

**STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD**

STATE COMPLIANCE EXAMINATION

FOR THE TWO YEARS ENDED JUNE 30, 2023

**Performed as Special Assistant Auditors for
the Auditor General, State of Illinois**

**STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
STATE COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2023**

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**STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
STATE COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2023**

BOARD OFFICIALS

Chair	Ms. Lara Shayne
Executive Director	Mr. Victor Blackwell
General Counsel	Ms. Ellen Strizak
Associate General Counsel	Ms. Dawn Harden
Chief Fiscal Officer	Ms. Meredith Dean

BOARD MEMBERS

Board Member (08/01/22 – Present)	Vacant
Board Member (07/01/21 – 07/31/22)	Mr. Gilbert O' Brien
Board Member	Ms. Lara Shayne
Board Member	Mr. Chad Hays
Board Member	Mr. Steven Grossman
Board Member	Ms. Michelle Ishmael

The Board's administrative offices are located at:

One Natural Resources Way
Springfield, IL 62702

160 North LaSalle Street
Suite N-400
Chicago, IL 60601



ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD

MANAGEMENT ASSERTION LETTER

March 14, 2024

Borschnack, Pelletier & Co.
Certified Public Accountants
200 E. Court St., Suite 608
Kankakee, IL 60901

Ladies and Gentlemen:

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 Educational 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, 2023. Based on this evaluation, we assert that during the years ended June 30, 2023 and June 30, 2022, the Board has materially complied with the specified requirements 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.
- D. State revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, Illinois Educational Labor Relations Board

SIGNED ORIGINAL ON FILE

Victor Blackwell, Executive Director

SIGNED ORIGINAL ON FILE

Meredith Dean, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Ellen Strizak, General Counsel

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**STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
STATE COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2023**

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

<u>Number of Findings</u>	<u>Current Report</u>	<u>Prior Report</u>
Repeated findings	8	5
Prior recommendations implemented or not repeated	5	2
	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				
2023-001	8	New	Board Vacancy	Noncompliance
2023-002	9	2021/2007	Inadequate Segregation of Duties	Significant Deficiency and Noncompliance
2023-003	11	2021/2021	Disaster Recovery Planning Weaknesses	Significant Deficiency and Noncompliance
2023-004	12	2021/2013	Insufficient Controls Over Equipment	Significant Deficiency and Noncompliance
2023-005	14	2021/2021	Voucher Processing Weakness	Significant Deficiency and Noncompliance
2023-006	15	2021/2021	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
STATE COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2023**

STATE COMPLIANCE REPORT

SUMMARY (Continued)

SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2023-007	17	New	Personal Services Noncompliance	Significant Deficiency and Noncompliance
2023-008	19	New	Noncompliance with the Illinois Educational Labor Relations Act	Significant Deficiency and Noncompliance

EXIT CONFERENCE

The Board waived an exit conference in a correspondence from Ms. Meredith Dean, Chief Fiscal Officer, on March 1, 2024. The responses to the recommendations were provided by Ms. Meredith Dean, Chief Fiscal Officer, in a correspondence dated March 8, 2024.

**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 Educational Labor Relations Board

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Illinois Educational 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, 2023. 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.
- D. State revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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 judgment, 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, 2023, 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 2023-001 through 2023-008.

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 2023-002 through 2023-008 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

Kankakee, Illinois
March 14, 2024

**STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
CURRENT FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2023**

2023-001 FINDING Board Vacancy

The Illinois Educational Labor Relations Board's (Board) governing board was incomplete during the examination period.

The Illinois Educational Labor Relations Act (Act) (115 ILCS 5/5(b)) stipulates the Board's governing board is to be comprised of 5 members appointed by the Governor. We noted a vacant position has existed since August 1, 2022 and was still vacant as of December 4, 2023. We asked the Board for evidence of having requested the Governor fill the vacant position; however, the Board provided no evidence of such.

Board officials indicated the Governor did not re-appoint the previous board member, so the Governor should be aware of the vacancy.

Failure to have a complete board may result in inappropriate labor representation or unfair labor practice decisions and represents noncompliance with the Act (Finding Code No. 2023-001)

RECOMMENDATION

We recommend the Board request the Governor fill the vacant governing board position.

BOARD RESPONSE

The Board agrees with the finding and will work with the Governor's Office to ensure the vacancy is filled.

**STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
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CURRENT FINDINGS
FOR THE TWO YEARS ENDED JUNE 30, 2023**

2023-002 FINDING Inadequate Segregation of Duties

The Illinois Educational Labor Relations Board (Board) did not have an adequate segregation of duties over its expenditure, accounting and recordkeeping functions.

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

- **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, and maintaining the Board's internal accounting records; and
- **Reconciliation** by preparing reconciliations of the IOC's records to the Board's accounting records.

