5 ILCS 382/3-15) requires that on or before July 1, 2008, IDVA shall increase and maintain the number of bilingual on-board frontline staff over the levels that it maintained on June 30, 2007. IDVA had no bilingual staff as of June 30, 2007. The Act states that IDVA shall have at least five additional bilingual on-board frontline staff.

IDVA management indicated they believed they had the appropriate amount of front-line positions designated to bilingual workers via the CMS 104 position description forms. However, the positions are not filled at this time, and the Act requires the positions to be filled, not just created.

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Failure to have at least five on-board frontline staff prevents fulfillment of the purpose of the Act, limiting the Department's ability to assist potential residents and their families in the best way possible. (Finding Code No. 2022-004, 2020-004)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. Utilizing recent changes in IDVA's recruitment and hiring practices, IDVA will increase the number of bilingual staff and will initiate focused efforts to on-board frontline bilingual staff, ensuring that at least five bilingual staff are employed by the Department.

UPDATED RESPONSE:

Partially Implemented. Hiring delays and the loss of a Hiring Specialist have set the time frame back. Job descriptions are prepared, and hiring is anticipated in January 2024 for additional bilingual employees.

5. The auditors recommend IDVA adopt a workplace violence prevention program that meets the requirements of the OSHA guidelines.

FINDING: *(Noncompliance with the Health Care Violence Prevention Act) - New*

IDVA did not have a workplace violence prevention program as required by the Health Care Violence Prevention Act (Act).

IDVA has a workplace violence policy; however, it does not meet the requirements of the Occupational Safety and Health Administration's (OSHA) guidelines for a workplace violence prevention program. IDVA's workplace violence policy was missing the following items as required by the Act:

- The four classifications of workplace violence;
- Management commitment;
- Worksite analysis and identification of potential hazards;
- Safety and health training with required hours determined by rule; and,
- Recordkeeping and evaluation of the violence prevention program.

As a result, the requirements of the Act were not met during the examination period.

IDVA management indicated the exception was due to oversight, as the Act was put into effect January 2019, and overlooked during the COVID-19 pandemic.

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Failure to have a proper workplace violence prevention program is noncompliance with the Act and potentially endangers those who visit, work, or live in a Veterans' Home. (Finding Code No. 2022-005)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. IDVA's Senior Homes Administrator will work to develop and implement a program that complies with the Occupational Safety and Health Administration (OSHA) guidelines for preventing workplace violence for health care and social services workers as amended or updated by OSHA.

UPDATED RESPONSE:

Under Study. A work group is planned but has not met to date, to create the appropriate program for IDVA.

6. The auditors recommend IDVA ensure its annual reports are submitted to the Governor's Office in a timely manner.

FINDING: *(Noncompliance with Statutory Reporting) – First reported 2020, Last 2022*

IDVA failed to timely submit its annual reports to the Secretary of State and Governor's office.

During their testing, auditors noted the following exceptions:

- IDVA did not timely submit the FY20 Annual Report. The Report was due January 4, 2021. IDVA submitted the Report on April 22, 2021, 108 days late.
- IDVA did not timely submit the FY21 Annual Report. The Report was due January 14, 2022. IDVA submitted the Report on January 24, 2022, 10 days late.

During the previous examination auditors also noted IDVA failed to timely submit its program and indicator worksheets to the Office of Comptroller (Comptroller). Additionally, in the previous examination, auditors noted the 2019 Service Efforts and Accomplishments report did not agree to IDVA's supporting records or the Comptroller's expenditure data. Corrective action for these exceptions was implemented during the examination period.

IDVA indicated they failed to timely submit the annual reports to the Governor's office due to oversight and a misunderstanding of its responsibilities under the Act.

Failure to submit an annual report to the Governor's office causes noncompliance with the Act and hinders the oversight of each agency performed by the Governor's Office. (Finding Code No. 2022-006, 2020-006)

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DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. Moving forward IDVA will improve its internal controls to ensure annual reports are submitted in compliance with the State Finance Act (30 ILCS 105/3).

UPDATED RESPONSE:

Implemented.

- 7. The auditors recommend the Department ensure the internal audit reports comply with *IIA Standards*. Additionally, they recommend the Department ensure all internal audit staff obtain the required amount of continuing professional education training and ensure the internal audit division is free from operational duties. Finally, auditors recommend the Department perform an internal assessment and obtain an external assessment of its internal audit function.**

FINDING: (*Weaknesses Noted in IDVA's Internal Audit Function*) – First reported 2020, Last 2022

IDVA did not exercise adequate controls over its internal audit function.

Auditors noted the following deficiencies during their examination:

- One of two (50%) internal audit reports tested did not contain a stated opinion. *International Standards for the Professional Practice of Internal Audit (IIA Standards)* require the chief audit executive to develop risk-based plans to determine the priorities of the internal audit activities as well as document information to support the engagement results and conclusions. *IIA Standards* also require the chief audit executive to communicate the results of the engagements, including, where appropriate, an internal auditors' opinion.
- The internal audit division included one full time individual, Internal Auditor I, who was free from operational duties. However, auditors noted the Chief of Staff was the main point of contact between the internal audit division and the Director. According to the Fiscal Control and Internal Auditing Act (30 ILCS 10/2002(b)) (Act), the Chief Internal Auditor shall report directly to the chief executive officer and shall have direct communication with the chief executive officer of auditing activities. Additionally, the Act states that all full-time internal audit staff members (including the Chief Internal Auditor) should be free from all operational duties.
- One Internal Audit employee only attained 68 hours of continuing professional education during the calendar year 2020 and 2021 period. Section 5.1 of the State Internal Audit Advisory Board (SIAAB) bylaws requires all internal auditors to complete a total of 80 hours of continuing professional education during two successive calendar years with a minimum of 20 hours to be completed in each

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year.

- The FY22 annual report required by September 30th of each year was not completed by the Chief Internal Auditor, as required, rather, it was completed by the Chief of Staff. In addition, the report did not contain all elements required by the Act. Finally, the report only listed the names of the findings for the Expenditures, Payables, and Equipment audit and did not detail the findings or mention any recommendations implemented or prior year findings followed up on. According to the Act (30 ILCS 10/2003(a)(1)), the Chief Internal Auditor shall submit the Chief Executive Office a written report detailing how the audit plan for that year was carried out, the significant findings, and the extent to which recommended changes were implemented.
- IDVA failed to develop and maintain a quality assurance and improvement program for its internal audit function and did not have an external assessment conducted within a five-year period. Additionally, IDVA did not conduct an internal assessment during the examination period. The Act (30 ILCS 10/2005) established the Internal Audit Advisory Board that is responsible for promulgating a uniform set of professional standards with which all State internal auditors must comply. The State Internal Audit Advisory Board (SIAAB) Bylaws also state the Board adopted the International Standards for the Professional Practice of Internal Auditing effective January 1, 2017, as the auditing standards for Internal Audit Organizations in the Illinois State government. Lastly, the *IIA Standards* require the Chief Audit Executive to develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. A requirement of this program is to have both internal and external assessments. External assessments are required once every five years.

During the previous examination auditors also noted the LaSalle and Quincy Veterans' Homes had petty cash reimbursements exceeding a total of \$5,000 for FY19, but no internal audits of petty cash were performed for these homes. Corrective action for these exceptions was implemented during the examination period.

IDVA management indicated these discrepancies were caused by IDVA understaffing and employee oversight. The Chief Internal Audit position had been vacant since October 2021.

Failure to include all required elements in the internal audit reports is noncompliance with professional standards. Failure to ensure the internal audit division is free from all operational duties is noncompliance with the Act and could result in inadequate segregation of duties. Additionally, not obtaining the minimum number of continuing professional education hours during the examination period represents noncompliance with professional standards. Not properly completing the annual report represents noncompliance with the Act. Failure to conduct external and internal assessments of the internal audit function results in a quality assurance program that is noncompliant with professional standards and the Act. (Finding Code No. 2022-007, 2020-007)

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DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. An experienced Interim Chief Internal Auditor has been hired and a formal direct reporting relationship with the Director has been established. Appropriate agreements are in place to ensure the internal audit unit is free from operational duty. Plans are in place for a Quality Assurance Review after a period of time to establish improved audit functions. This process has begun with advice from the State Internal Audit Advisory Board which is the approving entity for the recommended assessment.

