State of Illinois
Department of Employment Security

State Compliance Examination
For the Two Years Ended June 30, 2025

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

STATE OF ILLINOIS
DEPARTMENT OF EMPLOYMENT SECURITY
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2025

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State of Illinois
Department of Employment Security

Agency Officials
June 30, 2026

Director (01/17/2023 – Present)	Mr. Raymond Marchiori
Director (08/10/2020 – 01/16/2023)	Ms. Kristin Richards
Chief of Staff (04/01/2023 – Present)	Ms. Melissa Coultas
Chief of Staff (01/17/2023 – 03/31/2023)	Vacant
Chief of Staff (06/18/2019 – 01/16/2023)	Mr. Raymond Marchiori
Deputy Director Service Delivery Bureau (07/26/2021 – Present)	Ms. Mireya Hurtado
Deputy Director Service Delivery Bureau (07/16/2021 – 07/25/2021)	Vacant
Deputy Director Service Delivery Bureau (02/16/2015 – 07/15/2021)	Ms. Trina Taylor
Deputy Director Business Services Bureau (02/1/2021 – Present)	Ms. Carrie Thomas
Chief Legal Counsel (01/16/2020 – Present)	Mr. Kevin Lovellette
Chief Financial Officer (01/01/2024 – Present)	Mr. Brett Cox
Acting Chief Financial Officer (09/13/2023 – 12/31/2023)	Mr. L. Briant Coombs
Chief Financial Officer (12/01/2019 – 09/12/2023); (Medical Leave 09/13 – 10/30/2023)	Mr. Isaac Burrows
Chief Operating Officer (03/04/2024 – Present)	Mr. Jared Walkowitz
Chief Operating Officer (02/01/2024 – 03/03/2024)	Vacant
Chief Operating Officer (12/01/2020 – 01/31/2024)	Ms. Stacey Howlett
Chief Internal Auditor (05/18/2026 – Present)	Ms. Mary Parker
Chief Internal Auditor (05/01/2021 – 05/17/2026)	Mr. Noe Reyes
Manager, Accounting Services Division (07/01/2019 – Present)	Mr. L. Briant Coombs
Manager, Economic Information and Analysis Division (01/01/2024 – Present)	Ms. Marty Johnson
Manager, Economic Information and Analysis Division (12/16/2019 – 12/31/2023)	Mr. George Putnam, PhD

The Department's primary administrative offices are located at:

115 South LaSalle Street
Chicago, IL 60603

607 E. Adams, 9th Floor
Springfield, IL 62701-1606

JB Pritzker
Governor

ILLINOIS DEPARTMENT OF EMPLOYMENT SECURITY

Raymond P. Marchiori
Director

August 6, 2026

RSM US LLP
1450 American Lane, Suite 1400
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Illinois Department of Employment Security (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 specified requirements during the two-year period ended June 30, 2025. Based on this evaluation, we assert that during the years ended June 30, 2024, and June 30, 2025, the Department has materially complied with the specified requirements listed 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. Other than what has been previously disclosed and reported in the schedule of findings, 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. 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. Other than what has been previously disclosed and reported in the schedule of findings, 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 truly,

Illinois Department of Employment Security

SIGNED ORIGINAL ON FILE

Ray Marchiori, Director

SIGNED ORIGINAL ON FILE

Brett Cox, Chief Financial Officer

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Kevin Lovellette, Chief Legal Counsel

STATE COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance contains a qualification over internal control over compliance.

