

**STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2009

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2009

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STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR

AGENCY OFFICIALS

Director	Ms. Catherine Shannon
Assistant Director	Mr. Bert Rodriguez
Legal Counsel (9/20/2007 to Current)	Mr. Michael Haggerty
Legal Counsel (7/1/2007 to 9/19/2007)	Vacant
Fiscal Officer	Mr. Mike Layden

Department offices are located at:

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Springfield, IL 62701

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Chicago, IL 60601

State Regional Office
2309 West Main
Marion, IL 62959



ILLINOIS DEPARTMENT OF LABOR

Pat Quinn
Governor

Catherine M. Shannon
Director

MANAGEMENT ASSERTION LETTER

May 13, 2010

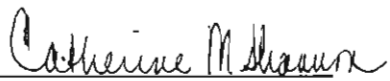
Honorable William G. Holland
Auditor General
State of Illinois
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154


We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of the Department. 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 Department's compliance with the following assertions during the two-year period ended June 30, 2009. Based on this evaluation, we assert that during the years ended June 30, 2009 and June 30, 2008, the Department has materially complied with the assertions below.

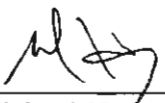
- A. The Department has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the Department 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. The money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Department of Labor


Catherine Shannon, Director


Michael Layden, Fiscal Officer


Michael Haggerty, Legal Counsel

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORTS

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes 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	11	16
Prior recommendations implemented or not repeated	9	10
	7	3

Details of findings are presented in the separately tabbed report section of this report.

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
09-1	10	Inadequate controls over revenues	Material Weakness and Material Noncompliance
09-2	13	Inadequate controls over accounts receivable records and reporting	Material Weakness and Material Noncompliance
09-3	15	Property control weaknesses	Material Weakness and Material Noncompliance
09-4	19	Inadequate control over Special State Trust Fund	Material Weakness and Material Noncompliance
09-5	21	Inadequate maintenance and reconciliation of expenditure records	Significant Deficiency and Noncompliance
09-6	23	Inadequate control over travel expenditures	Significant Deficiency and Noncompliance

09-7	25	Performance evaluations not completed	Significant Deficiency and Noncompliance
09-8	27	Inadequate control over employee attendance records and personnel functions	Significant Deficiency and Noncompliance
09-9	29	Nonpayment of revolving funds	Significant Deficiency and Noncompliance
09-10	31	Improper use of appropriated funds	Material Weakness and Material Noncompliance
09-11	33	Inadequate controls over voucher processing	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

A	35	Inadequate contract monitoring	
B	35	Noncompliance with publication requirements of the Prevailing Wage Act	
C	35	Inadequate control over contractual agreements	
D	35	Contracts not properly approved	
E	36	Voucher approval weaknesses	
F	36	Time sheets not maintained in compliance with the State Officials and Employees Ethics Act	
G	36	Inadequate control over an interagency agreement	

EXIT CONFERENCE

The Illinois Department of Labor waived having an exit conference in correspondence dated May 6, 2010. Responses to the recommendations were provided by Mike Layden, Fiscal Officer, in correspondence dated May 12, 2010.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Department of Labor's compliance with the 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 years ended June 30, 2009. The management of the State of Illinois, Department of Labor is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Department of Labor's compliance based on our examination.

- A. The State of Illinois, Department of Labor 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 State of Illinois, Department of Labor 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 State of Illinois, Department of Labor 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 State of Illinois, Department of Labor 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 State of Illinois, Department of Labor on behalf of the State or held in trust by the State of Illinois,

Department of Labor have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination 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 as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Department of Labor's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Department of Labor's compliance with specified requirements.

As described in findings 09-1, 09-2, 09-3, 09-4, and 09-10 in the accompanying schedule of findings, the State of Illinois, Department of Labor did not comply, in all material respects, with applicable laws and regulations. Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Department of Labor to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Illinois, Department of Labor complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2009. However, the results of our procedures disclosed other instances of noncompliance, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as findings 09-5, 09-6, 09-7, 09-8, 09-9, and 09-11.

Internal Control

The management of the State of Illinois, Department of Labor is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Department of Labor's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Department of Labor's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Department of Labor's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified

certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency* in an entity's internal control over compliance 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 requirements listed in the first paragraph of this report on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings as findings 09-1, 09-2, 09-3, 09-4, and 09-10 to be material weaknesses.

A *significant deficiency* is a deficiency, or 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. We consider the deficiencies in internal control over compliance described in findings 09-5, 09-6, 09-7, 09-8, 09-9, and 09-11 in the accompanying schedule of findings, to be significant deficiencies.

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

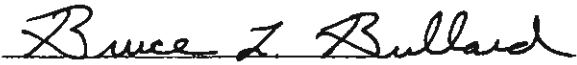
The State of Illinois, Department of Labor's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Department of Labor's response and, accordingly, we express no opinion on them.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2009 and 2008 Supplementary Information for State Compliance Purposes, except for information on the Service Efforts and Accomplishments, Schedule of Changes in State Property, and Analysis of Accounts Receivable, on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2007 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.


BRUCE L. BULLARD, CPA
Director of Financial and Compliance Audits

May 13, 2010

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2009

09-1. **FINDING** (Inadequate controls over revenues)

The Illinois Department of Labor (Department) did not exercise adequate controls over revenues and related reporting. We noted the following weaknesses in the Department's processing of receipts:

- Twenty-nine of 60 (48%) receipts tested, totaling \$153,782, were deposited between 1 and 104 days late.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2 (a)) generally requires each State agency to deposit into the State Treasury individual receipts exceeding \$10,000 in the same day received, an accumulation of receipts of \$10,000 or more within 24 hours, receipts valued between \$500 and \$10,000 within 48 hours, and cumulative receipts valued up to \$500 on the next first or fifteenth day of the month after receipt.

- Timeliness of deposit could not be determined for 20 of 60 (33%) receipts tested, totaling \$102,001, because the Department did not maintain documentation of the date received.

The Act also requires each State agency to keep a detailed, itemized account of moneys received, including the date of receipt.

- The Department did not retain copies of the Receipt Deposit Transmittal Forms, deposit slips or a Treasurer's Draft for 13 of 60 (22%) receipts tested, totaling \$57,705.

The State Records Act (5 ILCS 160/9) requires the head of each State agency to establish and maintain the records of the agency. In addition, good business practices require that agencies maintain effective accounting control over revenues, including maintaining accurate and thorough records to ensure all revenues due have been received and properly deposited. Good internal controls require copies of original documents, such as bank deposit slips, to be retained to ensure the safeguarding of assets and the accuracy and reliability of accounting data.

- For 9 of 60 (15%) receipts tested, totaling \$81,459, we noted Treasurer's Drafts were not submitted to the Office of the Comptroller (Comptroller) within 30 days, which is considered a reasonable time frame. The Treasurer's Drafts were submitted between 11 and 144 days late.

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For the Two Years Ended June 30, 2009

Statewide Accounting Management System (SAMS) (Procedure 25.10.30) requires Treasurer's Drafts to be remitted to the Comptroller. Good internal controls require deposits to be processed timely to increase the balance of funds available for expenditure.

- Fifty-six of 72 (78%) receipt reconciliations for the General Revenue Fund (Fund 001), Special State Trust Fund (Fund 251), and Child Labor Law Enforcement Fund (Fund 357) contained errors.

Statewide Accounting Management System (SAMS) (Procedure 25.40.20) requires each agency to reconcile its receipt records to Comptroller reports on a monthly basis and to notify the Comptroller's Office of any unreconcilable differences noted so necessary corrective action can be taken to locate the differences and correct the accounting records. Good internal controls require reconciliations to be correct and agree to Comptroller records.

The Department did not maintain sufficient documentation to support amounts reported on their Agency Fee Imposition Reports prepared for Fiscal Year 2008 and Fiscal Year 2009. The Department did not include copy fees, totaling \$5,405, on the Fiscal Year 2009 report. Also, the Department misclassified 9 of 14 (64%) fees collected on the Fiscal Year 2009 report. These errors had no material effect on the total amount of fees reported. The Department reported fees collected totaling \$593,442 and \$1,420,262 for Fiscal Years 2008 and 2009, respectively. The State Comptroller Act (Act) (15 ILCS 405/16.2(a)) requires those agencies that impose fees to file the report with the Comptroller at the time the Comptroller specifies by rule. In addition, good internal controls require the information submitted in the Agency Fee Imposition Report to be accurate.

Department personnel stated the lack of timeliness was due to an insufficient number of clerical program assistants who receive, prepare and deposit the cash receipts. Additionally, the Department stated the reconciliation errors are a result of an inadequate number of clerical fiscal staff and other competing priorities.