UPDATED RESPONSE:

Partially Implemented. The internal review for assessment is currently underway to complete the QAR. An external review has been contracted with the Institute of Internal Audit and will be done in October.

8. The auditors recommend IDVA take appropriate measures to ensure performance evaluations are conducted timely.

FINDING: *(Employee Performance Evaluations Not Performed Timely) – First Reported 2008, Last 2022*

IDVA failed to complete annual performance evaluations timely.

During their testing of 40 employee personnel files containing 70 evaluations, auditors noted the following exceptions:

- Evaluations were not performed on a timely basis for 17 of 70 (24%) evaluations tested. The evaluations were performed from 10 to 141 days late.
- The evaluation was not signed by the employee for five of 70 (7%) evaluations tested.
- The Department could not provide evidence that it had completed evaluations for four of 40 (10%) employees tested.
- The Department did not complete an evaluation for two of 40 (5%) employees during the examination period.
- The evaluation was improperly dated for one of 70 (1%) evaluations tested. The evaluation period ended June 30, 2022; however, the evaluation was dated by the supervisor June 14, 2023.

This finding was first noted during IDVA's FY07-08 state compliance examination, fourteen years ago. As such, IDVA management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

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Personnel rules issued by the Department of Central Management Services (80 Ill. Adm. Code 302.270(d)) (Code) require an evaluation of employee performance by each agency not less often than annually.

IDVA management indicated the issues noted were due to competing priorities and a lack of sufficient staffing.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as a foundation for salary adjustments, promotion, demotion, discharge, layoff, recall, and reinstatement decisions. (Finding Code No. 2022-008, 2020-008, 2018-002, 2016-002, 2014-007, 12-19, 10-22, Central Office 08-9, LaSalle 08-3, Manteno 08-3)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. Measures have been put in place to strengthen controls and tracking related to the timely completion of employee performance evaluations to ensure compliance.

UPDATED RESPONSE:

Implemented. A new Agency-wide completion tracking system has been established in HR. Monthly review of the tracker information is ongoing.

- 9. The auditors recommend the Department strengthen controls surrounding employee training requirements and maintain proper documentation that such training occurred.**

FINDING: *(Failure to Ensure Employees Completed Mandatory Training) – First Reported 2020, Last 2022*

IDVA did not comply with training requirements in accordance with the State Officials and Employees Ethics Act and the Identity Protection Policy.

During their testing of special training, auditors noted the following exceptions:

- Four of 25 (16%) employees did not complete new hire ethics training.
- Three of 25 (12%) employees did not complete the 2020 annual ethics training.
- Three of 25 (12%) employees did not complete the 2021 annual ethics training.
- Four of 25 (16%) employees did not complete new hire sexual harassment training.
- Three of 25 (12%) employees did not complete the 2020 annual sexual harassment training.

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- Three of 25 (12%) employees did not complete the 2021 annual sexual harassment training.
- Three of 25 (12%) employees did not complete the 2020 annual confidentiality training.
- Five of 25 (20%) employees did not complete the 2021 annual confidentiality training.

IDVA management indicated the noncompliance occurred due to employee turnover and individual employee oversight, despite IDVA's efforts to monitor completion of ethics and sexual harassment training.

Failure to monitor and determine required training has been completed results in noncompliance with laws, rules, and internal policies and could also result in a workforce that is not adequately trained to fulfill required duties and may expose the State to potential liability. (Finding Code No. 2022-009, 2020-009)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. IDVA will enhance the onboarding process to ensure new employees are completing training within 30 days of their start date. The Department will continue to remind employees of the required annual trainings and track employee completion.

UPDATED RESPONSE:

Partially Implemented. New procedures are in place mandating monitoring for ongoing employees training requirements at the supervisor/manager level. For new employees a new onboarding process will begin Nov. 1, 2023. All required trainings have been reviewed and set up as part of this process.

10. The auditors recommend IDVA strengthen controls surrounding the completion and maintenance of personnel documentation.

FINDING: *(Inadequate Controls over Personal Services) – First Reported 2020, Last 2022*

IDVA) failed to maintain documentation for personnel and payroll activities for its employees.

During their testing of personal services, auditors noted the following:

- Three of 40 (8%) leaves of absence tested where IDVA did not notify CMS of the leaves of absence.

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According to the Employee Handbook, IDVA must notify CMS of the leave of absence to ensure the employee's voluntary payroll deductions (insurance, deferred compensation, etc.) were properly handled during the leave of absence.

- Four of 60 (7%) Overtime Authorization Forms were not fully approved.
- One of 60 (2%) instances where payroll hours did not match the Overtime Authorization Form or Monthly Attendance Record.

The Employee Handbook requires all overtime to be authorized and approved by the employee's immediate supervisor.

- The employment application was not signed for one of 40 (3%) employees.
- IDVA did not ensure the I-9 forms for its employees were properly completed and maintained.
 - The I-9 form was signed two days after the first day of employment for one of 40 (3%) employees.
 - Section 2 of the Form I-9 was not completed for one of 40 (3%) employees.
 - IDVA could not provide three of 40 (8%) employees' I-9 forms.
- The main payroll voucher could not be provided for one of 40 (3%) employees; therefore, gross pay could not be determined.
- One of nine (11%) new hires never received the report to enroll in the deferred compensation plan.

The inability to provide the main payroll voucher results in noncompliance with the State Records Act. Failure to follow the Illinois Pension Code and enroll new hires in the State's deferred compensation plan prevents employees from maximizing their investment opportunities. (Finding Code No. 2022-010, 2020-010)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. Measures have been put in place to strengthen controls and tracking related to the completion and maintenance of personnel documents to ensure compliance. The strengthening of internal measures includes, implementing Department-wide changes in onboarding/offboarding procedures to improve employee communication related to employee benefit plans and personnel documents, changes in internal tracking and timely reporting of Leaves of Absences to CMS, timely completion of Form I-9 during first day of employment, requiring that overtime authorization forms are fully approved timely and prior to processing, and ensuring that overtime authorizations align to timekeeping data entry.

UPDATED RESPONSE:

Implemented.

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11. The auditors recommend IDVA prepare timely and accurate reports and file them with the Office of the Secretary of State and the Office of the Governor. Further, they recommend the Department file corrected reports within 30 days of audit release as required by the Illinois State Auditing Act and maintain evidence of submission.

FINDING: *(Inaccurate Agency Workforce Reports) – First Reported 2010, Last 2022*

IDVA did not file timely or accurate Agency Workforce Reports (report) with the Office of the Governor and the Office of the Secretary of State.

The auditors tested both of the reports required to be filed during the examination period and noted the FY20 and FY21 reports contained mathematical inaccuracies regarding percentages across multiple categories. After performing recalculations of the percentages provided by IDVA, they determined the amounts calculated did not match the amounts submitted on the report. In addition, IDVA submitted the FY21 report to the Office of the Secretary of State on January 13, 2022, 13 days late, and to the Office of the Governor on January 7, 2022, 7 days late.

In addition, as reported in the prior year examination report as Finding Code 2020-011, it was noted the FY19 report contained mathematical inaccuracies regarding percentages across multiple categories. Documentation of the submission of the corrected FY19 report showed the report was not timely submitted to the Office of the Governor and the Office of the Secretary of State. The corrected 2019 report should have been submitted May 15, 2021, 30 days after the release of the audit. However, the report was not submitted until June 9, 2022, 390 days late.

This finding was first noted during IDVA's FY09-10 state compliance examination, twelve years ago. As such, IDVA management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

IDVA management indicated the deficiencies noted were due to inadequate controls and lack of sufficient review.

