

REPORT DIGEST

ILLINOIS DEPARTMENT OF LABOR FINANCIAL AND COMPLIANCE AUDIT FOR THE TWO YEARS ENDED JUNE 30, 1995

SYNOPSIS

- Several reports required by statute were not completed or did not include all the information required by the statutes.
- The Department did not establish adequate controls over its two local area networks.
- The Department did not protest an unemployment claim of a former employee who voluntarily resigned his position.

{Expenditures and Activity Measures are summarized on the reverse page.}

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

INSUFFICIENT REPORTS MADE TO STATE LEGISLATURE

Several reports required by statute were not completed or did not include all information required by statutes. We identified the following:

- The Department did not comply with the requirements to complete an annual report of its activities with regard to the Child Labor Law (820 ILCS 205/18.2). The Department's last report was prepared for the three years, 1991-1994.
- The Department did not submit an annual report to the General Assembly on the employment progress of women and minorities in the workplace (20 ILCS 1505/43.13). Department officials attribute a lack of funding for their inability to gather and analyze information needed to comply with this reporting requirement.
- In 1995, the biennial report detailing the Department's work under the provisions of the Health and Safety Act, 820 ILCS 225/12 was not submitted to the General Assembly as required. Department officials indicated this report was previously prepared by another State agency and they were not aware the requirement had been transferred to the Department of Labor in 1992. (Finding 1, page 11)

We recommended the Department realign its resources so it may gather all the data necessary to complete the annual reports required by the statutes, or to seek legislative relief from these requirements. The Department concurred with our recommendation.

INADEQUATE CONTROL OVER LOCAL AREA NETWORKS (LANs)

The Department has not established adequate controls over its two LANs. We reviewed the LANs and noted the following control weaknesses:

- Some of the networks security features had not been activated.
- Users had not been trained about the importance of LAN security, such as the selection of appropriate passwords and logging out when away from their work stations.
- The Department had not established formal procedures to notify information systems management when an employee's access rights should be terminated.
- A comprehensive LAN disaster contingency plan for the continuation of critical computer services in the event of a disaster had not been developed.

Without the implementation of effective controls and procedures for the LANs, there is the risk unauthorized access to the Department's data may be gained and data may be destroyed. (Finding 2, page 13)

We recommended the Department develop standard security guidelines and educate its personnel

about them to ensure controls are adequately addressed on the Department's LANs. The Department concurred with our recommendation.

UNEMPLOYMENT CLAIM NOT PROTESTED

The Department did not protest an unemployment claim of a former employee who voluntarily resigned his position (56 Ill Adm. Code 2720.130). The employee requested to be assigned to a lower level position working from his home instead of his current management position. The Department did not approve the reassignment as they would not have been able to maintain proper resource utilization; as a result, the employee resigned. The Director did not protest this unemployment claim because of the circumstances of the resignation. (Finding 4, page 17)

We recommended the Department adhere to the rules and regulations of the unemployment claim processing and protest those claims that have no merit. The Department concurred with our recommendation.

OTHER FINDINGS

The remaining findings are less significant due to the attention given them during the audit period by Department management. We will review the Department's progress in implementing our recommendations during our next audit.

AUDITORS' OPINION

Our auditors report the financial statements of the Illinois Department of Labor for the years ended June 30, 1994 and 1995 are fairly presented.

WILLIAM G. HOLLAND, Auditor General

WGH:RPU:pp

SUMMARY OF AUDIT FINDINGS

Number of
This Audit
Prior Audit

Audit findings 5 7

Repeated findings 0 1

Prior findings not repeated 7 9

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors for this audit were Abbott, Phillips & Co. Ltd.

DEPARTMENT OF LABOR
COMPLIANCE AUDIT
For The Two Years Ended June 30, 1995

EXPENDITURE STATISTICS	FY 1995	FY 1994	FY 1993
● Total Expenditures (All Funds)	\$4,782,392	\$4,623,720	\$4,639,447
<u>OPERATIONS TOTAL</u>	\$4,046,926	\$3,886,799	\$3,921,193
% of Total Expenditures	84.6%	84.1%	84.5%
Personal Services	\$2,599,937	\$2,493,760	\$2,397,298
% of Operations Expenditures	64.2%	64.2%	61.2%
Average No. of Employees	86	88	92
Other Payroll Costs (FICA, Retirement)	\$403,156	\$391,246	\$382,090
% of Operations Expenditures	10.0%	10.0%	9.7%
Contractual Services	\$257,769	\$243,663	\$381,346
% of Operations Expenditures	6.4%	6.3%	9.7%
All Other Operations Items	\$786,064	\$758,130	\$760,459
% of Operations Expenditures	19.4%	19.5%	19.4%
<u>GRANTS TOTAL</u> *	\$735,466	\$736,921	\$718,254
% of Total Expenditures	15.4%	15.9%	15.5%
* Grants to Displaced Homemakers Centers			
● Cost of Property and Equipment	\$945,749	\$805,719	\$838,689

SELECTED ACTIVITY MEASURES	FY 1995	FY 1994	FY 1993
●Child Labor Violations	13,455	10,285	19,907
●Child Labor Penalties	\$271,395	\$175,497	\$214,608
●Wage Claims Filed	8,027	8,663	8,136
●Wage Claims Settled	14,645	13,921	13,113
●Original Value of Claims Settled	\$24,046,278	\$22,056,263	\$23,777,014

AGENCY DIRECTOR(S)
During Audit Period: Shinae Chun Currently: Shinae Chun