

**STATE OF ILLINOIS
ILLINOIS LABOR RELATIONS BOARD
STATE COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2021

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ILLINOIS LABOR RELATIONS BOARD
STATE COMPLIANCE EXAMINATION
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BOARD OFFICIALS

Executive Director	Ms. Kimberly F. Stevens
Chief Fiscal Officer	Mr. Aaron M. Itulya
General Counsel	Ms. Helen J. Kim

GOVERNING BOARD CHAIR

State Panel Chair	William E. Lowry, Jr.
Local Panel Chair (03/01/21 – Present)	Lynne O. Sered
Local Panel Chair (07/01/19 – 02/26/21)	Robert M. Gierut

GOVERNING BOARD MEMBERS

State Panel Member	John S. Cronin
State Panel Member	Kendra S. Cunningham
State Panel Member	Jose L. Gudino
State Panel Member	J. Thomas Willis
Local Panel Member	Charles E. Anderson
Local Panel Member	Angela C. Thomas

BOARD OFFICES

The Board's primary administrative offices are located at:

801 South 7th Street
Suite 1200A, 12th Floor
Springfield, Illinois 62703

160 North LaSalle Street
Suite S-400
Chicago, Illinois 60601



Illinois Labor Relations Board

MANAGEMENT ASSERTION LETTER

September 27, 2022

Honorable Frank J. Mautino
Auditor General
State of Illinois
740 East Ash Street
Springfield, Illinois 62703-3154

Auditor General Mautino:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Illinois Labor Relations Board (Board). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Board's compliance with the following specified requirements during the two-year period ended June 30, 2021. Based on this evaluation, we assert that during the years ended June 30, 2020, and June 30, 2021, the Board has materially complied with the specified requirements listed below.

- A. The Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Yours truly,

State of Illinois, Illinois Labor Relations Board

SIGNED ORIGINAL ON FILE

Kimberly F. Stevens, Executive Director

SIGNED ORIGINAL ON FILE

Aaron M. Itulya, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Helen J. Kim, General Counsel

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STATE COMPLIANCE REPORT

SUMMARY

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	4	2
Repeated Findings	2	1
Prior Recommendations Implemented or Not Repeated	0	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2021-001	9	New	Procedural Deficiencies	Significant Deficiency and Noncompliance
2021-002	11	2019/2015	Untimely Completion of Performance Evaluations	Significant Deficiency and Noncompliance
2021-003	13	2019/2019	Inadequate Controls over Agency Workforce Reports	Significant Deficiency and Noncompliance
2021-004	15	New	Weaknesses Regarding Electronic Data Processing Procedures	Significant Deficiency and Noncompliance

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EXIT CONFERENCE

The Board waived an exit conference in a correspondence from Aaron Itulya, Chief Fiscal Officer, on September 15, 2022. The responses to the recommendations were provided by Aaron Itulya, Chief Fiscal Officer, in a correspondence dated September 27, 2022.

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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

INDEPENDENT ACCOUNTANT'S REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Illinois Labor Relations Board

Report on State Compliance

We have examined compliance by the State of Illinois, Illinois Labor Relations Board (Board) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2021. Management of the Board is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Board complied with

the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Board's compliance with the specified requirements.

In our opinion, the Board complied with the specified requirements during the two years ended June 30, 2021, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2021-001 through 2021-004.

The Board's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Board's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Board's compliance with the specified requirements and to test and report on the Board's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2021-001 through 2021-004 that we consider to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Board's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
September 27, 2022

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2021-001. **FINDING** (Procedural Deficiencies)

The Illinois Labor Relations Board (Board) did not comply with certain procedural requirements established by federal and State laws and regulations.

During testing, we noted the following:

- The Board did not timely file its Fiscal Year 2020 or Fiscal Year 2021 Fiscal Control and Internal Auditing Act (FCIAA) Certification with the Office of the Auditor General. The Certifications were filed 70 and 62 days late, respectively.

The FCIAA (30 ILCS 10/3003) requires the Board to file the Certifications by May 1 of each year.

- The Board did not provide the State Government Distribution Center at the State Library with copies of its 2019 and 2020 annual reports.

The Illinois Public Labor Relations Act (5 ILCS 315/5(e)) requires each panel of the Board at the end of every State fiscal year to make a report in writing to the Governor and the General Assembly stating in detail the work it has done in hearing and deciding cases and otherwise. The General Assembly Organization Act (25 ILCS 5/3.1) states whenever any law or resolution requires a report to the General Assembly, the Board is then required to file a copy with the State Government Report Distribution Center for the General Assembly.

- The Board did not timely file its Annual Reports for Fiscal Years 2019 and 2020 with the Governor's Office. The Annual Reports were made available to the Governor's Office 254 and 270 days late, respectively.