Failure to provide timely and accurate reports to both the Office of the Governor and the Office of the Secretary of State prevents fulfillment of the purposes of the State Employment Records Act, which is to provide information to help guide efforts to achieve a more diversified State work force. (Finding Code No. 2022-011, 2020-011, 2018-003, 2016-003, 2014-009, 12-20, 10-16)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation and procedures have been put in place to ensure accuracy for future reports. In addition, corrected reports for FY20 and FY21 have been filed.

UPDATED RESPONSE:

Implemented.

12. The auditors recommend IDVA work with SERS to develop an annual reconciliation process of its active members' census data from its underlying records to a report of the census data submitted to each plan's actuary. After completing an initial full reconciliation, the Department may limit the annual reconciliation to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods.

FINDING: *(Inadequate Internal Controls over Census Data) - New*

IDVA did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate. Additionally, IDVA had not performed an initial complete reconciliation of its census data recorded by the State Employees' Retirement System of Illinois (SERS) and the Department of Central Management Services (CMS) to its internal records to establish a base year of complete and accurate census data.

The auditors noted IDVA's employees are members of both SERS for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, CMS for their OPEB. In addition, they noted these plans have characteristics of different types of pensions and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Finally, auditors noted CMS' actuaries use SERS' census data records to prepare the OPEB actuarial valuation.

During testing, auditors noted the following:

1. IDVA had not performed an initial complete reconciliation of its census data recorded by SERS to its internal records to establish a base year of complete and accurate census data.
2. After establishing a base year, IDVA had not developed a process to annually obtain from SERS the incremental changes recorded by SERS in their census data records and reconcile these changes back to the Department's internal supporting records.

IDVA management indicated, due to turnover, they were not aware of the requirement for the reconciliation.

Failure to reconcile active members' census data reported to and held by SERS to the Department's records could result in each plan's actuary relying on incomplete or

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inaccurate census data in the calculation of the State's pension and OPEB balances, which may result in a misstatement of these amounts. (Finding Code No. 2022-012).

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation and will take the necessary steps to complete an initial full reconciliation of census data in conjunction with SERS. Going forward, we will then reconcile annually the incremental changes to the census data file. IDVA has instituted a Personal Services Contract (PSC) in an effort to provide a dedicated staff member for completion of an initial full reconciliation of census data.

UPDATED RESPONSE:

Implemented.

- 13. The auditors recommend IDVA strengthen internal controls over locally held and petty cash funds to ensure reconciliations are performed timely and accurately. Furthermore, they recommend IDVA develop and implement adequate segregation of duty policies over its processing of receipts and disbursements in locally held and petty cash funds.**

FINDING: *(Inadequate Internal Controls over Locally Held and Petty Cash Funds) - New*

IDVA failed to demonstrate adequate controls over reconciliations, documentation, and segregation of duties over its locally held and petty cash funds.

During their testing of the locally held funds and petty cash funds, auditors noted the following:

- In four of four (100%) locally held funds at the Manteno and Prince homes, the same individual was responsible for the receipt of funds, recording payments, preparing the deposit slips, and depositing funds.
- One person was responsible for the entire receipt and disbursement process for locally held funds in the Chicago home.
- There were no fund reconciliations for three of 24 (13%) months during Fiscal Years 2021 and 2022 of the Chicago Home's locally held funds.
- One of 40 (3%) disbursements totaling \$1,046 from the Quincy Benefit Fund (Fund 1152) did not agree to the supporting documentation provided.
- IDVA was unable to provide supporting documentation for two of five (40%) disbursements totaling \$97 from the Chicago Trust Fund (Fund 1443) and the Chicago Clearing Account (Fund 1441).
- Two of eight (25%) of the Reports of Receipts and Disbursements for Locally Held

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Funds (Form C-17's) for one Chicago Home's locally held funds reported Form C-17's with \$0 balances, when the corresponding reconciliations showed balances of \$9,872 and \$16,973.

- One of 16 (6%) reconciliations of the Chicago Home's locally held funds did not contain a bank statement. Therefore, auditors were unable to determine the accuracy of the Form C-17 amounts reported.
- Eight of 16 (50%) reconciliations of the Chicago Home's locally held funds for which auditors requested access were not provided.
- IDVA was unable to provide sufficient information to enable us to assess whether adequate segregation of duties existed over the Chicago Home's Petty Cash Fund.
- IDVA did not complete any reconciliations for the Chicago Home Petty Cash Fund.
- No independent reviews were performed of the petty cash reconciliations prepared by the Central Office petty cash clerk for the months of September 2020 through June 2022.

IDVA management indicated the exceptions noted were due to employee turnover within the fiscal department, as well as competing priorities. IDVA management indicated the inadequate segregation of duties was caused by the inability to properly staff the positions within the Homes' accounting functions.

Failure to perform accurate and timely reconciliations is noncompliance with SAMS and increases the risk differences will go undetected and uncorrected. Failure to have adequate segregation of duties over locally held funds and petty cash funds may allow one single individual to control all key aspects of a transaction which opens up the opportunity for fraud to be committed or concealed. (Finding Code No. 2022-013)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation and will take the necessary steps to ensure proper segregation of duties and monthly reconciliations of funds.

UPDATED RESPONSE:

Implemented. Appropriate controls are in place and reviewed by the CFO.

14. **The auditors recommend IDVA strengthen internal controls over its reconciliation of obligations, appropriations, transfers, revenues, and cash expenditures to ensure they are performed timely and accurately. Furthermore, they recommend IDVA document the dates all monthly report reconciliations are completed and timely notify the Comptroller of any differences noted.**

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FINDING: (*Weaknesses in Performing Reconciliations*) – First Reported 2016, Last 2022.

IDVA had weaknesses in performing reconciliations of its records of obligations, appropriations, transfers, revenues, and cash to the Office of Comptroller (Comptroller) records.

Auditors noted the following exceptions as a result of the testing of the reconciliations performed by IDVA during the examination period.

- IDVA did not prepare reconciliations of the *Object Expense/Expenditures by Quarter Report* (SA02) as of June 30 and the close of Lapse Period for Fiscal Year 2021. Therefore, they were unable to determine if the SA02 reconciliations were performed accurately.
- IDVA had a total of \$209,781 and \$88,251 of differences for FY21 as of November 30, 2021, and FY22 as of September 30, 2022, respectively within the *Monthly Appropriation Status Report* (SB01) reconciliations. While IDVA was able to determine the reasons for the differences, they had not timely corrected the Department's records for the noted differences.
- The auditors were unable to trace in-transit vouchers to the subsequent month's SB01 for one of four (25%) SB01 reconciliations tested.
- The FY21 September Lapse SB01 reconciliation for all funds was completed 78 days late and did not include a reconciliation for all of the Veterans Affairs Library Grant Fund (Fund 0775) appropriation lines, as well as 13 other appropriation lines that included expenditures for that period.
- The FY22 June SB01 reconciliation for the Central Office funds was not dated; therefore, auditors were unable to determine timeliness.
- Auditors were unable to trace expenditures for two of four (50%) months' selected SB01 reconciliations to records. Multiple differences were noted, ranging from \$7,573 to \$65,981.
- The auditors were unable to agree expenditures with the Comptroller's SB01 for one of four (25%) months' selected SB01 reconciliation. Multiple differences were noted, ranging from \$773 to \$64,034.
- IDVA was unable to provide one of 5 (20%) SB01 reconciliations selected for testing for FY22.
- IDVA did not prepare reconciliations of the *Appropriation Transfer Report* (SB03) as of June 30 and the close of Lapse Period. Therefore, auditors were unable to determine if the SB03 reconciliations were performed accurately for both Fiscal Year 2021 and Fiscal Year 2022.