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

- **Authorization** by having signature authority on the Agency File Balancing Report sent to the IOC to approve payment;
- **Custody** by maintaining electronic and physical records and submitting expenditures for payment to the IOC;
- **Recordkeeping** by entering transactions and any adjustments within 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.

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 \$2,842,909 for payroll expenditures and \$310,397 for non-payroll expenditures, during the examination period.

This finding was first noted during the Board's compliance examination for the period ended June 30, 2007. Board management has been unsuccessful in implementing a corrective action plan to remedy these problems. The Board's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board 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 expenditures are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

**STATE OF ILLINOIS
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2023-002 FINDING Inadequate Segregation of Duties (Continued)

Board officials indicated the hiring of an assistant fiscal officer has not occurred due to competing operational priorities.

Failure to limit the ability of one person to have the authority to perform essentially all functions of a transaction increases the likelihood a loss from errors or irregularities could occur and would not be found in the normal course of employees carrying out their assigned duties. (Finding Code No. 2023-002, 2021-002; 2019-002; 2017-002; 2015-002; 2013-002; 11-2; 09-3; 07-2)

RECOMMENDATION

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 RESPONSE

The Board agrees with the finding. The Board intends to hire an assistant fiscal officer to resolve this issue.

**STATE OF ILLINOIS
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2023-003 FINDING Disaster Recovery Planning Weaknesses

The Illinois Educational Labor Relations Board (Board) has not completed a Disaster Recovery Plan and has not performed recovery testing.

During our examination, we noted the Board did not create a Disaster Recovery Plan. Further the Board did not conduct recovery testing at any point during the examination period.

The *Contingency Planning Guide for Federal Information Systems* (Special Publication 800-34) published by the National Institute of Standards and Technology (NIST) requires entities to have an updated and regularly tested disaster contingency plan to ensure the timely recovery of applications and data.

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 maintain accountability over the Board's resources.

Board officials indicated the process of developing and testing a disaster recovery plan has commenced, with the first step being the creation of a Business Impact Analysis. The Analysis was prepared by the Department of Innovation and Technology in 2020. During the examination period, the Board was unable to progress further in the process due to competing priorities.

Without an adequately documented and tested disaster recovery plan, the Board cannot ensure its critical systems could be recovered within an acceptable period, and therefore minimize the impact associated with disaster. (Finding Code No. 2023-003, 2021-003)

RECOMMENDATION

We recommend the Board create a Disaster Recovery Plan and perform recovery testing at least annually.

BOARD RESPONSE

The Board agrees with the finding. The Board worked with DoIT to create a Business Impact Analysis, which is the first step in creating its disaster recovery plan and the Board is seeking to hire an IT Specialist to manage the technical requirement of establishing and implementing a Disaster Recovery Plan.

**STATE OF ILLINOIS
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2023-004 FINDING Insufficient Controls Over Equipment

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

During our examination, we noted the following conditions:

- We noted 7 of 42 (17%) equipment items, totaling \$10,880, selected for testing appeared to be obsolete to the needs of the Board. We inquired of the Board to determine if the Board attempted to dispose of these unused or obsolete assets with the Department of Central Management Services (DCMS). The Board indicated it had transferred numerous obsolete items to DCMS during the examination period; however, the items noted in the current examination had not been reported to DCMS.
- We also noted 1 of 21 (5%) equipment item tested, totaling \$200, was not located during our physical inventory testing. We also noted the same item was reported as not located on the Board's annual certification of inventory filed for Fiscal Year 2022 and Fiscal Year 2023.

The State Property Control Act (30 ILCS 605/7.3) requires the Board to periodically report all transferable property at locations under its jurisdiction to DCMS. The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.620) requires the Board to regularly survey its inventories for transferable equipment and report any such equipment to DCMS. The Code further specifies transferable equipment shall be reported by submitting a property change report to DCMS; or if the equipment is not listed on the Board's inventory, the Board shall notify DCMS by letter.

The DCMS instructions for completing the annual inventory of State equipment requires agencies to resolve all discrepancies between the previous certification of inventory and the current certification of inventory. Proper deletions of lost, stolen, destroyed, scrapped, or surplus inventory must be completed by the filing agency in accordance with the Code (44 Ill. Admin. Code 5010).

This finding was first noted during the Board's compliance examination for the period ended June 30, 2013. Board management has been unsuccessful in fully implementing a corrective action plan to remedy these problems.

Board officials indicated it had made significant progress on identifying and disposing of obsolete equipment; however, some items had not been fully addressed due to a lack of staffing and other competing priorities.