SUMMARY OF FINDINGS

	Current	2024	2023
GAS Findings	0	5	8
State Compliance Findings	12	N/A	15
Total Compliance Findings	12	5	23

	Current	2024	2023
GAS New Findings	0	0	4
GAS Repeated Findings	0	5	4
GAS Not Repeated Findings	0	3	1

	Current	2024	2023
State Compliance New Findings	1	N/A	3
State Compliance Repeated Findings	11	N/A	12
State Compliance Not Repeated Findings	9	N/A	11

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Reported	Description	Finding Type
			Current Findings	
2025-001	9	2024/2020	Inadequate Controls over Cash Reconciliations	Material Weakness and Material Noncompliance
2025-002	10	2024/2020	Inadequate Controls over Service Providers	Material Weakness and Material Noncompliance
2025-003	12	2023/2023	Inadequate Controls over Voucher Processing	Material Weakness and Material Noncompliance
2025-004	13	2023/2017	Inadequate Controls over Monthly Reconciliations	Significant Deficiency and Noncompliance
2025-005	15	2023/2017	Noncompliance with the Election Code	Significant Deficiency and Noncompliance

STATE COMPLIANCE REPORT (Continued)

SCHEDULE OF FINDINGS (Continued)

Item No.	Page	Last/First Reported	Description	Finding Type
2025-006	17	2023/2003	Performance Evaluations Not Completed Timely	Significant Deficiency and Noncompliance
2025-007	18	2023/2021	Noncompliance with Department's Policies and Procedures on Timekeeping	Significant Deficiency and Noncompliance
2025-008	21	2023/2023	Inadequate Controls over Telecommunication Devices	Significant Deficiency and Noncompliance
2025-009	22	2023/2019	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2025-010	24	2023/2021	Weaknesses in Security and Control of Remote Access	Significant Deficiency and Noncompliance
2025-011	25	2024/2023	Weaknesses in IBIS and HRM Applications	Significant Deficiency and Noncompliance
2025-012	27	New	Inadequate Controls over Grant Agreements	Significant Deficiency and Noncompliance
			Prior Findings Not Repeated	
A	28	2024/2023	Inadequate Controls over Recording of Refunds	
B	28	2024/2023	Inadequate Controls over Estimated Receivables	
C	28	2023/2021	Noncompliance with Statutes and Regulations on Internal Auditing	
D	28	2023/2015	Inadequate Controls over Property and Equipment Records	
E	28	2023/2021	Inadequate Controls over Contractual Agreements	
F	29	2023/2021	Weaknesses in Security and Control of Confidential Information	
G	29	2023/2021	Disaster Recovery Planning Weaknesses	
H	29	2023/2021	Payment Card Industry (PCI) Compliance Weaknesses	
I	29	2023/2023	Untimely Publishing of State's Average Weekly Wage	

EXIT CONFERENCE

The remaining findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on July 28, 2026.

Attending were:

Illinois Department of Employment Security:

Ray Marchiori	Director
Melissa Coultas	Chief of Staff
Brett Cox	Chief Financial Officer
Jared Walkowitz	Chief Operating Officer
Tom Revane	Chief Information Officer
Mary Parker	Chief Internal Auditor
Jim Schreiber	Audit Liaison
Kelly McGrath	Manager of Accounting and Reporting
Samantha Oliver	Unemployment Insurance Trust Fund Manager
David Cole	Senior Public Service Administrator
Briant Coombs	Accounting Manager
Adrienne Burt	Special Projects
Regence Norwoods	Grant Accounting Manager

Office of the Auditor General:

Dennis Gibbons	Senior Audit Manager
Alison Storm	Performance Audit Manager

RSM US LLP:

Dan Sethness	Partner
Erik Ginter	Senior Manager
Adam Tryniszewski	Supervisor

The responses to these recommendations were provided by Jim Schreiber, Audit Liaison, in a correspondence dated July 30, 2026.

RSM

RSM US LLP

Independent Accountant's Report on State Compliance and on Internal Control Over Compliance

Honorable Christopher B. Meister
Auditor General
State of Illinois

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Department of Employment Security's (Department) compliance with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies* (*Audit Guide*) as adopted by the Auditor General, during the two years ended June 30, 2025. Management of the Department is responsible for the Department's compliance with the specified requirements. Our responsibility is to express an opinion on the Department's compliance with the specified requirements based on our examination.