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- IDVA did not complete the Comptroller's *Monthly Revenue Status Report* (SB04) reconciliations for the Central Office Funds consisting of the General Revenue Fund (0001), the Illinois Veterans' Assistance Fund (0236), the GI Education Fund (0447), Fund 0775, or the Chicago Veterans' Home Fund (Fund 0102).
- The auditors were unable to agree the receipt amounts reported in the reconciliation to records for two of 4 (50%) months selected for the LaSalle Veterans Home Fund's (Fund 0272) SB04 reconciliations.
- The auditors were unable to trace the receipt amount reported in the reconciliation to the SB04 reports for 4 of 4 (100%) months selected for Fund 0272, 3 of 4 (75%) months selected for the Anna Veterans Home Fund (Fund 0273), and 1 of 4 (25%) months selected for the Quincy Veterans Home Fund (Fund 0619).
- The auditors were unable to trace the receipt amounts reported in the SB04 reconciliation to the Department's records for 4 of 4 (100%) months selected across Funds 0272, 0273, 0619 and the Manteno Veterans Home Fund (Fund 0980).
- IDVA was unable to provide support of the *Cash Report* (SB05) reconciliation performed for Fund 0447 for September 2020, for one of the months selected for testing. Therefore, auditors were unable to determine the timeliness of this reconciliation.

This finding was first noted during the FY15-16 state compliance examination, six years ago. As such, IDVA management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

IDVA management indicated the exceptions noted were due to employee turnover within the fiscal department, as well as competing priorities. Management also stated the Chicago Home experienced a large amount of its deficiencies due to the fact it opened during the examination period and the limited training provided to staff performing these fiscal activities.

Failure to document when reconciliations were performed prevents IDVA from adequately monitoring its internal controls over timely completion of reconciliations as well as ensuring compliance with SAMS. Failure to perform accurate and timely reconciliations is noncompliance with SAMS and increases the risk differences will go undetected and uncorrected. (Finding Code No. 2022-014, 2020-013, 2018-005, 2016-005)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation and immediately began to take the necessary steps to ensure that all IDVA reconciliations are reviewed and completed going forward.

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UPDATED RESPONSE:

Implemented. All reconciliations are complete through the last quarter end.

- 15. The auditors recommend IDVA strengthen internal control over the recording and reporting of State property by strengthening its inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements.**

FINDING: *(Inadequate Controls over the Purchase, Recording, and Reporting of State Property) – First Reported 2008, Last 2022*

IDVA did not exercise adequate control over the recording, reporting, and inventorying of State Property.

Auditors noted the following during the examination of IDVA's equipment records and controls over property:

No. of Items Tested	Exceptions		Description of Exceptions
	No.	%	
Field Service Office			
21	2	10%	Two Lexmark Printers were obsolete and not in use but were still on the property listing valued at \$1,973.
21	3	14%	An HP monitor, office chair, and computer monitor could not be traced to the Department's property records and therefore we could not determine their value.
21	2	10%	An HP Monitor and NEC Projector could not be physically located with a total cost of \$1,154.
21	3	14%	An HP Monitor, Lexmark Printer, and a Hewlett Monitor could not be traced to the CMS Listing that contains items exceeding \$1,000 or susceptible to theft with a total value of \$2,923.

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Manteno Veterans' Home			
20	2	10%	An electric scooter and a portable Air Scrubber/Cleaner were not able to be physically located. These items are valued at \$3,974.

No. of Items Tested	Exceptions		Description of Exceptions
	No.	%	
Anna Veterans' Home			
20	1	5%	A Super Porta-Grill valued at \$1,785 did not have an identification number tag.
Chicago Veterans' Home			
20	1	5%	An iPad Pro 11-inch (2nd Generation) 128 GB could not be found with a value of \$800.
Central Office			
40	8	20%	A bookcase, file cabinet, Topaz sign pad, two monitors, two CPU's and a book could not be traced back to the Department-wide asset listing or the Annual Report of Inventory to CMS and therefore their value could not be determined.
40	3	8%	A large shredder, a Challenge Tital Paper Cutter, and an Infocus Projector could not be found on the Annual Report of Inventory to CMS. These items have a total value of \$17,924.
20	1	5%	A Kodak Scanner valued at \$1,082 was transferred to CMS Surplus but was still listed on the June 30, 2022 Agency Wide Asset Listing.

During their testing of additions to property records, auditors noted the following:

- Five of 40 (13%) assets tested totaling \$5,686 were not added timely to the property records, ranging from 145 to 1,097 days late.
- One of 40 (3%) assets tested totaling \$253 was posted to the property records prior to acquisition of the asset.
- Two of 40 (5%) assets tested totaling \$1,750 did not have freight and installation charges of \$44 added to their asset value.

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- IDVA was unable to provide the fair market value for two of 40 (5%) assets tested totaling \$550.
- IDVA was unable to provide an invoice for one of 40 (3%) assets tested totaling \$176.
- 159 assets totaling \$16,597,167 and 15 assets totaling \$74,915 were acquired prior to the examination period but not added to property records until FY21 and FY22 respectively.
- During their testing of IDVA's preparation of the Agency Reports of State Property (Form C-15), auditors noted the following exceptions on the fourth quarter Form C-15 for FY21 and FY22:
 - FY22 deletions on the Form C-15 were entered as a negative amount. The SAMS Manual (Procedure 29.20.10) states that only deductions that result in a positive amount should be shown in brackets. IDVA entered the deletion as \$(379,581); however, it should have been entered as \$379,581.
 - Deletions per the Department's property records did not agree with the deletions per the Department's Form C-15's. See differences noted for FY21 and FY22 in the table below:

Transaction	Fiscal Year 2021 Q4	Fiscal Year 2022 Q4
<i>Deletions</i>		
Deletions Per Testing	\$ 734,675	\$ 970,736
Deletions Per Form C-15	474,822	379,581
Understatement	\$ 259,853	\$ 591,155

- During the testing of the Equipment Expenditure Reconciliation, additions per the Equipment Expenditure Reconciliation were less than IDVA reported on the Form C-15's. The differences noted amounted to \$18,304 in FY21 and \$685,892 in FY22. The SAMS Manual (Procedure 29.20.10) provides instructions for preparing the Form C-15.
- IDVA conducts an annual physical inventory of all equipment with an acquisition cost of \$1,000 or more or is susceptible to theft and annually reports its results to CMS. Auditors tested Calendar Years 2021 and 2022. In its Calendar Year 2021 (FY20) Annual Inventory Report submitted to CMS, IDVA reported it was unable to locate 159 items totaling \$91,368. This represents 2.1% of the total property. One of these items was IT related equipment that could potentially store confidential information. In its Calendar Year 2022 (FY21) Annual Inventory Report submitted to CMS, IDVA reported it was unable to locate 222 items totaling \$192,695. This represents 2.54% of the total property. Ten of these items were IT related equipment that could potentially store confidential information.

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In addition, IDVA has the responsibility to ensure that confidential information is protected from disclosure and that provisions in the Personal Information Protection Act (815 ILCS 530) are followed.

- Auditors noted two location codes of the Annual Certification of Inventory that were not listed on the Department-provided agency-wide asset listing. These location codes made up an amount of unrecorded property on the agency-wide asset listing of \$65,749. The State Property Control Act (30 ILCS 605/4 and 605/6.02) requires responsible officers of the State to maintain accountability for the supervision, control, and inventory of all property under their jurisdiction to ensure the proper accounting and safeguarding of State assets.
- IDVA failed to adopt a formal policy for delineating categories of equipment considered to be subject to theft. IDVA permits each Home to determine which items under \$1,000 are subject to theft. The Illinois Administrative Code (44 Ill. Admin. Code 5010.210(c)) states each agency is responsible for adopting policies clearly delineating categories of equipment considered to be subject to theft.

This finding was first noted during the FY07-08 state compliance examination, fourteen years ago. As such, IDVA Management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

IDVA management indicated that high Department turnover and lack of training in property control/reporting positions resulted in the human errors responsible for these exceptions. Related to the exceptions noted regarding the asset capitalization, Department management indicated these were old assets purchased through the Member's Benefit Fund and the value was never added to the asset in the Enterprise Resource Planning (ERP) system due to oversight.