Delayed deposit of cash receipts reduces the amount of funds available for expenditure. Inaccurate reconciliations could result in inaccurate statewide financial statement reporting. Filing an inaccurate Agency Fee Imposition Report reduces the reliability of statewide fee information. Failure to exercise adequate control over revenues is noncompliance with the State Officers and Employees Money Disposition Act and could result in inaccurate statewide financial statement reporting. Failure to retain documentation to support reported amounts is noncompliance with the State Records Act.

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For the Two Years Ended June 30, 2009

In addition, during the prior examination period, we noted the Department did not maintain documentation of returned checks. During the current examination period, we noted the Department maintained documentation of returned checks. The Department re-deposited returned checks and, if returned again, the check was turned over to the Attorney General's Office for collection. Also, during the prior examination period, we noted the Department's records were inconsistent in terms of dates received and dates deposited on the Department's Check Receipts System and the Department's files, respectively. During the current examination period, we found the Department's records agreed in terms of dates received and dates deposited on the Department's Check Receipts System and the Department's files, respectively for the sample of receipts tested. (Finding Code No. 09-1, 07-1, 05-3, 05-5)

RECOMMENDATION

We recommend the Department comply with the State Officers and Employees Money Disposition Act by making timely deposits into the State Treasury and documenting the date that receipts are received. Good internal controls over receipts should also be enforced by the Department to ensure collection of revenue and adequate documentation is maintained and readily available for all transactions. We also recommend monthly reconciliations are reviewed for accuracy. We recommend the Department maintain accurate documentation to support amounts reported on their Agency Fee Imposition Reports and carefully review reports to ensure all fees collected are reported and to ensure accuracy of the Agency Fee Imposition Report before submission to the Comptroller.

DEPARTMENT RESPONSE

DOL agrees and has implemented corrective action beginning May 1, 2009.

DOL requested and was granted a ten day deposit extension effective May 1, 2009 by the Illinois Office of the Comptroller and the Illinois Office of the Treasurer. DOL believes this extension provides for the timely deposit of funds. Additionally, beginning May 1, 2009, all checks are date stamped upon receipt. Date stamping provides the documentation needed to determine whether DOL is in compliance with the timely depositing of funds.

STATE OF ILLINOIS
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For the Two Years Ended June 30, 2009

09-2. **FINDING** (Inadequate controls over accounts receivable records and reporting)

The Illinois Department of Labor (Department) did not exercise adequate controls over accounts receivable records and reporting. We noted the following:

- Eleven of 24 (46%) Quarterly Summary of Accounts Receivable (C-97s) reports prepared by the Department and submitted to the Comptroller's Office did not accurately reflect Department accounts receivable transactions. We noted differences between amounts reported on the C-97s and the Department's records.

Good business practices require sufficient and properly designed accounting records be maintained to adequately control fiscal operations and provide reliable data for necessary management reports. Good business practices also require a careful review of source documentation and prepared reports before submission.

- The Department could not locate documentation to support transactions reported on 7 of 24 (29%) quarterly accounts receivable reports submitted to the Comptroller's Office.

Statewide Accounting Management System (SAMS) (Procedure 26.20.10) states detailed information should be maintained to facilitate the tracking of accounts receivable, including amounts due from individuals and organizations.

- The Department did not maintain adequate accounts receivable records to facilitate aging of accounts.

SAMS (Procedure 26.20.20) states agencies must age each outstanding receivable relative to its formal due date in order to effectively estimate the collectibility of its receivables and properly focus collection efforts.

The Department reported gross receivables totaling \$1,944,000 and \$1,273,000 on its June 30, 2009 and June 30, 2008 C-97s, respectively.

Department personnel stated the errors noted are a result of an insufficient number of fiscal staff and the lack of a formal electronic receivable reporting system. Department personnel noted they are currently managing over 300 penalty receivable accounts in Microsoft Excel, and the receivable accounts are dynamic in nature due to litigation, settlement offers, and re-audits.

STATE OF ILLINOIS
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Failure to maintain adequate documentation for accounts receivable increases the chances of undetected errors occurring in reporting the amounts receivable and the likelihood of accounts receivable not being adequately monitored for collection. In addition, failure to monitor accounts receivable on a regular basis, identify delinquent accounts receivable, and report accurate amounts can result in lost revenues for the State and inaccuracies in statewide financial reporting.

In addition, during the prior examination period, we noted the Department did not maintain adequate accounts receivable records to facilitate collection attempts on unpaid amounts. During the current examination period, we noted the Department kept adequate accounts receivable records to facilitate collection attempts on unpaid amounts. Also, during the prior examination period, we noted the accounts receivable reports prepared by the Department were submitted to the Comptroller's Office late. During the current examination period, we noted all accounts receivable reports prepared by the Department were submitted timely to the Comptroller's Office. (Finding Code No. 09-2, 07-2, 05-4)

RECOMMENDATION

We recommend the Department review C-97s before submission to the Comptroller to ensure accuracy. We also recommend the Department maintain detailed records and supporting documentation of all billings to support accounts receivable balances reported and aging of accounts.

DEPARTMENT RESPONSE

DOL agrees and is considering a corrective action plan to include the Office of the Auditor General recommendations.

STATE OF ILLINOIS
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For the Two Years Ended June 30, 2009

09-3. **FINDING** (Property control weaknesses)

The Illinois Department of Labor (Department) did not exercise adequate control over the recording and reporting of State property. The Department maintained two sets of property inventory records during the period, including a computerized property inventory register and a manually prepared monthly transaction spreadsheet. The results of our testing indicated that the valuation of the computerized property inventory register was insufficient. The results of our testing indicated the two sets differed in content.

We noted five of eight (63%) Quarterly Reports of State Property (C-15s) prepared by the Department and submitted to the State Comptroller's Office did not accurately reflect Department equipment transactions. We noted differences between the addition, deletion, and ending balance amounts reported on the C-15s and the Department's monthly transaction spreadsheets as follows:

<u>Quarter</u>	<u>Asset Class</u>	<u>Amount Reported to Comptroller</u>	<u>Amount Per Monthly Transaction Spreadsheet</u>	<u>Difference</u>
6/30/2008	Deletions	(\$35,020)	(\$42,430)	\$7,410
9/30/2008	Additions	\$86,397	\$86,202	\$195
9/30/2008	Deletions	(\$260,522)	(\$5,308)	(\$255,214)
12/31/2008	Additions	\$3,648	\$3,938	(\$290)
3/30/2009	Additions	\$756	\$840	(\$84)
6/30/2009	Additions	\$756	\$753	\$3

Total net difference – C-15s to Department records **(\$247,980)**

In addition, we noted noncompliance with Statewide Accounting Management System (SAMS) procedures. Specifically, we noted seven equipment items, totaling \$840, were reported on the C-15s 90 days late. One equipment item, totaling \$886, was reported on the Department's monthly transaction spreadsheet with the wrong tag number. Transfers of surplus property, totaling \$40,328, during Fiscal Years 2008 and 2009 were incorrectly classified on the C-15s as deletions. Nine items acquired during the period were recorded at the incorrect purchase price, resulting in their values being overstated by a total of \$10. Fourteen of 50 (28%) items tested did not have the purchase price included on the

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Department's property inventory register. Seven of 25 (28%) items tested, totaling \$19,815, appeared on the Department's property inventory register but could not be located within the Department. The Department's property inventory register did not include a purchase date for 7 of 25 (28%) items tested, totaling \$6,475. For 10 of 25 (40%) transferred out items tested, the Department did not provide the purchase price and/or purchase date to the receiving agency.

SAMS (Procedure 29.10.10) requires an agency to report all additions, deletions, and net transfers affecting each asset class that occurred during the quarter being reported and to maintain property information at a summary level, which includes a description of each asset, its location, its purchase date, and its tag number. SAMS (Procedure 29.10.10) also states that the objective of fixed asset reporting is to ensure that agencies are updating property records to reflect the current balance of fixed assets and to enhance the accuracy of information reported. SAMS (Procedure 29.10.30) also states the C-15 should present the total cost of State property, by category, reflected on the agency's records as of the reporting date. In addition to SAMS procedures, good business practices require an agency to review all reported information for accuracy before submission and require proper internal controls to be established to ensure the accuracy and reliability of accounting data.

Further, we noted noncompliance with statutory requirements and the Illinois Administrative Code (Code) as follows:

- Two of 50 (4%) items tested were not added to the Department's property inventory register. In addition, one item, totaling \$204, was purchased during the period but was not added to the Department's monthly transaction spreadsheet or the property inventory register.

The State Property Control Act (Act) (30 ILCS 605/4) requires that the Department be accountable for the supervision, control and inventory of all property under its jurisdiction and control.

- 22 of 25 (88%) surplus items did not have sufficient documentation to determine that they were sent to the Department of Central Management Services (CMS), and if so, when they were sent.

