



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS EDUCATIONAL LABOR RELATIONS BOARD

Compliance Examination
 For the Two Years Ended June 30, 2023

Release Date: April 25, 2024

FINDINGS THIS AUDIT: 8				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>
Category 1:	0	0	0	2021		23-3, 23-5, 23-6	
Category 2:	2	5	7	2013		23-4	
Category 3:	<u>1</u>	<u>0</u>	<u>1</u>	2007		23-2	
TOTAL	3	5	8				
FINDINGS LAST AUDIT: 5							

SYNOPSIS

- **(23-2)** The Board did not have adequate segregation of duties over its expenditure, accounting and recordkeeping functions.
- **(23-4)** The Board did not maintain sufficient controls over its equipment.

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 expenditure, 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, 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 \$2,842,909 for payroll expenditures and \$310,397 for non-payroll expenditures, during the examination period. (Finding 2, Pages 9-10) **This finding has been reported since 2007.**

We recommended 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 agreed with the recommendation and noted the Board intends to hire an assistant fiscal officer to resolve this issue.

INSUFFICIENT CONTROLS OVER EQUIPMENT

The Board did not maintain sufficient controls over its equipment.

During our examination, we noted the following conditions:

Obsolete items remained on inventory

- 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.

Unlocated item remained on inventory

- 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. (Finding 4, pages 12-13) **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 inventory discrepancies are properly resolved as required by the Code.

Board Agreed

The Board agreed with the recommendation and noted corrective action is in progress.

OTHER FINDINGS

The remaining findings pertain to the Board's weaknesses regarding disaster recovery planning, voucher processing, and cybersecurity programs and practices, board vacancies, and noncompliance with statutory mandates and personal services. 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 compliance examination of the Board for the two years ended June 30, 2023, 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

JANE CLARK
Division Director

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

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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