Failure to exercise adequate control over property and maintain accurate property control records increases the potential for fraud and possible loss or theft of State property. Inaccurate property reporting reduces the reliability of Statewide property information and represents noncompliance with the requirements of State laws, rules, and regulations. (Finding Code No. 2022-015, 2020-014, 2018-001, 2016-001, 2014-001, 12-9, 10-9, Central Office 8-15, Anna 08-2, LaSalle 08-2, Manteno 08-2)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. IDVA is working to fill key positions and get the new employees properly trained on inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements. Additionally, an internal focus group has been created to implement procedures that are in compliance with statutory and regulatory requirements.

UPDATED RESPONSE:

Implemented.

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- 16. The auditors recommend IDVA ensure all emergency purchases are timely published in the Illinois Procurement Bulletin.**

FINDING: *(Inaccurate Reporting of Emergency Purchases) – First Reported 2014, Last 2022*

IDVA did not exercise adequate control over the publishing of emergency procurements as required by the Illinois Procurement Code (Code) (30 ILCS 500).

IDVA made six emergency purchases, totaling \$3,695,560, during the examination period. This included emergency purchases that were extended from the previous Fiscal Years. During the testing of IDVA's emergency purchases, auditors noted one of six (17%) emergency purchases totaling \$50,000 had a contractual start date of April 18, 2022 and was therefore required to be published in the Illinois Procurement Bulletin (Bulletin) by April 23, 2022, in accordance with the Code. However, it was not published to the Bulletin until May 18, 2022, 25 days late.

In the previous examination, IDVA failed to competitively solicit services and did not timely utilize either sole source or emergency purchase procedures. Further, IDVA received services throughout FY19 from a vendor without a written contract in place. Auditors did not note exceptions of this type during the current examination.

This finding was first noted during the FY13-14 state compliance examination, ten years ago. As such, IDVA management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

IDVA management indicated, due to paperwork, the vendor was not awarded the contract until June 7, 2022. IDVA considered June 7, 2022, the award date. However, they were not aware of the requirements of the Illinois Administrative Code and the consideration of the award date being the earliest of the three noted dates in the criteria above.

Failure to properly publish emergency procurement information in a timely manner and to the appropriate avenues represents noncompliance with the Code and can result in a lack of public oversight. (Finding Code No. 2022-016, 2020-015, 2018-004, 2016-004, 2014-004)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. IDVA is now aware of the correct awarded emergency purchase date and will ensure emergency purchases are posted in a timely manner and in compliance with the Illinois Administrative Code.

UPDATED RESPONSE:

Implemented.

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17. The auditors recommend IDVA develop and implement procedures which create stronger controls over its vehicles and address maintenance and reporting.

FINDING: *(Weaknesses in Administration of State Vehicles) – First Reported 2020, Last 2022*

IDVA did not have adequate controls concerning the reporting of vehicle accidents to CMS, the maintenance of state vehicles, and ensuring all employees assigned a state-owned vehicle were licensed and insured.

- During their testing of automotive accident reporting, auditors noted one of nine (11%) accidents were not reported within seven calendar days to CMS Risk Management Division.
- During their testing of automotive maintenance, auditors noted the following exceptions:
 - Four of eight (50%) vehicles did not have an oil change timely.
 - Six of eight (75%) vehicles did not have a tire rotation performed timely.
 - Four of eight (50%) vehicles did not have an annual inspection completed in a timely manner.
- During their testing of personally assigned vehicles, auditors noted:
 - Five of five (100%) instances where the employee certifications were not completed on time. The certifications were not completed in the month of July for FY21 and FY22.
 - Six of 13 (46%) vehicles included on the Personally Assigned Vehicle listing provided by IDVA were not included on the Individually Assigned Vehicle (IAV) Reports submitted to CMS for 2020 or 2021.
 - Four of nine (44%) vehicles included on the IAV Report for FY21 were not included on the Personally Assigned Vehicle listing.
 - Two of 12 (17%) vehicles included on the IAV Report for FY22 were not on the Personally Assigned Vehicle listing.

IDVA management indicated the exceptions noted were due to a lack of understanding of the rules surrounding the administration of State vehicles.

Failure to adequately maintain controls over the administration of state vehicles represents noncompliance with State vehicle requirements and could increase the State's potential liability and risk of loss. (Finding Code No. 2022-017, 2020-016)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. IDVA is working to fill key positions and get the new employees properly trained on vehicle coordination to include maintenance and reporting.

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UPDATED RESPONSE:

Implemented.

18. The auditors recommend IDVA ensure the accuracy of the Agency Fee Imposition Report.

FINDING: *(Inaccurate Fee Imposition Report) – First Reported 2016, Last 2022*

IDVA did not properly report fees collected on the Agency Fee Imposition Report (Report) for Fiscal Years 2020 and 2021.

During their testing of the Reports, auditors noted the following:

- IDVA was unable to provide support to reconcile a difference noted for Fund 0619 on the 2020 Report. This resulted in an understatement of \$454,046.

This finding was first noted during the FY15-16 state compliance examination, eight years ago. As such, IDVA has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

IDVA management indicated the deficiency noted was due to a lack of adequate control mechanisms in place such as a supervisory review of reports prior to submission.

Inaccurate fee reporting reduces the reliability of Statewide fee information. (Finding Code No. 2022-018, 2020-017, 2018-006, 2016-006)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation and will take the necessary steps to ensure the accuracy of the Agency Fee Imposition Report.

UPDATED RESPONSE:

Implemented.

19. The auditors recommend IDVA seek an update to the Illinois Administrative Code to reflect the methodology used to calculate maintenance fees.

FINDING: *(Incorrect Calculation of Resident Maintenance Fees) – First Reported 2016, Last 2022*

IDVA did not calculate resident maintenance fees in accordance with the Illinois Administrative Code (Code).

The Code (95 Ill. Admin. Code 108.130) states residents at the veterans' homes are entitled to an allowance of \$100 per month for every \$1,000 paid in monthly maintenance

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fees. However, IDVA gives each resident a \$200 allowance without considering the monthly maintenance fee charged. A Department policy, HOM-011, revised February 27, 2018, stated residents of veterans' homes are currently allowed to keep the first \$200 of their monthly income before the maintenance fee is assessed as a spending allowance. The maintenance fee will continue to be calculated at 90% of a resident's remaining income, up to a new monthly maximum. This condition existed at all the veterans' homes during the examination period.

This finding was first noted during the FY15-16 State compliance examination, eight years ago. As such, management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

IDVA management indicated, due to competing priorities, they were unsuccessful in rectifying this ongoing issue.

Failure to follow the Code's calculation for maintenance fees may result in a loss of revenue to the state or overcharging residents at the veterans' homes. (Finding Code No. 2022-019, 2020-018, 2018-007, 2016-007)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. The Department's legal division and legislative liaison will work with the Senior Homes Administrator to update the Administrative Code. However, IDVA would like to note that the time frame covered for this audit was during the COVID-19 pandemic. The Joint Committee on Administrative Rules was focused on emergency rules related to COVID-19, not standard operations. The priority for all state agencies was COVID-19, and for IDVA this meant increased support for the five state-run veterans' homes from all divisions within the Department.

UPDATED RESPONSE:

Under Study. Meetings to begin 6/5/23 to design necessary changes to the process.

20. The auditors recommend IDVA strengthen its controls over the deposit of receipts.

FINDING: *(Untimely Deposit of Receipts) – First Reported 2020, Last 2022*

IDVA failed to deposit cash receipts into its locally held and Treasury held funds in a timely manner as required by the State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2).

During their testing of the locally held fund receipts at the Department's veterans' homes, auditors noted the following exceptions:

- Two of 40 (5%) receipts, totaling \$420, from the Quincy Veterans' Home Protestant Chapel Fund (Fund 1158) and Benefit Fund (Fund 1152) were not deposited

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timely. These receipts were deposited one to two days late.