The State Records Act (5 ILCS 160/8) requires the head of each agency to cause to be made and preserved records containing adequate and proper documentation of the decisions and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

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- The Department did not timely record 8 of 25 (32%) equipment additions to property inventory tested, totaling \$7,133, on its property inventory register. These items were recorded from 3 to 332 days late. In addition, we could not determine timeliness for two items tested, totaling \$366, and 1 of 25 (4%) items tested, totaling \$138, had a duplicate tag number. Lastly, the Department could not provide documentation that it reported a theft of an equipment item, valued at \$3,493, to the State Police.

The Illinois Administrative Code (44 Ill. Adm. Code 5010.400) states that agencies shall adjust property records within 30 days of acquisition, change or deletion of equipment items. The Code (44 Ill. Adm. Code 5010.210) also requires agencies to be responsible for marking each piece of State-owned equipment with a unique six-digit identification number to be assigned by the agency holding the property. The Code (44 Ill. Adm. Code 5010.500) requires agencies to report the theft of State property immediately to the Property Control Division and the Department of State Police.

Department personnel stated the errors noted were primarily the result of a limited number of fiscal staff and an inadequate inventory database. The Department also stated poor historical property records, as noted during prior examinations and in the resulting findings, limited the Department's ability to correct the records.

Failure to exercise adequate control over property and maintain accurate property control records increases the potential for fraud and possible loss or theft of State property. (Finding Code No. 09-3, 07-3, 05-7, 03-6)

RECOMMENDATION

We recommend the Department strengthen controls over the recording and reporting of State property by reviewing their inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements. We also recommend the Department ensure all equipment is accurately and timely recorded on the Department's property records and are properly valued. In addition, we recommend the Department thoroughly review all reports prepared from internal records for accuracy before submission to the State Comptroller and the Department of Central Management Services.

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DEPARTMENT RESPONSE

DOL agrees and is implementing procedures that change the timing of when property records are updated. Additionally, responsibilities related to property control have been clarified among various staff. The overall net difference of \$247,980 between Forms C-15 to Department records represents items of property and corresponding amounts that were incorrectly represented and reported by the previous fiscal officer. Based on physical inventories taken in FY2008 and FY2009, a “write-down” was required to reflect items actually on-hand.

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09-4. **FINDING** (Inadequate control over Special State Trust Fund)

The Illinois Department of Labor (Department) did not exercise adequate control over its Special State Trust Fund (Fund 251). We noted the following control weaknesses:

- The Department did not maintain a ledger of claimants and corresponding dollar amounts comprising the balance held in Fund 251. The State Comptroller's Office records showed balances of \$575,666 and \$1,658,317 held in Fund 251 as of June 30, 2008 and June 30, 2009, respectively.
- The Department could not locate documentation for 24 of 24 (100%) fund reconciliations prepared for Fund 251 during the examination period.

The Department operates the Special State Trust Fund as an agency fund in the State Treasury. The purpose of this fund is to hold wage claims collected from employers by the Department on behalf of Illinois workers (claimants) and hold those monies until the claimants can be located and properly paid. Good business practices require sufficient and properly designed accounting records be maintained to adequately control fiscal operations. The Illinois State Records Act (Act) (5 ILCS 160/8-9) requires agency heads to preserve records and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and to establish and maintain an active, continuing program for the economical and efficient management of the records. Good internal controls require agencies administering trust funds to reconcile all fund activity, including expenditures, revenues, and fund balance, to protect the integrity of the fund and the interests of the claimants who are owed monies currently being held in the fund.

Department personnel stated complete reconciliations of fund activity were not possible due to statutorily authorized sweeps of money from the fund. In addition, Department personnel stated fund balance reconciliations were not performed due to a limited fiscal staff and other competing deadlines, plus the fact that current expenditure and receipt activity in the fund was being reconciled on a monthly basis. The auditors noted revenue reconciliations were performed for Fund 251 as required. However, the auditors noted deficiencies in the expenditure reconciliations performed for Fund 251. See Finding 09-5 for further information regarding the Department's expenditure reconciliations.

Failure to exercise adequate control over the Special State Trust Fund is noncompliance with the Act and SAMS and could result in inaccurate statewide financial statement reporting.

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In addition, during the prior examination period, the Department could not locate vouchers or documentation for receipts, and one receipt selected for testing did not contain the name or names of the corresponding claimant or claimants. During the current examination period, we did not note any such problems for the sample of transactions tested. (Finding Code No. 09-4, 07-4)

RECOMMENDATION

We recommend the Department maintain detailed records for all Special State Trust Fund transactions. We also recommend the Department retain documentation of all reconciliations performed.

DEPARTMENT RESPONSE

DOL agrees and is considering a corrective action plan to include the Office of the Auditor General recommendations.

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ILLINOIS DEPARTMENT OF LABOR
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09-5. **FINDING** (Inadequate maintenance and reconciliation of expenditure records)

The Illinois Department of Labor (Department) did not perform adequate and/or accurate reconciliations during the examination period. In addition, the Department did not maintain accurate expenditure records.

The Department operated 3 funds during the examination period: the General Revenue Fund (Fund 001), Special State Trust Fund (Fund 251), and the Child Labor Law Enforcement Fund (Fund 357). We noted the following regarding the Department's reconciliations:

- Expenditure reconciliations performed for Fund 357 during Fiscal Year 2008 were not signed off on by the preparer or reviewer of the reconciliation. As a result, we could not determine who prepared the 13 of 13 (100%) reconciliations performed, or how timely the reconciliations were performed.
- Expenditure reconciliations performed for Fund 357 during Fiscal Year 2008 were not accurate. We noted 2 of 13 (15%) reconciliations performed contained differences, totaling \$48,225 and \$11,901 respectively, between the reconciliations themselves and underlying support.
- Documentation of expenditure reconciliations required to be performed could not be located. We noted 1 of 14 (7%) reconciliations for Fund 001 for Fiscal Year 2008 could not be located. We also noted 2 of 14 (14%) reconciliations for Fund 001 and 1 of 14 (7%) reconciliations for Fund 357 for Fiscal Year 2009 could not be located.

We also noted the following regarding the Department's expenditure records:

- The Department's expenditure records for Fund 001 were incomplete. We noted 32 transactions, totaling \$118,980, which appeared on records maintained by the Comptroller that were not posted to the Department's expenditure records. We also noted 4 transactions, totaling \$2,745, which appeared on the Department's expenditure records that were not posted to the records maintained by the Comptroller. We noted the Department's expenditure records were not subsequently adjusted for these amounts, and there was no documentation indicating these differences were further investigated and resolved or reported to the Comptroller as required.
- In addition, during Fiscal Year 2009, a \$15,069 difference was noted between the Department's expenditure records and records maintained by the Office of the Comptroller (Comptroller) for Fund 001. Department personnel later determined the cause of the difference to be a salary reversal transaction and provided support to the auditors explaining the difference on April 30, 2010.

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- Other adjustments made to the Department's expenditure records resulting from the reconciliation process were not timely posted to the Department's expenditure records. The adjustments were not posted to Fund 001 and Fund 357 respectively until 2 to 9 months after the original entries, which required adjustment, were posted.

Statewide Accounting Management System (SAMS) (Procedure 11.40.20) requires each agency to reconcile appropriation expenditures monthly and notify the Comptroller of irreconcilable differences. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls. Good internal controls require sufficient and properly designed accounting records be maintained to adequately control fiscal operations and provide reliable data for necessary management reports. The Illinois State Records Act (5 ILCS 160/9) requires the head of each agency establish and maintain an active, continuing program for the economical and efficient management of the records of the agency.

Department personnel stated the errors noted were caused by an inadequate level of fiscal staffing and competing priorities for responsible personnel. In addition, Department personnel stated the need for the adjustments was triggered by errors on the part of the responsible employee.

Failure to maintain accurate and complete expenditure records could result in expenditures made in excess of available appropriations. Failure to perform monthly reconciliations between Department records and Comptroller records impairs the Department's and the Comptroller's ability to identify possible errors and take corrective action to ensure accurate accounting for Department expenditures. (Finding Code No. 09-5, 07-6)

RECOMMENDATION

We recommend the Department implement procedures to ensure the completeness and accuracy of expenditure records maintained. We also recommend the Department perform and document the results of all monthly reconciliations of Department expenditure records to Comptroller records and promptly notify the Comptroller of any irreconcilable differences noted.

DEPARTMENT RESPONSE

DOL agrees and is considering a corrective action plan to include the Office of the Auditor General recommendations.

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09-6. **FINDING** (Inadequate control over travel expenditures)

The Illinois Department of Labor (Department) did not exercise adequate internal controls over its travel expenditures. We noted the following:

- Two of 25 (8%) travel vouchers tested contained excess reimbursements totaling \$178 for expenses incurred between the employees' homes and headquarters.

The Illinois Administrative Code (Code) (80 Ill. Adm. Code Section 2800.235) states expenses incurred by employees in commuting from their residence to their headquarters are not reimbursable.