Not reporting transferable equipment to DCMS in a timely manner may lead to unnecessary purchases of similar equipment by agencies who could have used the surplus equipment. Failure to resolve unlocated equipment discrepancies from one year to the next perpetuates inaccurate reporting. (Finding Code No. 2023-004, 2021-001, 2019-001, 2017-001, 2015-003, 2013-003)

**STATE OF ILLINOIS
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2023-004 FINDING Insufficient Controls Over Equipment (Continued)

RECOMMENDATION

We recommend the Board take action to ensure all transferable equipment is reported to DCMS. We also recommend the Board ensure inventory discrepancies are properly resolved as required by the Code.

BOARD RESPONSE

The Board agrees with the finding. The Board will ensure all transferable equipment is reported to DCMS and missing items are removed from property records.

**STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
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CURRENT FINDINGS
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2023-005 FINDING Voucher Processing Weakness

The Illinois Educational Labor Relations Board (Board) did not timely submit its vouchers for payment to the Illinois Office of Comptroller (IOC) during the examination period.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), we were able to limit our voucher testing at the Board to determine whether certain key attributes were properly entered by the Board's staff into ERP. To determine the operating effectiveness of the Board's internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's Enterprise Resource Planning (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.

We then conducted an analysis of the Department's expenditures data for fiscal years 2022 and 2023 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.70). We noted the following noncompliance:

- The Board did not timely approve 117 of 475 (25%) vouchers processed during the examination period, totaling \$69,546. We noted these late vouchers were submitted by the Board to the IOC between 1 and 53 days late.

The Code (74 Ill. Admin. Code 900.70) requires the Board to timely review each vendor's invoice and approve proper bills within 30 days after receipt.

Board Officials indicated the late approvals were due to competing priorities.

Failure to timely process proper bills represents noncompliance with the Code. (Finding Code No. 2023-005, 2021-005)

RECOMMENDATION

We recommend the Board approve proper bills within 30 days of receipt.

BOARD RESPONSE

The Board agrees with the finding.

**STATE OF ILLINOIS
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2023-006 FINDING Weaknesses in Cybersecurity Programs and Practices

The Illinois Educational Labor Relations Board (Board) had not implemented adequate internal controls related to cybersecurity programs, practices, and did not fully comply with its intergovernmental agreement with the Department of Innovation and Technology (DoIT).

The Board is provided authority through legislative statute to protect the rights of educational employees wanting to organize and bargain collectively. To support these educational employees, the Board employs various methods, including but not limited to, certifying and clarifying bargaining units; investigating hearing and remedying unfair labor practices by educational employers and unions; and assisting parties engaged in mediation and arbitration. To assist the Board in meeting their statutory requirements, the Board maintains applications which contain confidential and/or personal information.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices.

During our examination, we noted the Board had not:

- Developed policies to address remote access, network security, encryption, or cybersecurity;
- Reviewed the System and Organization Control (SOC) reports issued by the Office of the Auditor General during the examination period on the DoIT's systems utilized by the Board; and
- Informed staff of revisions made to the DoIT's Enterprise Information Security Policy (Enterprise Policy) during the examination period as required by the intergovernmental agreement.

The National Institute of Standards and Technology (NIST) *Framework for Improving Critical Infrastructure Cybersecurity* and *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53) require entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications and data.

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 maintain accountability over the Board's resources.

The Board's intergovernmental agreement with the DoIT requires the Board to formally adopt the Enterprise Policy, ensure its staff complies with the Enterprise Policy, and inform staff of any updates made by the DoIT to the Enterprise Policy.

**STATE OF ILLINOIS
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2023-006 FINDING Weaknesses in Cybersecurity Programs and Practices (Continued)

Board officials indicated it had insufficient resources and time since the previous examination to fully address the deficiencies noted in the prior examination. Board officials also indicated it was unaware of the need to review the SOC reports on the DoIT systems and it did not receive any notifications from the DoIT of Enterprise Policy revisions.

The lack of adequate cybersecurity programs and practices could lead to the Board's confidential or personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2023-006, 2021-004)

RECOMMENDATION

We recommend the Board:

- Develop policies to address remote access, network security, encryption and cybersecurity;
- Review the SOC reports on the DoIT's systems to determine:
 - if the controls employed by the DoIT are appropriate and functioning properly for the Board's needs,
 - and determine if the identified complimentary user entity controls are in place at the Board; and
- Comply with the intergovernmental agreement by monitoring DoIT's Enterprise Policy for updates and informing staff of changes.

BOARD RESPONSE

The Board agrees with the finding. Board staff have completed mandatory cybersecurity training through the One Net portal as a first step. Additional steps will be taken to address the remaining issues including the Board's anticipated hiring of an IT Specialist to manage cybersecurity and technology requirements of the Illinois State Auditing Act.

**STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
SCHEDULE OF FINDINGS
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2023-007 FINDING Personal Services Noncompliance

The Illinois Educational Labor Relations Board (Board) did not comply with certain requirements established by Federal and State regulations and instructions from the State Employee's Retirement System (SERS).