The specified requirements are:

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. 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. 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.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

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

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

Our examination disclosed material noncompliance with the following specified requirements applicable to the Department during the two years ended June 30, 2025.

Specified Requirement C
As described in the accompanying schedule of findings as items 2025-001 through 2025-003, the Department had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Specified Requirement E
As described in the accompanying schedule of findings as items 2025-001 and 2025-002, money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department had not been properly and legally administered and the accounting and recordkeeping relating thereto was not proper, accurate, and in accordance with law.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraphs, the Department complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2025. However, the results of our procedures disclosed other instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and which are described in the accompanying schedule of findings as items 2025-004 through 2025-012.

Government Auditing Standards requires the auditor to perform limited procedures on the Department's responses to the noncompliance findings identified in our examination, which are described in the accompanying schedule of findings. The Department's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control described in the accompanying schedule of findings as items 2025-001 through 2025-003 to be material weaknesses.

A *significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness in internal control, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control described in the accompanying schedule of findings as items 2025-004 through 2025-012 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Department's responses to the internal control findings identified in our examination, which are described in the accompanying schedule of findings. The Department's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

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

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
August 6, 2026

Current Findings

Finding 2025-001 Inadequate Controls over Cash Reconciliations

The Department of Employment Security (Department) did not prepare its monthly bank reconciliations timely.

During our testing of monthly bank reconciliations, we noted that the Department did not prepare monthly bank reconciliations for the Unemployment Compensation Trust Fund (Fund 1138). The Department prepared year-end reconciliations for Fund 1138, but the Department prepared them 28 to 76 days late and reviewed them 30 to 81 days late.

The timely reconciliation of cash accounts is a basic control procedure that should occur every month to determine the recorded amount of cash is accurate. Normally this procedure should be performed shortly after the end of the month upon receipt of the bank statement. Most organizations have a regular monthly accounting schedule whereby the monthly general ledger cannot be closed without the preparation of the cash reconciliation. In addition, recording all reconciling items identified in the reconciliation is required to ensure cash is properly reported at month-end and fiscal year-end.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to ensure State resources are used efficiently and effectively, and that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts, and reliable financial and statistical reports and to maintain accountability over the State's resources. These controls include the timely performance of bank reconciliations.

This finding was first noted during the Department's Fiscal Year 2020 financial audit, five years ago. As such, the Department has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

Department management indicated the weakness was due to the Department's manual process for reconciling checks and constraints which impacted the Department's ability to obtain the information from the bank in a format the Department can use.

The Department has numerous cash transactions every month. As such, the risk of error due to misapplied cash transactions is significant. Monthly cash balances could be materially misstated due to the lack of timely bank reconciliations. Failure to complete timely bank reconciliations could also result in a misuse or misappropriation of cash that could go undetected. (Finding Code No. 2025-001, 2024-002, 2023-005, 2022-004, 2021-003, 2020-004)

Recommendation

We recommend the Department prepare a monthly reconciliation for every cash account and fund, which reconciles the bank and general ledger balances. We also recommend each monthly bank reconciliation be timely completed and reviewed and approved by a supervisor.

Department Response

The Department accepts the recommendation. The Department continues to work with an outside accounting firm to improve timeliness and controls over the cash reconciliations. The Department has an internal employee to complete the cash reconciliations monthly. The employee is training with both internal staff and the outside accounting firm. In addition, the Department changed the methods available for receiving benefit payments and will no longer issue paper checks beginning July 2026. Replacing checks with debit cards for claimants not electing direct deposit will significantly reduce reconciling items associated with outstanding checks, which will also increase timeliness of reconciliations.

Finding 2025-002 Inadequate Controls over Service Providers

The Department of Employment Security (Department) did not ensure adequate control over monitoring and evaluating risks of service providers.