- One of 25 (4%) vouchers tested contained payments for hotel rooms at nightly rates exceeding the allowable lodging rate for the area. In this instance, four employees stayed a total of seven nights at a hotel which charged \$70 per night. However, the allowable lodging rate for the county where this hotel is located was \$60 per night. As a result, the Department paid the hotel a total of \$70 over the allowable lodging rates.

The Code (80 Ill. Adm. Code Section 2800, Appendix A) states the reimbursement rate for the county where these Department employees stayed is \$60 per night.

- One travel voucher, totaling \$1,812, tested for one of the Department's top travelers contained a discrepancy in the reported headquarters for the traveler between the travel voucher and the Travel Headquarters (TA-2) reports.

Good business practices require a careful review of reported information for accuracy before vouchers are approved for reimbursement.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Good internal controls require a thorough review of all travel vouchers to ensure accurate reported information and to prevent duplicate travel payments.

Department personnel stated the errors noted were simply human errors not caught during the review process. In addition, Department personnel stated some of the errors noted during testing occurred on vouchers that were approved by a newly hired division manager who was not yet fully familiar with all applicable travel regulations.

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Failure to exercise adequate internal controls over the review and payment of travel vouchers increases the risk that errors, double billing, and irregularities could occur and not be detected. (Finding Code No. 09-6, 07-11)

RECOMMENDATION

We recommend the Department carefully review travel vouchers to ensure accuracy of reported information and to ensure accuracy and reasonableness of travel claims prior to payment. In addition, we recommend the Department periodically remind all employees of the allowable lodging rates set forth in the travel regulations and carefully review all invoices received for hotel stays to ensure the Department is not billed for amounts in excess of the allowable lodging rates. Lastly, we recommend the Department request reimbursement from those employees overpaid.

DEPARTMENT RESPONSE

DOL agrees and is considering a corrective action plan to include the Office of the Auditor General recommendations.

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09-7. **FINDING** (Performance evaluations not completed)

The Illinois Department of Labor (Department) did not conduct employee performance evaluations timely. We tested 21 employee files, some of which required multiple (2 to 4) evaluations during the two year period. We noted the following:

- Four evaluations for four different employees (19%) were not conducted at all.
- The Department did not perform annual employee performance evaluations in accordance with the Department's Policy Manual for one (5%) employee tested. The employee's performance evaluation covered a period of 4 years.
- Employee performance evaluations were not communicated to employees timely for 14 (67%) employees tested. Employee evaluations were communicated to employees from 7 to 274 days late.

The Illinois Department of Labor Policy Manual states that certified employees are to be evaluated at least once a year, and employees serving a six-month probationary period shall be evaluated at the end of their third month and again at the end of 5½ months of employment, at which time a determination is made as to whether the employee should be certified in the position or be discharged. The Illinois Administration Code (80 Ill. Adm. Code 302. 270) states performance records shall include an evaluation of employee performance, and that for every certified employee, each agency shall prepare such an evaluation not less often than annually. In addition, good business practices require agencies to ensure accurate and timely information flow to facilitate operational planning and guide employee actions.

Department personnel stated evaluations were not completed timely due to management turnover. They further stated evaluations were not communicated to employees timely due to the multitude of responsibilities and competing demands on the Department's supervisory and managerial staff.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as a foundation for salary adjustments, promotion, demotion, discharge, layoff, recall, and reinstatement decisions. (Finding Code No. 09-7, 07-13, 05-10)

RECOMMENDATION

We recommend the Department implement internal controls to ensure required employee performance evaluations are completed and discussed with all employees in a timely manner.

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DEPARTMENT RESPONSE

DOL agrees and has implemented procedures that alert senior management when a supervisor has not completed timely performance reviews.

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09-8. **FINDING** (Inadequate control over employee attendance records and personnel functions)

The Illinois Department of Labor (Department) did not exercise adequate controls over employee attendance records and personnel functions. During our testing of 21 employees' attendance records for four months during the period, we noted the following:

- Four of 21 (19%) employees' time keeping records did not agree to the Central Time and Attendance System (CTAS). We noted 4 discrepancies totaling 37 hours when comparing the time keeping records to the CTAS.
- Two of 21 (10%) employees did not complete their time sheets correctly. We noted 2 instances totaling one hour where employees did not complete their time sheets correctly. We also noted one instance where the employee did not sign the time sheet.

In addition, during our locations and divisions testing, we noted the following:

- One of 34 (3%) employees' time sheet did not agree to the leave request. We noted one instance, totaling 8 hours, where equivalent earned time taken was not reflected on the employees' time sheet.
- One of 34 (3%) employees' leave requests did not agree to CTAS. We noted one instance, totaling 8 hours, where equivalent earned time was recorded on CTAS as earned instead of taken.

We also noted one instance where an employee was on a leave of absence but erroneously received pay for 8 days of that leave of absence. As a result, the employee was overpaid \$1,744.

The Illinois Administrative Code (80 Ill. Adm. Code 303.340) implemented and authorized by the Personnel Code (20 ILCS 415/1 *et seq.*) states each operating agency shall maintain accurate, daily attendance records. Good internal controls require agencies to ensure that daily attendance and payroll records are accurately documented and reconciled to ensure proper payroll expenditures.

Department personnel stated the errors noted were due to entry errors and oversight.

Failure to maintain adequate control over employee attendance records and personnel functions increases the risk of the Department paying for services not rendered by employees, and resulted in overpayments totaling \$1,744 during the examination period. (Finding Code No. 09-8)

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RECOMMENDATION

We recommend the Department implement procedures to ensure accurate entry of employee work hours and benefit time. We also recommend the Department ensure its time sheets and CTAS records are accurate and reconcile. We further recommend the Department implement procedures necessary to ensure leaves of absence are processed timely to ensure the accuracy of payroll expenditures. Lastly, we recommend the Department recover the excess amount paid to the employee.

DEPARTMENT RESPONSE

DOL agrees and is considering a corrective action plan to include the Office of the Auditor General recommendations. The overpayment of wages has been collected from the employee.

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09-9. **FINDING** (Nonpayment of revolving funds)

The Department of Labor (Department) failed to pay \$817,144 to the Department of Central Management Services (DCMS) as of June 30, 2009.

The Department purchases various goods and services from DCMS and is billed for these through revolving funds, which are accounted for as Internal Service Funds. In our testing, we found the Department still owed DCMS revolving funds the following amounts as of June 30, 2009:

Statistical Services Revolving Fund	\$132,630
Communications Revolving Fund	395,668
Facilities Management Revolving Fund	<u>288,846</u>
Total	<u>\$817,144</u>

The above amounts are for goods and services purchased from DCMS from Fiscal Year 2007 through Fiscal Year 2009. As of March 31, 2010, the Department has paid \$111,257 to the Communications Revolving Fund and \$228,846 to the Facilities Management Revolving Fund. However, these payments were not made in a timely manner and the Department still owes \$477,041 to DCMS.

DCMS Administrative Rules (74 Ill. Adm. Code 1000.50) requires user agencies to process payments within 30 days after physical receipt of Internal Service Fund bills and to make reasonable efforts to review, approve, and pay all Internal Service Fund bills in the fiscal year in which the liability was incurred. User agencies are not to leave Internal Service Fund bills unpaid in order to circumvent fiscal year budgetary controls. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems of internal fiscal and administrative controls which shall provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the State's resources.

Department personnel stated the vouchers were not paid timely due to insufficient appropriation authority beginning in Fiscal Year 2008. Department personnel further stated the past due amounts were created by a former Department employee when that person did not expend available appropriations for DCMS liabilities incurred during Fiscal Years 2005 and 2006.

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For the Two Years Ended June 30, 2009

Failure to pay for the services provided to it by DCMS represents noncompliance with the Illinois Administrative Code, indebts the State without authorization, and prevents the Department from abiding by the appropriation authority given to it by the General Assembly. (Finding Code No. 09-9)

RECOMMENDATION

We recommend the Department work with the Governor's Office of Management and Budget to determine a method by which to become current with its balance due to DCMS and initiate reductions in other line items to ensure sufficient funds to pay for the services provided by DCMS.

DEPARTMENT RESPONSE

DOL agrees with the recommendations suggested by the Office of the Auditor General. IDOL has made numerous attempts to have this appropriation increased but have been unsuccessful in doing so primarily as a result of the current State fiscal crisis. The amount of past due CMS liabilities equates to approximately one year of CMS related appropriations. In each of the last three years, DOL has expended all of the budgetary resources made available to it for CMS-related appropriations by the General Assembly. Additionally, amounts remaining in other budgetary lines are transferred and paid from CMS related lines via the 2% transfer authority granted DOL at the end of each fiscal year.

