STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Christopher B. Meister, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD

State Compliance Examination
For the Two Years Ended June 30, 2025

Release Date: July 9, 2026

FINDINGS THIS AUDIT: 6

	New	Repeat	Total
Category 1:	**0**	**0**	**0**
Category 2:	0	5	5
Category 3:	0	1	1
TOTAL	**0**	**6**	**6**

FINDINGS LAST AUDIT: 8

AGING SCHEDULE OF REPEATED FINDINGS

Repeated Since	Category 1	Category 2	Category 3
2023		**25-4**	**25-1**
2021		**25-3, 25-5, 25-6**	
2007		**25-2**	

SYNOPSIS

- (**25-2**) The Board did not have an adequate segregation of duties over its accounting and recordkeeping functions.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INADEQUATE SEGREGATION OF DUTIES

The Board did not have an adequate segregation of duties over its accounting and recordkeeping functions.

During testing, we noted for payroll and non-payroll expenditures, the Board's Chief Fiscal Officer has the authority to perform all parts of the transaction cycle, including:

Inadequate segregation of duties over expenditure transactions

- **Authorization** by reviewing and approving transactions, including having signature authority for all transactions and direct access to the Department of Innovation and Technology's (DoIT) Central Payroll System (CPS);
- **Custody** by maintaining electronic and physical records and submitting expenditures for payment to the Illinois Office of Comptroller (IOC);
- **Recordkeeping** by preparing the payroll and any adjustments within CPS for submission to the IOC, preparing entries, entering transactions and any adjustments with DoIT's Enterprise Resource Planning System (ERP), and maintaining the Board's internal accounting records; and
- **Reconciliation** by preparing reconciliations of the IOC's records to the Board's accounting records.

No compensating controls

DoIT's ERP system has a built-in control requiring authorization by a second employee to move a non-payroll expenditure forward in the system. Other than this control, we did not note any additional compensating controls to mitigate this significant control weakness over the Board's expenditures, which totaled $3,628,354 for payroll expenditures and $467,988 for non-payroll expenditures, during the examination period. (Finding 2, Pages 9-10) **This finding has been reported since 2007.**

We recommend the Board implement additional procedures to limit one person from having the authority to perform essentially all the functions associated with payroll and non-payroll expenditure transactions. Involving other existing staff in the transaction cycle process could facilitate an appropriate segregation of duties without hiring an assistant fiscal officer or accountant.

Board agreed

The Board accepts the recommendation and noted the Board has hired an Accountant to resolve the segregation of duties issues noted.

OTHER FINDINGS

The remaining findings pertain to the Board's weaknesses regarding disaster recovery planning, voucher processing, and cyber security programs and practices, board vacancies, and noncompliance with personal services. We will review the Board's progress towards the implementation of our recommendations in our next State compliance examination.

<u>ACCOUNTANT'S OPINION</u>

The accountants conducted a State compliance examination of the Board for the two years ended June 30, 2025, as required by the Illinois State Auditing Act. The accountants stated the Board complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Borschnack, Pelletier & Co.

SIGNED ORIGINAL ON FILE

COURTNEY DZIERWA
Deputy Auditor General

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

CHRISTOPHER B. MEISTER
Auditor General

CBM:EJJ