During the examination of the Department's external service provider program and practices, we noted:

- For five out of 5 (100%) service providers tested, the Department did not formally review the System and Organizational Control (SOC) reports by adequately mapping Complementary User Entity Controls.
- For one out of 5 (20%) service providers tested, the Department did not perform the SOC report review.
- The Department did not maintain policies and procedures to ensure due diligence over service providers.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.

The *Control Objectives for Information and Related Technologies* published by the *Information Systems Audit and Control Association* (ISACA), Managed Service Agreements Area, promotes controls for ensuring risks of monitoring and reviewing risks of service organizations.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), System and Services Acquisition Section, promotes controls in place to ensure external service providers comply with the organization's security and privacy requirements.

Department management stated they have no standardized or enforced process to review SOC reports by mapping Complementary User Entity Controls, leading to inconsistent oversight and monitoring of service provider controls. Additionally, the Department has not established or formally documented policies and procedures governing service provider due diligence as a result of staffing and resource limitations.

The finding was first reported in the financial audit for the year ended June 30, 2020. In subsequent years, the Department has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

Absence of formal policies and procedures for service provider due diligence, along with the lack of documented review of SOC reports by mapping Complementary User Entity Controls, may result in the Department not obtaining sufficient assurance over the design and operating effectiveness of controls performed by service providers. This increases the risk that control deficiencies or gaps at service providers will remain unidentified, which could negatively impact the Department's ability to effectively manage third-party risks and comply with audit and regulatory expectations. (Finding Code No. 2025-002, 2024-003, 2023-002, 2022-001, 2021-001, 2020-001)

Finding 2025-002 Inadequate Controls over Service Providers (Continued)

Recommendation

We recommend the Department strengthen its controls over its review of service providers. Specifically, we recommend the Department:

- Implement controls to achieve the control objectives documented in the service providers' SOC reports.
- Develop a formal process for reviewing, evaluating, and monitoring service providers and their associated risks including:
    - Reviewing of SOC Reports and Bridge Letters.
    - Documenting compliance with Complementary User Entity Controls.
    - Conducting an analysis to determine the impact of noted deviations within the SOC reports.
- Maintain a formal process to monitor service providers for performance, problems encountered, and compliance with contractual terms.

Department Response

The Department accepts the recommendation. The Department has adopted a comprehensive formal process for identifying and tracking service providers, obtaining and reviewing SOC reports and Bridge Letters, and documenting our review and assessment of the SOC report audit opinion, compliance with Complementary User Entity Controls, and analysis of exceptions. The Department is presently finalizing implementation of the new processes and training staff involved, including catching up on overdue reviews. Written policies and procedures will be adopted once the new processes are in place.

Finding 2025-003 Inadequate Controls over Voucher Processing

The Department of Employment Security (Department) did not maintain adequate controls over its voucher processing.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), we were able to limit our voucher testing at the Department to determine whether certain key attributes were properly entered by the Department's staff into ERP. In order to determine the operating effectiveness of the Department's internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's ERP System based on supporting documentation. The attributes tested were (1) vendor information, (2) expenditure amount, (3) object(s) of expenditure, and (4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

We conducted an analysis of the Department's expenditures data processed through the ERP System and noted the following:

- 1,911 of 3,372 (57%) vouchers, totaling $60,717,344, were approved between 31 and 309 days after receipt of the bill for Fiscal Year 2024.
- 1,278 of 3,322 (38%) vouchers, totaling $33,262,594, were approved between 31 and 265 days after receipt of the bill for Fiscal Year 2025

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law. Additionally, good business practices endorse the use of a proper internal control structure to promote operational efficiency, which includes reviewing and approving vouchers within a reasonable time after receipt.

Department management stated the delays in approving vouchers were caused by federal budget delays that delayed the Department's ability to access federal funds, as well as internal processing issues, including reversals, corrections, and other administrative delays that needed to be addressed prior to processing.