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For the Two Years Ended June 30, 2009

09-10. **FINDING** (Improper use of appropriated funds)

The Illinois Department of Labor (Department) improperly used funds appropriated by the General Assembly. We noted the following:

- The Department received a lump sum appropriation of \$159,000 for Fiscal Year 2008 for all costs associated with promoting and enforcing the Equal Pay Act and the Victims' Economic Security and Safety Act. However, we noted in Fiscal Year 2008, the Department expended \$1,500 from this appropriation for license and application fee refunds unrelated to the promotion and enforcement of the Equal Pay Act and Victims' Economic Security and Safety Act. We did not note any improper expenditures in Fiscal Year 2009 from this appropriation.
- The Department received telecommunications appropriations totaling \$87,900 for Fiscal Year 2008. However, we noted in Fiscal Year 2008, the Department expended \$45,766 from these appropriations, which should have been expended from the Department's contractual services appropriation. We did not note any improper expenditures in Fiscal Year 2009 from this appropriation.
- The Department received commodities appropriations totaling \$19,500 and \$23,500 for Fiscal Years 2008 and 2009. However, we noted the Department expended \$2,424 and \$50 from these appropriations during Fiscal Years 2008 and 2009, respectively, which should have been expended from the Department's printing appropriation.

Public Acts 95-0348 and 95-0731 (Appropriation Acts) designated the expenditure authority from which the Department was authorized to expend its appropriation. The Appropriation Acts specifically state the lump sum is to be used for all costs associated with promoting and enforcing the Equal Pay Act and the Victims' Economic Security and Safety Act. In addition, the Appropriation Acts specify amounts to be used for telecommunications and commodities.

Department personnel stated that the proper fund but incorrect appropriation line was used to refund the overpayment of fees collected for Nurse Agency and Private Employer Agency application fees due to employee error. Department personnel stated that they paid the services out of the Department's telecommunication appropriation due to the lack of appropriation made available by the General Assembly in the contractual services line.

Appropriations made by the General Assembly specify the purposes for which the public funds of the State may be expended. Expending money for costs other than those designated by the Appropriation Acts is a violation of the appropriation process and limits legislative control. (Finding Code No. 09-10, 07-5, 05-8)

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SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2009

RECOMMENDATION

We recommend the Department limit expenditures from appropriated line items to the purpose for which they are appropriated.

DEPARTMENT RESPONSE

DOL agrees with the recommendations suggested by the Office of the Auditor General and plan to implement procedural changes to help ensure that expenditures from appropriated line items are limited to the purpose for which they were appropriated.

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ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2009

09-11. **FINDING** (Inadequate controls over voucher processing)

The Illinois Department of Labor (Department) did not exercise adequate controls over voucher processing. We noted the following:

- Forty-seven of 258 (18%) vouchers tested, totaling \$322,813, were approved for payment from 1 to 569 days late.

The Illinois Administrative Code (74 Ill. Adm. Code Section 900.70) requires an agency to review a bill and either deny the bill in whole or part, ask for more information necessary to review the bill, or approve the bill in whole or in part, within 30 days after physical receipt of bill.

- The Department could not locate 11 of 238 (5%) vouchers, totaling \$2,258, selected for testing.

The Illinois State Records Act (5 ILCS 160/9) requires the head of each agency establish and maintain an active, continuing program for the economical and efficient management of the records of the agency.

- Twelve of 238 (5%) vouchers tested, totaling \$22,168, did not contain accurate information.

Statewide Accounting Management System (SAMS) (Procedure 17.20.20) requires that each State agency enter specific information on the top-third of the voucher.

- Nine of 238 (4%) vouchers tested, totaling \$49,990, were not charged to the correct SAMS detail object code.

SAMS (Procedure 17.20.20) requires that each State agency enter the correct SAMS detail object code for which the expenditure should be expensed.

- Five of 238 (2%) vouchers tested, totaling \$20,129, were not signed and dated by the receiving officer.

SAMS (Procedure 17.20.20) states each invoice-voucher, upon receipt of goods or services must be signed by the receiving officer verifying goods or services meet the stated specifications.

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Department personnel stated the deficiencies were due to limited fiscal staff and competing priorities for responsible personnel.

Failure to approve vouchers timely could subject the State to unnecessary interest charges. The failure to provide accurate information could result in inaccurate accounting information. The failure to use the correct SAMS account code and SAMS detail object code could cause inaccurate reporting. (Finding Code No. 09-11, 07-12, 05-9, 03-2, 01-1, 99-1)

RECOMMENDATION

We recommend the Department implement procedures to ensure all vouchers are approved timely in accordance with the Illinois Administrative Code and develop and implement procedures to identify all vouchers not paid within 60 days to ensure the proper amount of interest is paid in accordance with the State Prompt Payment Act. We also recommend the Department comply with the Illinois State Records Act and ensure it maintains an adequate system of recordkeeping. In addition, we recommend the Department comply with SAMS procedures by having a receiving officer sign each voucher to indicate goods were received according to stated specifications. Further, we recommend the Department ensure the correct SAMS information and accurate general information is reported on all vouchers.

DEPARTMENT RESPONSE

DOL agrees and is considering a corrective action plan to include the Office of the Auditor General recommendations.

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ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2009

Prior Findings Not Repeated

A. **FINDING** (Inadequate contract monitoring)

During the prior examination, the Illinois Department of Labor (Department) did not adequately monitor vendor billings to ensure the vendor did not continue to provide services after the contract maximum had been met.

During the current examination, the Department adequately monitored vendor billings to ensure the vendor did not continue to provide services after the contract maximum had been met for the sample of contracts tested. (Finding Code No. 07-7)

B. **FINDING** (Noncompliance with publication requirements of the Prevailing Wage Act)

During the prior examination, the Illinois Department of Labor (Department) did not comply with the timeliness required regarding the publication of contractors' debarment under the Prevailing Wage Act.

During the current examination, the Department implemented the auditors' recommendation and materially complied with the timeliness required regarding the publication of contractors' debarments under the Prevailing Wage Act. (Finding Code No. 07-8)

C. **FINDING** (Inadequate control over contractual agreements)

During the prior examination, the Illinois Department of Labor (Department) did not exercise adequate control over contractual agreements.

During the current examination, the auditors noted no instances of services that began prior to the approval of the contract, untimely approval of the contract obligation document or lack of typed or printed names below the signature of the agency head for the sample of contracts tested. (Finding Code No. 07-9)

D. **FINDING** (Contracts not properly approved)

During the prior examination, the Illinois Department of Labor (Department) did not obtain proper approval for legal services contracts.

During the current examination, the Department did not have any legal services contracts. (Finding Code No. 07-10)

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For the Two Years Ended June 30, 2009

Prior Findings Not Repeated, Continued

E. **FINDING** (Voucher approval weaknesses)

During prior examination period, the Illinois Department of Labor (Department) did not exercise adequate control over voucher approvals.

During the current examination period, the Department exercised adequate controls over voucher approvals for the sample of vouchers tested. (Finding Code No. 07-14)

F. **FINDING** (Time sheets not maintained in compliance with the State Officials and Employees Ethics Act)

During the prior examination, the Illinois Department of Labor (Department) did not maintain time sheets in compliance with the State Officials and Employees Ethics Act. The time sheets did not document the time spent each day on official State business to the nearest quarter hour.

During the current examination, the Department revised the time sheets to document the time spent each day on official State business to the nearest quarter hour. (Finding Code No. 07-15)

G. **FINDING** (Inadequate control over an interagency agreement)

During the prior examination, the Illinois Department of Labor (Department) did not exercise adequate control over its one interagency agreement. The interagency agreement was not signed prior to the effective date by the Department, the Department of Financial and Professional Regulation or the Office of the Governor.