The State Finance Act (30 ILCS 105/3(a)) requires the Board to deliver to the Governor an annual report of its acts and doings for the fiscal year ending in the calendar year immediately preceding the calendar year in which the regular session of the General Assembly convenes. This report is due at least ten days preceding each regular session of the General Assembly.

- One employee's I-9 had the employer section completed and signed by the individual the form was verifying.

U.S. Citizen and Immigration Services (USCIS) instructions for I-9 forms require the employer to complete and sign Section 2 of the I-9 form within 3 days of the employees' first day or employment.

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Board officials indicated the issues noted above were due to lack of staff, competing priorities, and being unaware of requirements.

Failure to timely file the FCIAA Certification is noncompliance with the FCIAA. In addition, failure to provide copies of its reports to the State Government Report Distribution Center at the State Library represents noncompliance with the General Assembly Organization Act and the State Library Act. Further, failure to timely submit annual reports to the Governor reduces the effectiveness of governmental oversight and may hinder the Office of the Governor’s ability to monitor the Board’s operations. Finally, failure to properly complete the I-9 form is a violation of USCIS requirements and could expose the Board to penalties. (Finding Code No. 2021-001)

RECOMMENDATION

We recommend the Board ensure FCIAA Certifications and annual reports are filed timely. Further, we recommend the Board provide copies of its reports to the State Government Report Distribution Center. Finally, we recommend the Board ensure I-9 forms are properly completed.

BOARD RESPONSE

The Board accepts the recommendation. The Board will review its current procedures to determine how to distribute workload to reduce instances of late submission of reports. Current controls adopted by the Board require the Personnel Officer to examine the employment eligibility and identification documents and record that information on the Form I-9 prior to certifying the I-9.

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2021-002. **FINDING** (Untimely Completion of Performance Evaluations)

The Illinois Labor Relations Board (Board) did not complete employee performance evaluations in a timely manner in accordance with internal policy and the Illinois Administrative Code.

During testing, we noted 3 of 12 (25%) employee performance evaluations were performed between 3 and 50 days late.

The *Illinois Labor Relations Board Personnel and Policy Manual*, Chapter 2, Section I, requires performance evaluations to be done every 12 months. Further, the Illinois Administrative Code (80 Ill. Admin. Code 302.270) requires the Board to prepare performance evaluations of each certified employee not less than annually.

This finding was first noted during the Board’s State compliance examination for the two years ended June 30, 2015. As such, Board management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

Board officials indicated the evaluations were not performed timely due to supervisors misunderstanding the policy.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance expectations should serve as a foundation for salary adjustments, promotion, demotion, discharge, layoff, recall, and reinstatement decisions. (Finding Code No. 2021-002, 2019-001, 2017-001, 2015-001)

RECOMMENDATION

We recommend the Board take appropriate measures to ensure performance evaluations are completed timely.

BOARD RESPONSE

The Board agrees with auditors that performance evaluations should be completed timely and that completion of performance evaluations within 30 days of the start of the evaluation period is a good best practice; however, the Board disagrees with auditors’ finding that the Board did not timely complete the three employee performance evaluations referenced in the finding. After further review of the requirements of 80 Ill. Admin Code 302.270, the Board has determined that the three employee evaluations referenced by auditors in their finding were in fact completed timely and in compliance with the “not less often than annually” requirement of the administrative rule. The 30-day time frame utilized by auditors to test timeliness is not required by statute, the State’s administrative rules, or Board policy.

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ACCOUNTANT’S COMMENT

The accountants considered evaluations performed over 30 days after the end of the evaluation period to be untimely.

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2021-003. **FINDING** (Inadequate Controls over Agency Workforce Reports)

The Illinois Labor Relations Board (Board) did not have adequate controls over its Agency Workforce Reports (Report).

During testing, we noted:

- The Board did not timely file its Fiscal Year 2020 Report with the Office of the Governor and the Secretary of State. The Reports were filed 3 days late.

The State Employment Records Act (Act) (5 ILCS 410/20) requires the Board to file a copy of the Report with the Office of the Governor and the Secretary of State by January 1 of each year.

- The Board did not timely file Reports with original signatures for its Fiscal Year 2020 Report or its revised versions of its Fiscal Year 2015, Fiscal Year 2016, Fiscal Year 2017, or Fiscal Year 2018 Reports with the Secretary of State. The Secretary of State notified the Board on January 4, 2021 they required Reports with original signatures; however, the Board did not re-file the Reports with original signatures until June 6, 2021, approximately 5 months later.

The Act (5 ILCS 410/15) requires the Reports to be certified and signed by an official of the Board who is responsible for the information provided.

- The Fiscal Year 2019 and Fiscal Year 2020 Reports each contained one instance where the reported amount and percentage was inaccurate.

The State Employment Records Act (5 ILCS 410/15) requires the Board to collect and maintain information and publish reports including the total number of persons employed with the agency work force as professionals, and the number and percentage of minorities, women, and persons with physical disabilities employed within the agency work force as professional employees.