Failure to approve vouchers within a reasonable time after receipt contributes to inefficiencies with the State's timely payment of bills. (Finding Code No. 2025-003, 2023-023)

Recommendation

We recommend the Department implement controls to ensure vouchers are approved timely.

Department Response

The Department accepts the recommendation. The Department has assessed and modified its procedures for confirming receipt of goods or services and processing vouchers. The Department has also adopted additional management reports to regularly monitor the timeliness of voucher processing and make adjustments if needed. The Department notes that its options are limited for processing all vouchers timely during periods when the Department cannot access federal funds, such as a federal government shutdown.

Finding 2025-004 Inadequate Controls over Monthly Reconciliations

The Department of Employment Security (Department) did not have adequate controls over the required reconciliations of its records with the reports from the Office of Comptroller (Comptroller).

During our testing of Agency Contract Report (SC14) reconciliation reports, we noted five of 24 (21%) SC14 reconciliation reports were performed 2 to 36 days late. Additionally, three of 24 (13%) SC14 reconciliation reports were performed using inaccurate information, resulting in discrepancies between the reconciliation and the Comptroller's reports. Finally, the Department could not provide support for twenty-four of 24 (100%) SC14 reconciliation reports to demonstrate reconciliations were reviewed and approved.

Additionally, during testing of the Monthly Revenue Status Report (SB04) reconciliations, we noted 26 of 48 (54%) monthly SB04 reconciliations were not prepared in a timely manner. These were prepared 1 to 221 days late. Also, 29 (60%) SB04 reconciliations were not reviewed in a timely manner. The reconciliations were reviewed 1 to 226 days late.

Additionally, during testing of the Monthly Cash Status Report (SB05) reconciliations, we noted 42 of 48 (88%) monthly SB05 reconciliations were not prepared in a timely manner. These were prepared 5 to 527 days late. Also, 42 (88%) SB05 reconciliations were not reviewed timely. These were reviewed 8 to 534 days late.

Finally, during testing of the Monthly Appropriation Status Report (SB01) reconciliations, we noted 42 of 56 (75%) monthly reconciliations were not prepared in a timely manner. These were prepared 3 to 226 days late. Additionally, 44 of 56 (79%) SB01 reconciliations were not reviewed in a timely manner. These were reviewed 2 to 233 days late.

The Statewide Accounting Management System (SAMS) Manual (Procedure 07.30.20) requires the Department to reconcile its records to the SAMS system on a monthly basis. These reconciliations must be completed within 60 days of the month-end. The key reports to be used for reconciliations include the SC14, SB01, SB04, and SB05.

This finding was first reported in the Department's State compliance examination for the two years ended June 30, 2017. In subsequent years, the Department has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

Department management indicated the issues arose due to staff vacancies, inadequate training, and competing priorities.

Failure to properly perform and review monthly reconciliations in a timely manner hinders necessary and reasonable corrective action to locate differences and correct the accounting records between the Department and Comptroller records timely. Failure to document that monthly reconciliations were reviewed and approved prevents the Department from demonstrating that it ensured the reconciliations were checked for accuracy and completeness after being prepared. (Finding Code No. 2025-004, 2023-009, 2021-012, 2019-006, 2017-010)

Recommendation

We recommend the Department properly perform, review, and document review of required monthly reconciliations using appropriate data and in a timely manner.

Finding 2025-004 Inadequate Controls over Monthly Reconciliations (Continued)

Department Response

The Department accepts the recommendation. The Department has filled vacancies and trained staff in positions responsible for performing monthly reconciliations to the Comptroller. An outside accounting firm has been assisting in completing our monthly reconciliations and training Department staff to perform timely reconciliations. Additionally, the Department has been working with the ERP team at DoIT to better understand the reconciliation tools available in the HANA application within the State's ERP system and has been modifying its internal use of the system to enable the Department to utilize those tools more effectively.

Finding 2025-005 Noncompliance with the Election Code

The Department of Employment Security (Department) did not fully comply with the requirements of the State's Election Code (Code) (10 ILCS 5/1A).