During the current examination, the Department exercised adequate control over its one interagency agreement. The Department signed the interagency agreement prior to the effective date of the agreement and prior to services being rendered. (Finding Code No. 07-16)

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2009

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Changes in State Property (Not Examined)
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending
- Analysis of Accounts Receivable (Not Examined)

- Analysis of Operations:

- Agency Functions and Planning Program
- Average Number of Employees
- Service Efforts and Accomplishments (Not Examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on Service Efforts and Accomplishments, Schedule of Changes in State Property, and Analysis of Accounts Receivable, on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2009

Fourteen Months Ended August 31, 2009

P.A. 95-0731 APPROPRIATED FUNDS	Appropriations (Net After Transfers)	Expenditures Through 6/30/09	Lapse Period Expenditures 7/01 - 8/31/09	Total Expenditures	Balances Lapsed
General Revenue Fund - 001					
Personal Services	\$ 4,617,400	\$ 4,056,641	\$ 211,049	\$ 4,267,690	\$ 349,710
State contributions					
to State Retirement	922,400	854,467	44,437	898,904	23,496
State contributions to					
Social Security	341,000	301,010	15,811	316,821	24,179
Contractual Services	427,200	203,825	219,922	423,747	3,453
Travel	167,800	135,483	28,305	163,788	4,012
Commodities	32,500	22,597	6,776	29,373	3,127
Printing	20,100	14,898	3,458	18,356	1,744
Equipment	5,500	5,051	0	5,051	449
Electronic Data Processing	42,000	32,936	4,453	37,389	4,611
Telecommunications	87,900	797	85,256	86,053	1,847
Admin and Oper. Of Displaced					
Homemaker Grant Program	50,000	27,389	0	27,389	22,611
Equal Pay	206,400	197,253	0	197,253	9,147
Total General Revenue Fund	<u>\$ 6,920,200</u>	<u>\$ 5,852,347</u>	<u>\$ 619,467</u>	<u>\$ 6,471,814</u>	<u>\$ 448,386</u>

Note: Appropriations, expenditures, and lapsed balances were obtained directly from the records of the State Comptroller, which have been reconciled to agency records, except as noted in Finding 09-5.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2009

Fourteen Months Ended August 31, 2009

P.A. 95-0731 APPROPRIATED FUNDS	Appropriations (Net After Transfers)	Expenditures Through 6/30/09	Lapse Period Expenditures 7/01 - 8/31/09	Total Expenditures	Balances Lapsed
Child Labor Enforcement Trust Fund - 357					
Administration of Child Labor Law	\$ 400,000	\$ 398,117	\$ 1,230	\$ 399,347	\$ 653
Total Child Labor Enforcement Trust Fund	\$ 400,000	\$ 398,117	\$ 1,230	\$ 399,347	\$ 653
Total - All Appropriated Funds	<u>\$ 7,320,200</u>	<u>\$ 6,250,464</u>	<u>\$ 620,697</u>	<u>\$ 6,871,161</u>	<u>\$ 449,039</u>
NON-APPROPRIATED FUNDS					
Department of Labor Special State Trust Fund - 251					
Grants and Awards		\$ 1,004,335	\$ 177,118	\$ 1,181,453	
Total All Non-Appropriated Funds		<u>\$ 1,004,335</u>	<u>\$ 177,118</u>	<u>\$ 1,181,453</u>	
GRAND TOTAL ALL FUNDS		<u>\$ 7,254,799</u>	<u>\$ 797,815</u>	<u>\$ 8,052,614</u>	

Note: Appropriations, expenditures, and lapsed balances were obtained directly from the records of the State Comptroller, which have been reconciled to agency records, except as noted in Finding 09-5.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

Appropriations for Fiscal Year 2008

Fourteen Months Ended August 31, 2008

P.A. 95-0348 APPROPRIATED FUNDS	Appropriations (Net After Transfers)	Expenditures Through 6/30/08	Lapse Period Expenditures 7/01 - 8/31/08	Total Expenditures	Balances Lapsed
General Revenue Fund - 001					
Personal Services	\$ 4,418,200	\$ 4,085,117	\$ 53,697	\$ 4,138,814	\$ 279,386
State contributions to State Retirement	735,300	677,376	8,892	686,268	49,032
State contributions to Social Security	318,150	303,158	4,102	307,260	10,890
Contractual Services	429,000	279,556	145,629	425,185	3,815
Travel	174,900	138,571	35,297	173,868	1,032
Commodities	27,100	20,733	5,282	26,015	1,085
Printing	21,000	7,726	5,799	13,525	7,475
Equipment	65,500	3,897	61,063	64,960	540
Electronic Data Processing	162,500	47,300	99,358	146,658	15,842
Telecommunications	87,900	11,521	75,762	87,283	617
Admin and Oper. Of Displaced Homemaker Grant Program	50,000	48,620	118	48,738	1,262
Displaced Homemaker Grants	621,300	447,356	154,725	602,081	19,219
Equal Pay	159,000	151,631	32	151,663	7,337
Total General Revenue Fund	\$ 7,269,850	\$ 6,222,562	\$ 649,756	\$ 6,872,318	\$ 397,532

Note: Appropriations, expenditures, and lapsed balances were obtained directly from the records of the State Comptroller, which have been reconciled to agency records, except as noted in Finding 09-5.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

Appropriations for Fiscal Year 2008

Fourteen Months Ended August 31, 2008

P.A. 95-0348 APPROPRIATED FUNDS	Appropriations (Net After Transfers)	Expenditures Through 6/30/08	Lapse Period Expenditures 7/01 - 8/31/08	Total Expenditures	Balances Lapsed
Child Labor Enforcement Trust Fund - 357					
Administration of Child Labor Law	\$ 200,000	\$ 182,724	\$ 14,406	\$ 197,130	\$ 2,870
Total Child Labor Enforcement Trust Fund	<u>\$ 200,000</u>	<u>\$ 182,724</u>	<u>\$ 14,406</u>	<u>\$ 197,130</u>	<u>\$ 2,870</u>
Total - All Appropriated Funds	<u><u>\$ 7,469,850</u></u>	<u><u>\$ 6,405,286</u></u>	<u><u>\$ 664,162</u></u>	<u><u>\$ 7,069,448</u></u>	<u><u>\$ 400,402</u></u>
NON-APPROPRIATED FUNDS					
Department of Labor Special State Trust Fund - 251					
Grants and Awards		<u>\$ 872,229</u>	<u>39,162</u>	<u>\$ 911,391</u>	
Total All Non-Appropriated Funds		<u><u>\$ 872,229</u></u>	<u><u>\$ 39,162</u></u>	<u><u>\$ 911,391</u></u>	
GRAND TOTAL ALL FUNDS		<u><u>\$ 7,277,515</u></u>	<u><u>\$ 703,324</u></u>	<u><u>\$ 7,980,839</u></u>	

Note: Appropriations, expenditures, and lapsed balances were obtained directly from the records of the State Comptroller, which have been reconciled to agency records, except as noted in Finding 09-5.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

	Fiscal Year		
	2009	2008	2007
	P.A. 95-0731	P.A. 95-0348	P.A. 94-0798
General Revenue Fund - 001			
Appropriations (Net of Transfers)	\$ 6,920,200	\$ 7,269,850	\$ 6,105,500
Personal Services	\$ 4,267,690	\$ 4,138,814	\$ 3,776,814
State contributions to State Retirement	898,904	686,268	435,973
State contributions to Social Security	316,821	307,260	280,605
Contractual Services	423,747	425,185	186,896
Travel	163,788	173,868	178,004
Commodities	29,373	26,015	22,871
Printing	18,356	13,525	14,692
Equipment	5,051	64,960	5,630
Electronic Data Processing	37,389	146,658	56,067
Telecommunications	86,053	87,283	73,518
Admin and Oper. Of Displaced Homemaker Grant Program	27,389	48,738	35,515
Employment Progress of Women and Minorities	0	0	157,821
Displaced Homemaker Grants	0	602,081	612,235
Equal Pay	197,253	151,663	0
Total Expenditures	<u>\$ 6,471,814</u>	<u>\$ 6,872,318</u>	<u>\$ 5,836,641</u>
Lapsed Balances	<u>\$ 448,386</u>	<u>\$ 397,532</u>	<u>\$ 268,859</u>
Child Labor Enforcement Trust Fund - 357			
Appropriations (Net of Transfers)	\$ 400,000	\$ 200,000	\$ 200,000
Administration of Child Labor Law	\$ 399,347	\$ 197,130	\$ 14,033
Lapsed Balances	<u>\$ 653</u>	<u>\$ 2,870</u>	<u>\$ 185,967</u>

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

	Fiscal Year		
	2009	2008	2007
	P.A. 95-0731	P.A. 95-0348	P.A. 94-0798
GRAND TOTAL - ALL APPROPRIATED FUNDS			
Appropriations (Net of Transfers)	\$ 7,320,200	\$ 7,469,850	\$ 6,305,500
Total Expenditures	\$ 6,871,161	\$ 7,069,448	\$ 5,850,674
Lapsed Balances	\$ 449,039	\$ 400,402	\$ 454,826
NON-APPROPRIATED FUNDS			
Department of Labor Special State Trust Fund - 251			
Grants and Awards	\$ 1,181,453	\$ 911,391	\$ 1,083,440
Total All Non-Appropriated Funds	\$ 1,181,453	\$ 911,391	\$ 1,083,440
GRAND TOTAL EXPENDITURES - ALL FUNDS	\$ 8,052,614	\$ 7,980,839	\$ 6,934,114
General Revenue Fund - 001 State Comptroller State Officers' Salaries			
Appropriations (Net of Transfers)	\$ 346,900	\$ 334,200	\$ 313,100
Director	\$ 124,090	\$ 119,547	\$ 103,251
Assistant Director	113,141	108,999	100,707
Chief Factory Inspector	52,179	50,269	46,445
Superintendent of Safety Inspection Education	57,396	55,295	51,089
Total Expenditures	\$ 346,806	\$ 334,110	\$ 301,492
Lapsed Balances	\$ 94	\$ 90	\$ 11,608