- Two of 40 (5%) receipts, totaling \$150, from the Anna Benefit Fund (Fund 1339) were not deposited timely. These receipts were deposited one to three days late.

During their testing of receipts for Treasury held funds, auditors noted twenty-four of 40 (60%) receipts tested, totaling \$1,368,249, from various funds were not deposited timely. These receipts were deposited one to 27 days late.

IDVA management indicated the deposits were not deposited timely due to oversight.

Failure to deposit cash receipts in a timely manner represents noncompliance with the Act and could result in lost or misplaced checks if proper precautions are not taken to secure the funds prior to deposit. (Finding Code No. 2022-020, 2020-019)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation and will work with new fiscal staff on understanding the deposit requirements set forth in the State Officers and Employees Money Disposition Act (30 ILCS 230/2).

UPDATED RESPONSE:

Implemented. The CFO's office sends out regular reminders on this issue and responses are tracked from each unit.

- 21. The auditors recommend IDVA strengthen controls and enforce procedures to ensure VSOs and their supervisors maintain accurate and complete records. Furthermore, they recommend IDVA ensure supervisors adequately supervise the field offices for which they are responsible.**

FINDING: *(Inaccurate Compilation and Reporting of Field Service Office Activities and Information) – First Reported 2018, Last 2022*

IDVA inaccurately compiled and reported activities and information of its field service offices staffed by Veteran Service Officers (VSOs).

IDVA operates field service offices in counties throughout the State on either a full-time or itinerant basis to provide veterans with local access to information regarding federal and state benefits associated with their military service. VSOs are employed in these locations to answer questions, help with filing paperwork, address telephone calls, and issue hunting/fishing and camping licenses. The VSOs prepare daily, weekly, and monthly records of their number of veterans served in-person, requests handled by U.S mail, and telephone call questions received, in addition to a categorized breakdown of the types of services and information provided.

Auditors noted the following during the examination:

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- They reviewed four consecutive weekly itineraries for the four field office supervisors and noted the following:
 - Two of four (50%) supervisor itineraries could not be provided.
 - Two of four (50%) sign-in sheets could not be provided.
 - One of four (25%) itineraries did not match the sign-in sheets.
- They reviewed a total of eight statistical reports from a sample of three locations and noted the following:
 - Seven of eight (88%) instances where a monthly statistical report was not provided.
 - One of eight (13%) instances where the Daily Interview Record could not be traced to sign-in sheets.

During the previous examination auditors were also unable to determine whether the field service offices were open during their stated hours as posted online, and the auditors also noted weaknesses with the issuance of camping license applications. Corrective action for these exceptions was implemented during the examination period.

This finding was first noted during the FY17-18 State compliance examination, six years ago. As such, management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

IDVA management indicated that due to the COVID-19 pandemic these records could not be kept up during the heaviest of the restrictions and remote working. During this time the availability for a supervisory on-site visit had to be deferred for practical reasons.

Failure to accurately compile and retain data regarding services provided by VSOs at field offices results in inaccurate data for use by the Department upon which to base decisions. The failure to effectively operate field offices at their stated times represents statutory noncompliance. (Finding Code No. 2022-021, 2020-020, 2018-010)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. IDVA will work to strengthen controls and enforce procedures to ensure field office supervisors are adequately documenting visits to field offices for which they are responsible. The field office supervisors will communicate to the Veteran Service Officers at each field office the statutory requirement to maintain accurate and complete records of services provided.

UPDATED RESPONSE:

Implemented.

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- 22. The auditors recommend IDVA develop a department-wide Recovery Plan and incorporate the results of its BIA to ensure recovery plans reflect the needs of IDVA**

In addition, they recommend disaster recovery testing of critical systems and components be conducted and documented at least annually.

FINDING: *(Lack of Department-Wide Disaster Recovery Plan or Testing to Ensure Recovery of Applications and Data) – First Reported 2018, Last 2022*

IDVA did not provide adequate planning for the recovery of its applications and data.

IDVA had not developed a department-wide disaster recovery plan or performed disaster recovery testing during the examination period.

IDVA had application specific recovery plans for four applications; however, these plans lacked some elements such as training requirements and testing schedules.

IDVA provided an updated Business Impact Analysis (BIA) dated August 30, 2021. The BIA documented seven business areas and 40 business functions and applications that support them. However, the Department had not fully incorporated the results of its business impact analysis into its contingency plans.

IDVA indicated a lack of resources caused the lack of development of the Department-wide Recovery Plan as well as recovery testing exercises.

The finding was first noted during the FY17-18 State compliance examination, six years ago. As such, management has been unsuccessful in fully implementing a corrective action plan to remedy this deficiency.

Without an adequately documented and tested recovery plan, IDVA cannot ensure its critical systems could be recovered within an acceptable period, and therefore minimizing the impact associated with a disaster. (Finding Code No. 2022-022, 2020-022, 2018-013)

DEPARTMENT RESPONSE:

The Department accepts the finding and recommendation. The Department has initiated contact with the Department of Innovation and Technology for assistance in both strengthening existing disaster recovery plans and developing plans for the remaining systems. The 2021 Business Impact Analysis will be updated as needed and the Department will continue to incorporate the results into its contingency plans.

UPDATED RESPONSE:

Under Study. Successful remediation of this finding will require joint planning and cooperation with DoIT. Meetings are ongoing, but a formal plan is not yet in place.

23. The auditors recommend IDVA:

- Develop contract and agreement procedures for service providers to ensure security, integrity, availability, confidentiality, and privacy controls over the applications and data are adequately addressed.
- Obtain SOC reports and perform documented reviews to:
 - Determine how the opinion of the report impacts the Department's use of the service provider.
 - Formally evaluate the CUECs.
- Obtain assurance of the control environment when a SOC report is not available.

FINDING: *(Lack of Adequate Controls Over the Review of Internal Controls Over Service Providers) – First Reported 2018, Last 2022*

IDVA did not obtain or conduct timely independent internal control reviews over all of its service providers.

IDVA utilizes four service providers for medical billing, hosting of medical records, and application hosting. Some of the information controlled by the service providers would be classified as personally identifiable information and protected health information.

During testing, auditors noted the following:

- IDVA did not obtain a System and Organization Control (SOC) report for two of four (50%) service providers.
- IDVA did not complete a review of the two SOC reports received.
- IDVA failed to monitor and document the Complementary User Entity Controls (CUECs) relevant to operations.
- IDVA could not provide a contract or agreement with one of the service providers (25%).

IDVA 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.

IDVA indicated a lack of resources caused the lack of development of service provider management.

The finding was first noted during the FY17-18 state compliance examination, six years ago. As such, management has been unsuccessful in fully implementing a corrective action plan to remedy this deficiency.

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Without having obtained and reviewed a SOC report or another form of independent internal control review, IDVA does not have assurance the service providers' internal controls are adequate. (Finding Code No. 2022-023, 2020-023, 2018-015)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. The Department does utilize confidentiality/privacy provisions in its contracts with its service providers. SOC reports are highly technical and challenging to find individuals with the knowledge/expertise to review these types of reports. IDVA will work with DoIT on a strategy to address the issue of obtaining and reviewing SOC reports in a timely manner.

UPDATED RESPONSE:

Partially Implemented. Formal policies governing the workflow and sign-off have not been finalized.

- 24. The auditors recommend IDVA restrict program access to all production programs and data and prevent the same programmer from making and then moving changes to production.**

FINDING: *(Weakness in Change Management) – First Reported 2020, Last 2022*

IDVA did not have an effective separation of duties for programmers developing or maintaining its computer systems.

IDVA had established several computer systems, which maintained critical, confidential, and sensitive information in order to meet its mission and mandate.

During their testing auditors noted DoIT programmers, working on behalf of IDVA were responsible for developing and making changes to computer systems, had access to the production environment and the capability to implement changes. The same programmers that made changes to a computer system also moved the change to the production environment.

IDVA management indicated the lack of staffing caused the exceptions.