During testing, we noted the following noncompliance with regulations:

- The Board did not properly retain the *Employment Eligibility Verification* Form (Form I-9) for two (50%) of the four employees tested. The Form I-9 could not be located in the employee's personnel file.

Title 8 of the Code of Federal Regulations (8 C.F.R. § 274a.2) requires employers to retain a paper or electronic copy of the Form I-9 for three years after the date of an employee's hire or one year after the date the individual's employment is terminated, whichever is later.

- The Fiscal Year 2022 Agency Workforce Report reported inaccurate data. The number of employees by income range did not agree to the Board's records and the Board reported zero contractual employees when it should have reported three.

The State Employment Records Act (5 ILCS 410) requires all state agencies to file an Agency Workforce Report (Report) annually. The Report assists in the collection, classification, maintenance, and publishment, for State and public use, information that provides the General Assembly and the People of Illinois with adequate information of the number of minorities, women, and persons with physical disabilities employed by State government within the State work force. The reports are required to report employees by levels of State remuneration within incremental levels of \$10,000. The report also requires reporting of contractual employees by gender and ethnicity.

We also noted the following noncompliance with instructions from the SERS:

- The Board did not timely file its Fiscal Year 2021 census data reconciliation and certification. The due date for filing was prior to September 1, 2021; however, the Board did not submit the reconciliation and certification until December 22, 2021 – 112 days late.

The AICPA's *Audit and Accounting Guide: State and Local Governments* recommends that employee census data should be reconciled annually by each agency to a report provided by the State Employee's Retirement System (SERS) and used by its actuaries. On July 1, 2021, SERS communicated this process to all applicable State agencies and set a due date of September 1, 2021 to perform the reconciliation and submit the agency's certification.

Board officials indicated the noncompliance was due to management oversight and competing priorities.

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ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
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2023-007 FINDING Personal Services Noncompliance (Continued)

Failure to properly retain the Form I-9's is a violation of Federal Regulations and could expose the Board to penalties. Filing inaccurate Agency Workforce Reports deters the Office of the Governor and the Secretary of State from fulfilling the purpose of the State Employment Records Act, which is to provide information to help guide efforts to achieve a more diversified work force. Failure to timely provide the State Employees' Retirement System with requested information lessens SERS' ability to provide greater assurance that significant membership data accumulated through agency payroll runs and used by the State of Illinois in projections of actuarial liabilities for pensions and other post-employment benefits is complete and accurate. (Finding Code No. 2023-007)

RECOMMENDATION

We recommend the Board retain Form I-9's in accordance with Federal Regulations, file accurate data on Agency Workforce Reports, and timely report information to SERS for use by its actuaries.

BOARD RESPONSE

The Board agrees with the finding. The Board has since taken steps to remedy this finding and address the items noted above.

**STATE OF ILLINOIS
ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD
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2023-008 FINDING Noncompliance with the Illinois Educational Labor Relations Act (Act)

The Illinois Educational Labor Relations Board (Board) did not fully comply with requirements surrounding the hearing process for exclusive bargaining representative unit determinations.

We tested all six hearings conducted by the Board to determine the exclusive bargaining representatives. For one of the six (17%) hearings tested, we noted the Board did not conclude its hearing process and issue a certification within 120 days after the petition was filed. A majority interest representation petition was filed with the Board on July 23, 2021, and subsequently amended on August 12, 2021. A hearing was required to resolve issues of representation for this majority interest petition. From the date the amended petition was filed, 267 days elapsed before the Board issued a decision in the form of an Administrative Law Judge's Recommended Decision and Order (ALJRDO). The ALJRDO was issued on May 6, 2022. We requested evidence of the parties having agreed to an extension to a date certain, but no documentation was provided evidencing the parties had agreed to an extension to a specific date. The certification was issued on July 22, 2022 (344 days after the amended petition date).

The Act (115 ILCS 5/7(c-5)) states "If a hearing is necessary to resolve any issues of representation under this Section, the Board shall conclude its hearing process and issue a certification of the entire appropriate unit not later than 120 days after the date the petition was filed. The 120-day period may be extended one or more times by the agreement of all parties to a hearing to a date certain."

Board officials indicated the administrative law judge did not obtain the required waivers from the parties to extend the timeline for processing the petition.

Failure to issue a timely decision regarding collective bargaining representation delays the right of educational employees to organize and bargain collectively with proper representation. (Finding Code No. 2023-008)

RECOMMENDATION

We recommend the Board timely administer the hearing process and issue a certification of the entire appropriate unit not later than 120 days after the date the petition was filed. We further recommend the Board document any extensions in writing.

BOARD RESPONSE

The Board agrees with the finding.