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF CHANGES IN STATE PROPERTY (NOT EXAMINED)
For the Two Years Ended June 30, 2009

	Equipment
Balance at July 1, 2007	\$ 664,820
Additions	26,110
Deletions	(35,020)
Net Transfers	0
Balance at June 30, 2008	\$ 655,910
Balance at July 1, 2008	\$ 655,910
Additions	91,557
Deletions	(260,522)
Net Transfers	0
Balance at June 30, 2009	\$ 486,945

Note: Data presented is considered not examined. The above schedule has been derived from property reports submitted to the Office of the Comptroller. We were unable to reconcile the property records submitted to the Office of the Comptroller to records maintained within the Department. See Finding Code No. 09-3 and the Independent Accountants' Report on State Compliance, on Internal Control over Compliance, and on Supplementary Information for State Compliance Purposes.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ended June 30,

<u>GENERAL REVENUE FUND - 001</u>	<u>Fiscal Year</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Private Employment Agencies Inspection Fees	\$ 117,000	\$ 107,692	\$ 89,630
Labor Standards Fees	3,700	2,950	9,905
Carnival-Amusement Ride Inspection Fees	137,690	131,147	104,948
Nurse Agencies	88,260	90,350	73,575
Miscellaneous	5,799	17,804	11,669
Fines and Penalties	342,759	141,405	115,354
Total Receipts	<u>\$ 695,208</u>	<u>\$ 491,348</u>	<u>\$ 405,081</u>

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER**
For the Fiscal Years Ended June 30,

<u>GENERAL REVENUE FUND - 001</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Receipts per Department Records	\$ 695,208	\$ 491,348	\$ 405,081
Add: Deposits in Transit, Beginning of Year	245,127	62,268	*
Less: Deposits in Transit, End of Year	<u>(117,692)</u>	<u>(245,127)</u>	<u>*</u>
Deposits Remitted to the Comptroller	<u>\$ 822,643</u>	<u>\$ 308,489</u>	<u>\$ 457,151</u>

* Note: Due to problems noted during the prior examination, the data presented in this schedule for Fiscal Year 2007 is marked as not examined. We noted improvement in the Department's record keeping during the current examination, which facilitated presentation of amounts for Fiscal Years 2008 and 2009. See Finding Code No. 09-1 for more information.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ended June 30,

<u>SPECIAL STATE TRUST FUND - 251</u>	<u>Fiscal Year</u>		
	<u>2009</u>	<u>2008</u>	<u>2007</u>
Collection of Labor Law Claims	<u>\$ 1,687,235</u>	<u>\$ 924,037</u>	<u>\$ 807,121</u>

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER**
For the Fiscal Years Ended June 30,

<u>SPECIAL STATE TRUST FUND - 251</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Receipts per Department Records	\$ 1,687,235	\$ 924,037	\$ 807,121
Add: Deposits in Transit, Beginning of Year	390,696	39,806	*
Less: Deposits in Transit, End of Year	(417,827)	(390,696)	*
Adjustments			
Returned Checks	(4,127)	(2,242)	
Prior Year Warrant Voids	2,340	4,811	
Other Adjustments	<u>0</u>	<u>(50)</u>	*
Deposits Remitted to the Comptroller	<u>\$ 1,658,317</u>	<u>\$ 575,666</u>	<u>\$ 1,679,643</u>

* Note: Due to problems noted during the prior examination, the data presented in this schedule for Fiscal Year 2007 is marked as not examined. We noted improvement in the Department's record keeping during the current examination, which facilitated presentation of amounts for Fiscal Years 2008 and 2009. See Finding Code No. 09-1 for more information.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2009	2008	2007
<u>CHILD LABOR LAW ENFORCEMENT FUND - 357</u>			
Day Labor Registration and Penalties	<u>\$ 431,335</u>	<u>\$ 473,870</u>	<u>\$ 569,566</u>

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER**
For the Fiscal Years Ended June 30,

	2009	2008	2007
<u>CHILD LABOR LAW ENFORCEMENT FUND - 357</u>			
Receipts per Department Records	\$ 431,335	\$ 473,870	\$ 569,566
Add: Deposits in Transit, Beginning of Year	179,945	6,220	*
Less: Deposits in Transit, End of Year	(11,845)	(179,945)	*
Adjustments			
Returned Checks	0	(50)	*
Other Adjustments	(1,250)	0	*
Deposits Remitted to the Comptroller	<u>\$ 598,185</u>	<u>\$ 300,095</u>	<u>\$ 581,033</u>

* Note: Due to problems noted during the prior examination, the data presented in this schedule for Fiscal Year 2007 is marked as not examined. We noted improvement in the Department's record keeping during the current examination, which facilitated presentation of amounts for Fiscal Years 2008 and 2009. See Finding Code No. 09-1 for more information.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Fiscal Years Ended June 30, 2009

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2009 AND 2008

General Revenue Fund (001)

State Contribution to State Employees' Retirement System

State contributions to State Employees' Retirement System expenditures increased during Fiscal Year 2009 due to the required contribution percentage increasing from 16.561% in Fiscal Year 2008 to 21.049% in Fiscal Year 2009.

Equipment

Equipment expenditures decreased during Fiscal Year 2009 due to the purchase of cubicles during Fiscal Year 2008. This purchase was not repeated during Fiscal Year 2009.

Electronic Data Processing

Electronic data processing expenditures decreased during Fiscal Year 2009 due to the loss of appropriations in the amount of \$123,000. Purchases of electronic data processing equipment were deferred to future years.

Displaced Homemaker Grant Program Administration

The decrease in the Displaced Homemaker Grant during Fiscal Year 2009 resulted from the loss of this grant. The amounts expended during Fiscal Year 2009 were limited to salaries for Department employees for a review of proposals prior to program deletion.

Displaced Homemaker Grant Program

The Displaced Homemaker Grant program was vetoed during Fiscal Year 2009 and therefore, the Department received no appropriations for this program.

Equal Pay

Equal pay expenditures increased during Fiscal Year 2009 due to the payment of salaries for additional employees hired to assist in enforcing provisions of the Equal Pay Act.

Child Labor Fund (357)

Administration of Child Labor Law

Administration of Child Labor Law expenditures increased during Fiscal Year 2009 due to increased enforcement efforts by the Department.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Fiscal Years Ended June 30, 2009

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL
YEARS 2008 AND 2007**

General Revenue Fund (001)

State Contribution to State Employees' Retirement System

State contributions to State Employees' Retirement System expenditures increased during Fiscal Year 2007 due to the required contribution percentage increasing from 11.525% in Fiscal Year 2007 to 16.561% in Fiscal Year 2008.

Contractual Services, Telecommunications, and Electronic Data Processing

Contractual services, telecommunications, and electronic data processing expenditures increased during Fiscal Year 2008 as the Department attempted to catch up on payments for services rendered by the Department of Central Management Services in previous fiscal years. See Finding Code No. 09-10 for further information.

Equipment

Equipment expenditures increased during Fiscal Year 2008 due to the purchase of cubicles. This purchase did not occur during Fiscal Year 2007.

Child Labor Fund (357)

Administration of Child Labor Law

Administration of Child Labor Law expenditures increased during Fiscal Year 2008 due to increased enforcement efforts by the Department.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Fiscal Years Ended June 30, 2009

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS
2009 AND 2008**

General Revenue Fund (001)

Fines and Penalties

The increase of \$201,354 was due to an increase of claims filed and penalties assessed by the Department of Labor (Department).

Special State Trust Fund (251)

Collection of Labor Law Claims

The increase of \$763,198 was due to an overall increase in wage claim complaints and collections.

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS
2008 AND 2007**

General Revenue Fund (001)

Carnival-Amusement Ride Inspection Fees

The increase of \$26,199 was due to an increase in rides inspected and permits issued by the Department.

Fines and Penalties

The increase of \$26,051 was due to an increase of claims filed and penalties assessed by the Department.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Fiscal Years Ended June 30, 2009

FISCAL YEAR 2009

General Revenue Fund (001)

Contractual Services and Telecommunications

Contractual services and telecommunications expenditures during the lapse period were mainly made as the Department attempted to catch up on payments for services rendered by the Department of Central Management Services in previous fiscal years. See Finding Code No. 09-10 for further information.

Commodities

Commodities expenditures during the lapse period were the result of supply purchases being delayed until late in the fiscal year in order to make sure the supply appropriation will not be needed to cover more critical appropriation deficits in the other appropriation lines during the fiscal year.

FISCAL YEAR 2008

General Revenue Fund (001)

Contractual Services, Telecommunications, and Electronic Data Processing

Contractual services, telecommunications, and electronic data processing expenditures during the lapse period were mainly made as the Department attempted to catch up on payments for services rendered by the Department of Central Management Services in previous fiscal years. See Finding Code No. 09-10 for further information.