Board officials indicated the deficiencies described above are the result of competing priorities and employee error.

Failure to include complete and accurate information on the Board's reports and submit reports timely could deter efforts by State officials, administrators, and residents to achieve a more diversified State workforce and represents noncompliance with State laws. (Finding Code No. 2021-003, 2019-002)

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RECOMMENDATION

We recommend the Board timely submit its Reports to the Office of the Secretary of State and the Office of the Governor. We also recommend the Board implement controls to ensure its Reports are accurate.

BOARD RESPONSE

The Board accepts the recommendation.

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2021-004. **FINDING** (Weaknesses Regarding Electronic Data Processing Procedures)

The Illinois Labor Relations Board (Board) did not maintain adequate controls over its electronic data processing.

During testing, we noted the following:

- The Board did not have a disaster recovery plan, nor did the Board conduct a recovery test during the examination period for its Case Management database.

The Contingency Planning Guide for Federal Information Systems (Special Publication 800-34) published by the National Institute of Standard and Technology (NIST) endorses the formal development and testing of disaster recovery plans. Tests of disaster recovery plans (and the associated documentation of the test results) verify that the plan, procedures, and resources provide the capability to recovery critical systems within the required timeframe.

- The Board did not routinely review access rights to the Central Time and Attendance System (CTAS) and eTime; rather, the Board indicated this was completed on an as-needed basis. During review of access rights, we noted an individual who had access rights to the CTAS, but did not appear on the listing of the security software IDs provided by the Board. The Board stated it was unaware this individual had access rights to the CTAS, and the individual was not involved in timekeeping.
- The Board did not review access rights to its Case Management Tracking System on an annual basis. Additionally, the Board was unable to provide documentation to substantiate a review of access rights was performed.

The National Institute of Standards and Technology (NIST) (Special Publication 800-53, Fifth Revision), Access Control Section, endorses the development of well-designed and well-managed controls to protect computer systems and data. Effective computer security controls provide safeguarding, securing, and controlling access to hardware, software and the information stored in the computer system.

- The Board did not have an executed interagency agreement with the Department of Innovation and Technology (DoIT) to ensure the services provided, roles and responsibilities, and the available security mechanisms were in place in order to protect the security, processing integrity, availability, and confidentiality of the Board's systems and data.

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The National Institute of Standards and Technology (NIST) (Special Publication 800-53), System and Services Acquisition Section, requires entities to document the services, roles, responsibilities, and required security controls when outsourcing services. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and to maintain accountability over the State's resources.

- Two of 24 (8%) individuals tested did not complete cybersecurity training during one of the fiscal years of the examination period.

The Data Security on State Computers Act (20 ILCS 450/25(b)) requires every employee to annually undergo training by the Department of Innovation and Technology concerning cybersecurity.

Board officials indicated the deficiencies related to access rights and training were the result of management error. The Board is in disagreement with the remaining deficiencies.

Failure to maintain adequate controls over electronic data processing results in significant risk of noncompliance, and poses an additional risk of fraud, misuse of information, security breach, and data loss. Failure to develop an adequate formal, written agreement between the Board and the DoIT may lead to noncompliance with State laws, rules, and regulations. (Finding Code No. 2021-004)

RECOMMENDATION

We recommend the Board:

- Develop and test a disaster recovery plan for its Case Management database;
- Implement controls to routinely review access rights;
- Work with DoIT to draft and execute an interagency agreement; and,
- Ensure all individuals complete the required annual cybersecurity training.

BOARD RESPONSE

The Board accepts the recommendation regarding developing and testing a disaster recovery plan for its Case Management database. The Board will continue to seek guidance/coordinate with the Illinois Department of Innovation and Technology (DoIT) regarding preparing a disaster recovery plan. The Board, in conjunction with DoIT, has already created a Business Impact Analysis. The Business Impact Analysis is meant to be informative and plays a key role in understanding the needs of the organization and the potential impacts to its mission. This analysis is the first step in

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creating a disaster recovery plan. Furthermore, DoIT completes daily network backups.

The Board accepts the recommendation regarding implementing controls to routinely review access rights.

The Board has already delegated authority to DoIT to exercise controls over the security, processing integrity, availability, and confidentiality of the Board's systems and data. DoIT provided to the Board documents titled Information Security Guidelines for Agency Roles and Responsibilities and Delegating Authority as well as a document titled Proxy for Delegating Authority to DoIT. These documents represent an interagency agreement between the Board and DoIT as it relates to information security roles and responsibilities. The Board will seek guidance/coordinate with DoIT to determine what further agreements are required to ensure that the services provided by DoIT, roles and responsibilities, and the available security mechanisms are in place to protect the security, processing integrity, availability, and confidentiality of the Board's systems and data.

The Board accepts the recommendation that it ensure annual cybersecurity training (Security Awareness Training) is completed by the individuals at the Board that are required to complete the training. The Board has strengthened its controls over completion of annual Security Awareness Training.