The lack of separation of duties in the computer environment increases the risk the confidentiality, integrity, and availability of data will be compromised. (Finding Code No. 2022-024, 2020-024)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. Effective February 27, 2023, DoIT staff assigned to IDVA have established a new policy and workflow which established segregation of duties requiring code changes to receive approval from the Chief Information Officer (CIO) and then be promoted to the production environment by a different staff member rather than the original programmer.

UPDATED RESPONSE:

Implemented.

25. The auditors recommend IDVA work with DoIT to obtain a detailed understanding of each party's responsibilities related to cybersecurity controls. Further, they recommend IDVA:
- Conduct an analysis of DoIT's policies and procedures to determine if IDVA is meeting the requirements set forth in DoIT's policies and procedures. In addition, IDVA should develop detailed policies and procedures related to, at a minimum:
 - Onboarding of staff and contractors,
 - Verification of backups and off-site storage,
 - Verification of compliance with DoIT's Data Wiping Procedures,
 - Protection and disposal of hardcopy documents containing confidential information,
 - Reporting security violations or suspected violations.
 - Upon development, review policies and procedures at least annually to ensure they reflect the current environment.
 - Comply with the requirements in the "Information Security Guidelines for Agency Roles and Responsibilities and Delegating Authority" and identify, document, and maintain a list of Department information security roles and the individual employees assigned to those roles.
 - Develop a risk management methodology and conduct a risk assessment. Additionally, the Department should implement risk reducing internal controls.
 - Develop a data classification methodology, classify its data, and implement proper safeguards accordingly.
 - Develop a cybersecurity plan describing the security program, policies, and procedures.
 - Develop a current Data Breach Notification Policy.
 - Develop policies and procedures to support compliance with HIPAA Privacy and Security Rule requirements.
 - Develop controls to ensure separated users' access rights to applications are timely removed.

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- **Ensure all staff complete the annual cybersecurity training.**
- **Work with DoIT to obtain an understanding of the security solutions utilized to secure the Department's assets and the controls over the timely detection and remediation of security events.**

FINDING: *(Failure to Implement Controls Related to Cybersecurity Programs, Practices, and Control of Confidential Information) - New*

IDVA failed to implement internal controls related to cybersecurity programs, practices, and control of confidential information.

IDVA is responsible for assistance of veterans and their families to navigate the system of federal, state and local resources and benefits by providing long-term health care to eligible veterans and finding resources to assist with education, mental health, housing, employment and other challenges. As a result of IDVA's mission to assist veterans and their families, IDVA maintains computer systems that contain large volumes of confidential or personal information such as names, addresses, Social Security numbers, and protected health information of veterans and their families.

However, the Department had not developed:

Policies or procedures documenting controls related to:

- Onboarding of staff and contractors,
- Verification of backups and off-site storage,
- Verification of compliance with the Department of Innovation and Technology's (DoIT) Data Wiping Procedures,
- Protection and disposal of hardcopy documents containing confidential information, and
- Reporting security violations or suspected violations.

In addition, IDVA had not:

- Reviewed policies and procedures in place at least annually to ensure they reflect the current environment.
- Complied with the requirements in the "Information Security Guidelines for Agency Roles and Responsibilities and Delegating Authority" and identified, documented, and maintained a list of Department information security roles and the individual employees assigned to those roles.
- Developed a risk management methodology, conducted a comprehensive risk assessment, or implemented risk reducing internal controls.
- Developed a data classification methodology or provided documentation outlining

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the classification of their data.

- Developed a cybersecurity plan describing the security program, policies, and procedures.
- Provided a current Data Breach Notification Policy. An outdated 2007 Policy from the Department of Central Management Services was provided.
- Developed policies and procedures to support compliance with HIPAA Privacy and Security Rule requirements.
- Developed controls to ensure separated users' access rights to applications were timely removed. Auditors noted 42 of 81 (52%) separated users still had access to applications.

Auditors tested the training provided during calendar year 2021 for a sample of 40 employees to determine if employees had taken the annual cybersecurity training as required by the Data Security on State Computers Act (20 ILCS 450/25), noting 10 (25%) employees did not complete the calendar year 2021 training.

Lastly, IDVA did not have knowledge on how their assets were monitored, how or if security events were timely detected, and the actions taken in response to a security event.

IDVA indicated ongoing resource shortages prevented them from addressing these requirements.

Failure to implement internal controls related to cybersecurity programs, practices and control of confidential information 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. (Finding Code No. 2022-025)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. An updated Data Breach Notification Policy has been developed. In response to the other 10 recommendations, IDVA will begin with a comprehensive cybersecurity audit conducted by internal audit. A corrective action plan (or multiple plans as needed) will be executed in connection with internal audit's findings.

UPDATED RESPONSE:

Under Study. Successful remediation of this finding will require joint planning and cooperation with DoIT. An initial meeting has been held, but a formal plan is not yet in place. An internal audit of cybersecurity has been completed and new policy/procedures are in draft form.

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26. The auditors recommend IDVA strengthen controls over the practice of transferring funds to ensure transfers remain below the stated limit. Additionally, they recommend IDVA implement a system to track the aggregate amount of medical payments made during each Fiscal Year.

FINDING: *(Noncompliance with the State Finance Act) - New*

IDVA failed to comply with the provisions of the State Finance Act (Act) regarding transfer limits and medical payments.

- During their testing of transfers made during the examination period, auditors noted IDVA net transfers out amount for the General Revenue Fund (0001) for FY21 exceeded the transfer limit of 8% by \$2,498.

IDVA management stated this over-transfer was due to oversight.

- IDVA had no system to track the aggregate amount of medical payments made during each Fiscal Year of the examination period.

IDVA management stated due to competing priorities, they had not established a tracking mechanism for medical payments made during each Fiscal Year.

Failure to transfer funds in the appropriate increments, as well as failure to establish a tracking mechanism for the aggregate amount of medical payments made each year, represents noncompliance with a statutory requirement. (Finding Code No. 2022-026)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation and has taken the necessary steps to ensure the SB03 Appropriation Transfer Report is completed monthly. In addition, the Department will implement a system to track the aggregate amount of medical payments during a fiscal year.

UPDATED RESPONSE:

Partially Implemented. Net transfers from the General Revenue Fund are tracked on the C-66 forms required to request transfers. The formula on the C-66 is being utilized to ensure that no transfers over the appropriation limit will be requested. A tracking system for aggregate medical payments is still outstanding.

27. The auditors recommend the Department implement controls to ensure taxable fringe benefits are being reported for employees who are assigned a personal vehicle.

FINDING: *(Inadequate Controls over Fringe Benefits) - New*

IDVA did not have adequate controls over employee fringe benefits.

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While IDVA has been tracking employees that were assigned personal vehicles, they were not able to confirm if an annual report was collected from those employees, and it does not appear taxable fringe benefits were charged to those employees.

IDVA management indicated the exception was caused by oversight and not having a system in place to ensure fringe benefits are tracked and accurately reported.

Failure to properly calculate fringe benefits is noncompliance with IRS Publication 15-B and the Comptroller's Payroll Bulletin 3-85 and can result in underreporting of employees' taxable wages and income taxes withheld. (Finding Code No. 2022-027)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation and has taken the necessary steps to ensure that fringe benefits are included in taxable income for employees assigned a vehicle pursuant to IRS Publication 15-B and IOC Payroll Bulletin 3-85.

UPDATED RESPONSE:

Implemented. All employees with assigned vehicles are now tracked by Fiscal staff and taxable income amounts are forwarded to payroll for inclusion in their income on a quarterly basis.

28. The auditors recommend IDVA strengthen controls over postage and document and retain usage information about the beginning and ending postage meter balances.

FINDING: *(Inadequate Controls over the Maintenance of Postage Meters) - New*

IDVA failed to exercise proper controls over its maintenance of postage meters.