Travel

Travel expenditures during the lapse period were mainly due to carnival and amusement ride expenses, as the summer months are the busiest season for carnival and amusement ride inspections.

Commodities

Commodities expenditures during the lapse period were the result of supply purchases being delayed until late in the fiscal year in order to make sure the supply appropriation will not be needed to cover more critical appropriation deficits in the other appropriation lines during the fiscal year.

Printing

Printing expenditures during the lapse period were the result of several required outreach posters and pamphlets printed during the fiscal year. The Department did not receive and process the invoices until lapse period.

Equipment

Equipment expenditures during the lapse period were for costs encumbered with Correctional Industries. The Department did not receive and process these invoices until lapse period.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING (Continued)
For the Two Fiscal Years Ended June 30, 2009

Displaced Homemaker Grants Program

Displaced Homemaker Grants Program expenditures during the lapse period were for payment of vouchers that took longer to be reviewed and approved due to questions regarding previously claimed expenses.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF ACCOUNTS RECEIVABLE (NOT EXAMINED)
For the Fiscal Years Ended June 30,
(amounts expressed in thousands)

<u>General Revenue Fund (Fund 001)</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Age			
Current	\$ 0	\$ 33	\$ 0
1-30 days	0	0	11
31-90 days	44	4	79
91-180 days	274	103	7
181 days to 1 year	421	208	35
Over 1 year	<u>1,196</u>	<u>916</u>	<u>0</u>
Total	\$ 1,935	\$ 1,264	\$ 132
Less: Allowance for Doubtful Accounts	<u>262</u>	<u>88</u>	<u>0</u>
Net Accounts Receivable	<u>\$ 1,673</u>	<u>\$ 1,176</u>	<u>\$ 132</u>

Child Labor Enforcement Fund (Fund 357)

Age			
Current	\$ 0	\$ 0	\$ 0
1-30 days	0	0	0
31-90 days	0	0	5
91-180 days	0	0	0
181 days to 1 year	0	2	1
Over 1 year	<u>9</u>	<u>7</u>	<u>7</u>
Total	\$ 9	\$ 9	\$ 13
Less: Allowance for Doubtful Accounts	<u>0</u>	<u>0</u>	<u>0</u>
Net Accounts Receivable	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 13</u>

Note: Data presented is considered not examined. The above schedule has been derived from Department records submitted to the Office of the Comptroller. We were unable to reconcile the records maintained within the Department. See Finding Code No. 09-2 and the Independent Accountants' Report on State Compliance, on Internal Control over Compliance, and on Supplementary Information for State Compliance Purposes.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2009

AGENCY FUNCTIONS AND PLANNING

The Illinois Department of Labor was created in 1917 through the Civil Administrative Code. The Department administers and enforces various Illinois Labor Laws that regulate wages, hours, working conditions, minors in the work force, and licensing of employers in certain businesses. Through the regulation of amusement rides, employment agencies, and nurse registries, the Department protects and serves the people of the State of Illinois.

The Department promotes and protects the rights, wages, welfare, working conditions, safety and health of Illinois workers through education and the enforcement of the State labor laws and standards, and safeguards the public through the regulation of amusement rides.

Departmental operations are carried out through the following six divisions:

1. The Administration Division provides support services and overall administrative resources to the program divisions. These include fiscal/budget management, procurement, legal division, personnel, legislative liaison services, electronic data processing (EDP), and affirmative action.
2. The Equal Opportunity Workforce Division administers the Displaced Homemaker Program, the Equal Pay Act, the Victims Economic Security and Safety Act (VESSA), the Private Employment Agencies Act, and the Nurse Agency Licensing Act.
3. The Fair Labor Standards Division is responsible for administering and enforcing nine statutes. These statutes include the Minimum Wage Law, Wage Payment and Collection Act, Day and Temporary Labor Services Act, Child Labor Law, One Day Rest in Seven Act, Farm Labor Contractor Certification Act, Industrial Homework Law, School Visitation Rights Act, and Street Trades Law.
4. The Conciliation and Mediation Division enforces prevailing wage standards for workers employed on public works projects. The Division also provides arbitration and mediation services and enforces certain “whistleblower” protection laws.
5. The Public Employee Safety Division is responsible for occupational safety and health regulations for an estimated 14,000 state and local governmental work sites. The Division’s jurisdiction extends protection to more than 727,000 employees working in State, township, county and municipal governments, including park, school and fire protection districts.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2009

AGENCY FUNCTIONS, continued

6. The Carnival and Amusement Ride Safety Division enforces safety standards through annual inspections and the issuance of permits for amusement rides, inflated attractions, ski lifts, rope tows, go-kart tracks, aerial trams, dry slides and some water amusements. In addition, bungee cords and other elastic devices came under jurisdiction of the Division in 1994. All amusement rides and amusement attractions open to the public are subject to regulation. The Carnival-Amusement Safety Board develops rules, which the Division enforces.

PLANNING PROGRAM

The Department reviews and revises its fiscal year strategic plan annually. The Department's plan delineates priorities and initiatives on which the Department will be focusing its efforts. The plan also identifies five key priorities that provide the general framework for the Department's operations. They are as follows:

1. Administer all state labor laws effectively.
2. Assure minimum wage, overtime, and wage claims are properly paid.
3. Promote and enforce the Equal Pay Act.
4. Assure prevailing wage is paid, when required.
5. Inspect public buildings and amusement rides for health & safety violations.

MONITORING

The progress on individualized tasks identified in the plan is monitored through quarterly senior staff meetings. Senior staff also submits monthly reports to the Director, which detail the progress and operating statistics of each division.

SPECIAL STATE TRUST FUND

The Department operates the Special State Trust Fund (Fund 251) as an agency fund in the State Treasury. The purpose of Fund 251 is to hold wage claims collected from employers by the Department on behalf of Illinois workers (claimants) and hold those monies until the claimants can be located and properly paid. According to records maintained by the Office of the Comptroller, the balances in Fund 251 as of June 30, 2008 and June 30, 2009 were \$575,666 and \$1,658,317, respectively. We noted sweeps and transfers out of Fund 251, as administered by the Governor's Office of Management and Budget, during Fiscal Years 2008 and 2009 totaled \$150,000 and \$250,000, respectively. As a result, amounts currently owed to claimants exceed the amount available in Fund 251. In order to avoid a fund deficit in the future, the monies swept and transferred out will need to be replaced to properly pay individual claimants the full amounts they are entitled to.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2009

AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Department records, presents the average number of employees, by function, for the Fiscal Years ended June 30,

<u>Division</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Office	17	16	10
Employment Progress of Women & Minorities	0	0	3
Child Labor and Day and Temporary Labor			
Services Enforcement	8	6	0
Displaced Homemakers	0	0	1
Public Safety	17	18	16
Fair Labor Standards	39	42	46
Equal Pay Act and Victims Economic Security and Safety Act	3	2	0
Total Average Full-Time Employees	<u>84</u>	<u>84</u>	<u>76</u>

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
For the Fiscal Years Ended June 30,

A summary of operating statistics, prepared from Department records, is presented below.

	Fiscal Year		
	2009	2008	2007
<u>PUBLIC EMPLOYEE SAFETY</u>			
Number of complaints received due to safety problems noted in public buildings	45	136	61
Number of days spent on investigations of safety problems noted in public buildings	273	723	390
Average number of days needed to investigate a safety problem in a public building	6.1	5.3	6.4
<u>CARNIVAL/AMUSEMENT RIDE SAFETY</u>			
Rides inspected	4,348	2,260	2,132
Number of amusement ride injuries due to mechanical failure per 10,000,000 riders	0	4	1
<u>CHILD LABOR LAW ENFORCEMENT</u>			
Number of child labor law complaints received	33	162	344
Percent of child labor complaints resolved	100%	100%	100%
<u>DISPLACED HOMEMAKER PROGRAM</u>			
Number of participants	0*	1,637	1,484
Number of participants who obtained employment	0*	396	455
Number of participants who obtained education or training	0*	406	396
<u>ILLINOIS PREVAILING WAGE</u>			
Prevailing wage complaints completed	1,033	598	682
Percent of complaints investigated and closed within 180 days of receipt	63%	92%	58%

* The program was vetoed and no funds were appropriated for use in Fiscal Year 2009.

STATE OF ILLINOIS
 ILLINOIS DEPARTMENT OF LABOR
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
 For the Fiscal Years Ended June 30,

	Fiscal Year		
	2009	2008	2007
<u>LABOR ARBITRATION SERVICE ACT</u>			
Arbitration hearings	9	8	15
Percent of arbitration decisions issued within 60 days of hearing	100%	75%	100%
<u>MINIMUM WAGE LAW</u>			
Number of investigations completed	950	1,209	1,224
Percent of complaints investigated and closed within 2 years of receipt	99.9%	94%	95%