



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD**

State Compliance Examination  
 For the Two Years Ended June 30, 2021

Release Date: January 26, 2023

FINDINGS THIS AUDIT: 5	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<b>0</b>	<b>0</b>	<b>0</b>	2013		21-1	
Category 2:	3	2	5	2007		21-2	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
<b>TOTAL</b>	<b>3</b>	<b>2</b>	<b>5</b>				
FINDINGS LAST AUDIT: 2							

**SYNOPSIS**

- (21-1) The Illinois Educational Labor Relations Board (Board) did not maintain sufficient controls over its equipment.
- (21-2) 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

### **INSUFFICIENT CONTROLS OVER EQUIPMENT**

The Board did not maintain sufficient controls over its equipment. Specifically, the Board did not report obsolete transferable equipment to the Department of Central Management Services (DCMS) and did not remove a lost item from inventory. We noted the following conditions:

#### **Obsolete items remained on inventory**

- During forwards testing, we noted 18 of 22 (82%) items, totaling \$19,782, selected for testing appeared to be obsolete to the needs of the Board. During backwards testing, we noted 31 of 42 (74%) items, totaling \$12,423, selected for testing appeared to be obsolete to the needs of the Board. While touring the Board's Springfield and Chicago office locations, we noted multiple areas were being used for storage of unused or obsolete items. We inquired of the Board to determine if the Board attempted to dispose of the unused or obsolete assets with the DCMS. The Board indicated there had been no attempt to dispose of the assets during the examination period. Additionally, we noted excess electronic data processing (EDP) equipment while onsite at the Board's Chicago office. In total, we identified 125 items, totaling \$81,769, as obsolete to the needs of the Board.

#### **Unlocated item remained on inventory**

- We also noted 1 of 22 (5%) equipment items tested, totaling \$200, that was reported as not located on the annual certifications of inventory filed during Fiscal Year 2020 and Fiscal Year 2021. The item was not removed from the Board's June 30, 2021 property records. (Finding 1, pages 11-12) **This finding has been reported since 2013.**

We recommended the Board take action to ensure all transferable equipment is reported to DCMS. We also recommended the Board ensure missing items are removed from property records.

#### **Board agreed**

Board management agreed with the finding and noted corrective action is in progress.

### **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 Central Payroll System (CPS);
- **Custody** by maintaining electronic and physical records and submitting expenditures for payment to the State Comptroller;
- **Recordkeeping** by preparing the payroll and any adjustments within CPS for submission to the State Comptroller, preparing entries, and maintaining the Board's internal accounting records; and,
- **Reconciliation** by preparing reconciliations to the State Comptroller's records to verify each transaction's validity, proper authorization, and entry into the Board's accounting records.

**No compensating controls**

We did not identify any compensating controls to mitigate this significant control weakness over the Board's expenditures, which totaled \$3,100,971 during the examination period. (Finding 2, pages 13-14) **This finding has been reported since 2007.**

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

**Board agreed**

Board management agreed with the finding and noted the Board intends to hire an assistant fiscal officer to resolve this issue.

**OTHER FINDINGS**

The remaining findings pertain to weaknesses in disaster recovery planning, cybersecurity programs and practices, and voucher processing. We will review the Board'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 Board for the two years ended June 30, 2021, as required by the Illinois State Auditing Act. The accountants stated the Board complied, in all material respects, with the requirements describe in the report.

This State compliance examination was conducted by the Office of the Auditor General's staff.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK  
Division Director

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

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

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