During their testing of postage meter balances, auditors noted the following:

- Postage balances and usage was not maintained for FY21 nor FY22 for the Field Services Offices.
- For FY21 and FY22, IDVA purchased postage utilizing the detailed object code for postage within the General Revenue Fund (0001). IDVA was unable to communicate to the auditors in which area the postage was utilized (i.e., Central Office, Field Services Offices, or Chicago Home). As a result, auditors were unable to calculate the turnover ratio for these areas.
- Postage balances and usage were not maintained for Fiscal Year 2022 for the Chicago Home. Auditors were unable to calculate the turnover ratio for this Home.
- The Manteno Home's FY21 postage meter turnover ratio was 1.72, which equated to seven months outstanding, indicative of stockpiling. IDVA did not provide an

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explanation of the ratio.

- Postage purchases according to IDVA records compared to those per the Office of Comptroller differed for six of 14 (43%) locations, ranging from \$(700) to \$10,000. IDVA could not provide explanations for the differences.

IDVA indicated insufficient internal controls and record-keeping due to oversight led to the noted exceptions.

Failure to exercise proper controls over the maintenance of the postage meters increases the risk IDVA could stockpile postage and not match current year appropriations with current year postage usage. (Finding Code No. 2022-028)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation and will work with fiscal staff to maintain proper accounting of postage meters.

UPDATED RESPONSE:

Implemented. A tracking system for Field Offices is in place and being utilized. Meters are trackable by location.

- 29. The auditors recommend IDVA strengthen controls to ensure investment information for applicable funds are complete and accurate prior to being posted to the Department's website.**

FINDING: *(Noncompliance with the Accountability for the Investment of Public Funds Act)*
- New

IDVA failed to comply with the Accountability for the Investment of Public Funds Act (Act).

During their testing of IDVA's investment of public funds, auditors noted the following exceptions:

- The amount of funds reported as held by IDVA did not agree to IDVA records in these months:
 - November 2020 LaSalle Veterans' Home Benefit Trust Fund (Fund 1261), with a difference noted of \$5.
 - April 2021 Anna Veterans' Home Member's Trust Fund (Fund 1348), with a difference noted of \$6,000.
 - May 2022 LaSalle Veterans' Home Member's Trust Fund (Fund 1260) and Fund 1261, with a difference noted of \$37,879 and \$2 respectively.
- IDVA had the previous fiscal year amounts posted on the Department's website for all of the Quincy Veterans' Home locally held funds, including the Members

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Trust Fund (Fund 1246), the Benefit Trust Fund (Fund 1152), the Protestant Chapel Fund (Fund 1158) and the St. Lawrence Chapel Fund (Fund 1159) for April 2021.

IDVA management indicated the exceptions noted were due to competing priorities which resulted in oversight. Specifically, IDVA attributed the exception pertaining to the Quincy Veterans' Home to human error.

Failure to ensure the amount of funds held by the Department are accurate could result in inaccurate reporting of investment funds held outside of the State Treasury and represents noncompliance with the Act. (Finding Code No. 2022-029)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation and will strengthen controls to ensure investment information for applicable funds are complete and accurate prior to being posted to the Department's website.

UPDATED RESPONSE:

Implemented. The newly hired Fiscal & Operations Reporting will be responsible for this reporting process moving forward.

30. The auditors recommend IDVA develop a process in which leases and contracts are reviewed for possible inclusion under GASB 87.

FINDING: *(Inadequate Controls over the Identification of Leases under Statement No. 87 of the Governmental Accounting Standards Board) - New*

IDVA did not have adequate controls in place to support the implementation of Statement No. 87 of the Governmental Accounting Standards Board (GASB 87).

IDVA did not take adequate measures to ensure all leases, both lessee and lessor leases, and contracts were properly reviewed to ensure applicable leases were included under GASB 87 recognition. IDVA relied on the work of a contracted firm to complete the required documentation and surface level review of the leases they deemed applicable under GASB 87 without subsequently reviewing this work, and as such, failed to update any policies or procedures to assist going forward in the identification of leases under GASB 87 as they are relying on the work of the contracted firm to perform the review.

During the lessee lease testing, auditors noted four leases were improperly excluded from recognition under GASB 87. These four leases did not have an SCO-560 form filed with the Office of Comptroller (Comptroller) at the time of their testing. Using their professional judgement, auditors calculated the impact of this to be \$102,809 in unrecorded liabilities, \$357,734 in unrecorded assets and \$115,620 in unrecorded expenses.

During the lessor lease testing, auditors noted three leases were improperly excluded from recognition under GASB 87. These three leases did not have an SCO-561 filed with

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the Comptroller at the time of their testing. Auditors were unable to determine the financial impact of these exceptions. Auditors also noted lease receipts differed by \$18,067 from the terms of the lease agreement for one of three (33%) attested.

IDVA management indicated, due to limited resources in the fiscal department, they contracted out part of the financial services to a third-party contractor. When the contractor initially performed the analysis of leases, the four excluded contracts were not included in the contract listings, therefore, they were missed in the initial analysis. Due to the lack of expertise and resources in-house, IDVA was unable to identify the implementation weaknesses noted.

Failure to report all applicable leases under GASB 87 can lead to misstated financial information and potential misappropriation of State assets. (Finding Code No. 2022-030)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. The Department is currently working with a contracted third party and Department personnel to implement procedures for compliance with GASB 87 reporting of leases and contracts.

UPDATED RESPONSE:

Implemented.

31. The auditors recommend IDVA ensure its receipt records are complete with all refund receipts included.

FINDING: *(Weakness in Processing Refund Receipts) - New*

IDVA failed to exercise adequate controls over its processing of refund receipts.

During their testing of refund receipts, auditors noted three of 4 (75%) refunds tested, totaling \$17,194, whose dollar amount could not be traced to the receipt ledger.

IDVA indicated the exceptions noted were due to competing priorities which resulted in oversight.

Failure to properly record refunds in the Department's receipt ledger could result in inaccurate records and hinder management's ability to make decisions. (Finding Code No. 2022-031)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation and will work with fiscal staff to better understand the job aids that are provided by the Department of Innovation and Technology (DoIT) IL Acts Enterprise Resource Program (ERP) Team, on the SharePoint Portal, as well as create internal procedures on how to process refunds in ERP.

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UPDATED RESPONSE:

Implemented. One department staff member has taken specific training from the DoIT team. An accounting supervisor has been hired and is scheduled to be training as well.

32. The auditors recommend IDVA implement controls to ensure documentation is retained for the return of cancelled telecommunication devices.

FINDING: *(Failure to Ensure Telecommunication Devices were Timely Returned) - New*

IDVA did not exercise adequate controls over its telecommunications return policy during the examination period.

IDVA could not provide support or return dates for nine of nine (100%) telecommunication cancellations tested that occurred during the examination period. As a result, auditors could not determine if the telecommunication devices were returned timely.

IDVA indicated these exceptions were caused by employee turnover and human error.

Failure to ensure that telecommunication devices are returned timely could lead to loss or misappropriation of these items. (Finding Code No. 2022-032)

DEPARTMENT RESPONSE:

IDVA accepts the finding and recommendation. The Department will work with staff to ensure that a telecom device checklist is created at the time of receipt of a device and return of a device, and that a copy of this checklist is kept electronically for the State Records Act (5 ILCS 160/8).

UPDATED RESPONSE:

Implemented.

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, 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

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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.

Previous IDVA Emergency Purchases include:

- FY23 Qtr 4 - \$45,400 for Aero Building Solutions;
- FY22 Qtr 4 - \$50,000 for services;
- FY22 Qtr 2 - \$97,500 for equipment;
- FY21 Qtr 4 - \$60,000 for services;
- FY21 Qtr 2 - \$200,000 for engineering service. The firm was put in place to get the home "open" in preparation for its possible use as a location to house COVID patients during the pandemic;
- FY21 Qtr 2 - \$475,000 to provide food service for residents at the Manteno Veterans' Home.

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 2022, HFS had 44 employees assigned to locations others than official headquarters.