



STATE OF ILLINOIS  
**OFFICE OF THE  
 AUDITOR GENERAL**

Christopher B. Meister, Auditor General

**SUMMARY REPORT DIGEST**

**DEPARTMENT OF LABOR**

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

Release Date: May 21, 2026

FINDINGS THIS AUDIT: 15				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
<b>Category 1:</b>	<b>6</b>	<b>5</b>	<b>11</b>	2023	<b>25-1, 25-7</b>	25-15	
<b>Category 2:</b>	1	3	4	2019		25-13	
<b>Category 3:</b>	<u>0</u>	<u>0</u>	<u>0</u>	2013	<b>25-3</b>		
<b>TOTAL</b>	<b>7</b>	<b>8</b>	<b>15</b>	2007	<b>25-11</b>		
				2005	<b>25-8</b>		
<b>FINDINGS LAST AUDIT: 12</b>				2003		25-12	

**INTRODUCTION**

Because of the significance and pervasiveness of the findings described within the report, we (the accountants) expressed an **adverse opinion** on the Department of Labor’s compliance with the specified requirements which comprise a State compliance examination. The Codification of Statements on Standards for Attestation Engagements (AT-C § 205.72) states a practitioner “should express an adverse opinion when the practitioner, having obtained sufficient appropriate evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the subject matter.”

**SYNOPSIS**

- **(25-01)** The Department of Labor (Department) did not have adequate controls over monthly appropriations, cash balance, revenues, and obligations reconciliations.
- **(25-03)** The Department failed to maintain adequate controls over personal services.

<b>Category 1:</b>	Findings that are <b>material weaknesses</b> in internal control and/or a <b>qualification</b> on compliance with State laws and regulations (material noncompliance).
<b>Category 2:</b>	Findings that are <b>significant deficiencies</b> in internal control and <b>noncompliance</b> with State laws and regulations.
<b>Category 3:</b>	Findings that have <b>no internal control issues but are in noncompliance</b> with State laws and regulations.

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER MONTHLY RECONCILIATIONS**

The Department of Labor (Department) did not have adequate controls over monthly appropriations, cash balance, revenues, and obligations reconciliations.

During our testing of the Department’s monthly reconciliation reports to the Office of the Comptroller’s reports for Fiscal Year 2024 and 2025, some of the more significant issues we noted included the following:

**SB01 reconciliations were not timely reviewed and approved**

- For 40 of 240 (17%) Appropriations Status (SB01) reports, the Department did not review and approve the monthly reconciliations between its internal records and SB01 reports in a timely manner, ranging from 6 to 47 days late.

**Monthly SB01 reconciliations not provided**

- For 30 of 240 (13%) SB01 reports, the Department did not provide documentation demonstrating the completion of monthly reconciliations between its internal records and the SB01 reports within 60 days of month-end.

**Monthly SB05 reconciliations not timely completed**

- For 90 of 216 (42%) Cash (SB05) reports, the Department did not complete monthly reconciliations between its internal records and SB05 reports in a timely manner, ranging from 3 to 100 days late.

**Variances unexplained**

- The Department was unable to provide an explanation for the variances identified in the SB05 reconciliation reports for any of its non-shared funds.

**Monthly SC15 reconciliations not timely completed**

- For 6 of 24 (25%) Obligation Activity (SC15) reports, the Department did not complete monthly reconciliations between its internal records and SC15 reports in a timely manner, ranging from 2 to 105 days late. (Finding 1, pages 9-12)

We recommended the Department implement adequate internal controls and maintain documentation demonstrating the appropriations, cash balance, revenues, and obligations reconciliations are all performed and reviewed in a timely manner.

**Department agreed**

The Department agreed with the finding and will implement internal controls and maintain proper documentation.

## **INADEQUATE CONTROLS OVER PERSONAL SERVICES**

The Department failed to maintain adequate controls over personal services.

### **Completeness and accuracy of employee list could not be determined**

During the examination of personal services, the Department provided a population of active, newly hired, and terminated employees. However, we were unable to determine the completeness and accuracy of the listing provided in order to obtain reasonable assurance on the reported hire and separation effective dates of employees in order to thoroughly test compliance.

Statements on Standards for Attestation Engagements (AT-C §205.36) require, when using information produced by the entity, the practitioner to evaluate whether the information is sufficiently reliable for the practitioner's purposes, including obtaining evidence about the accuracy and completeness of the information; and to evaluate whether the information is sufficiently precise and detailed for the practitioner's purposes.

Despite these limitations, we selected a sample of employees to review payroll vouchers, personnel files, performance evaluations, time sheets, leave requests, accrued leave balances, overtime cards, and training certificates. Some of the more significant issues we noted included the following:

### **Time sheets were not timely submitted**

- Five of 46 (11%) employees had time sheets that were not submitted in a timely manner, with delays ranging from 3 to 17 days, during Fiscal Year (FY) 2024.

### **Time sheets were not approved timely**

- Two of 46 (4%) employees had time sheets that were not approved in a timely manner, with delays ranging from 5 to 17 days, during FY 2025.

### **Overtime requests not approved prior to working**

- Ten of 60 (17%) employees' overtime requests were not approved prior to the actual overtime being worked.

### **Performance evaluation not completed**

- One of six (17%) employees subject to a probationary period during FY 2025 did not have performance evaluation reports. (Finding 3, pages 17-23) **This finding has been reported since 2013.**

We recommended the Department strengthen its internal controls over personal services to ensure compliance with applicable Federal and State requirements.

### **Department agreed**

The Department concurred and stated internal controls will be implemented to ensure compliance with applicable federal and State requirements.

## **OTHER FINDINGS**

The remaining findings are reportedly being given attention by the Department. We will review the Department's progress towards the implementation of our recommendations in our next State compliance examination.

## **ACCOUNTANT'S OPINION**

The accountants conducted a State compliance examination of the Department for the two years ended June 30, 2025, as required by the Illinois State Auditing Act. Because of the effect of noncompliance described in Findings 2025-001 through 2025-015, the accountants stated the Department did not materially comply with the requirements described in the report.

This State compliance examination was conducted by Maharlika PLLC.

**SIGNED ORIGINAL ON FILE**

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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**

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CHRISTOPHER B. MEISTER  
Auditor General

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