During testing of the Department's compliance with the Code, we noted the following:

- The Department has not established and operated a voter registration system capable of transmitting voters' registration information to the State Board of Elections' portal.
- The Department's voter registration form posted on its website did not contain a space for the person to fill in his or her e-mail address, if he or she chooses to provide that information.

The Code (10 ILCS 5/1A-16.6(a)) requires designated government agencies, one of which is the Department, to maintain a data transfer mechanism capable of transmitting voter registration application information, including electronic signatures where available, to the online voter registration system established by the State Board of Elections. The designated government agencies were required to establish and operate this voter registration system by July 1, 2016.

The Code (10 ILCS 5/1A-17(a)) also requires the Department to make available on its World Wide Web site a downloadable, printable voter registration form that complies with the content requirement as set out in the Code (10 ILCS 5/1A-16(d)). The Code (10 ILCS 5/1A-16(d)(15) requires the form to have a space for the person to fill in his or her e-mail address, if he or she chooses to provide that information.

The Department was first cited for noncompliance with the Code during the Department's State compliance examination for the two years ended June 30, 2017. In subsequent years, the Department has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

Department officials stated that the Electronic Registration Information Center (ERIC) declined to either accept unemployment insurance data or enter into an agreement regarding such data as was required by Illinois law. Accordingly, the Department and the State Board of Elections had to create a new process to achieve the transfer and safeguarding of this confidential data. The error of having an incorrect version of the downloadable and printable form on the Department's website was due to a new form being created by the State Board of Elections but not updated on the Department's website.

Failure to establish and operate the voter registration system, as well as failure to include an updated downloadable, printable voter registration form on the Department's website, resulted in noncompliance with the Code and hinders efforts to facilitate voter registration. (Finding Code No. 2025-005, 2023-010, 2021-009, 2019-014, 2017-009)

Recommendation

We recommend the Department establish and operate a voter registration system capable of transmitting voters' registration information to the State Board of Elections. In addition, we recommend the Department confirm the form on the Department's website is appropriately updated.

Finding 2025-005 Noncompliance with the Election Code (Continued)

Department Response

The Department accepts the recommendation. The Electronic Registration Information Center (ERIC) declined to either accept unemployment insurance data or enter into an agreement regarding such data as was required by Illinois law. Accordingly, the Department and the State Board of Elections (Elections) had to create a new process to achieve the transfer and safeguarding of this confidential data. The Department notes that PA 103-0600, effective July 1, 2024, removed the requirement that ERIC be a part of an agreement in this matter. The Department and Elections entered into a legal agreement that met the requirements of all applicable laws on October 1, 2024. The voter registration process was fully implemented as of September 18, 2025. The error of having an incorrect version of the downloadable and printable form on the Department's website was due to a new form being created by Elections but not updated on the Department's website. This error was immediately corrected upon notice of this finding and controls put into place to ensure the error will not happen in the future.

Finding 2025-006 Performance Evaluations Not Completed Timely

The Department of Employment Security (Department) did not complete employee performance evaluations timely.

During our testing of 60 employee personnel files, we noted the following:

- Four (7%) employees' annual performance evaluations were not on file
- Three (5%) employees' midpoint performance evaluations were not on file.
- Three (5%) employees' final performance evaluations were not on file.
- Fourteen (23%) employees' annual performance evaluations were 29 to 608 days late.
- Seven (12%) employees' mid-point performance evaluations were 7 to 150 days late.
- Five (8%) employees' final performance evaluations were 15 to 74 days late.

The Illinois Administrative Code (Code) (80 Ill. Admin. Code 302.270) requires that, for a certified employee, the Department shall prepare an employee performance evaluation not less often than annually. Additionally, the Code (80 Ill. Admin. Code 310.450(c)) requires that evaluations be completed prior to when annual merit increases are awarded. In addition, the Department's Procedures Manual (2020.202) requires the Department to complete performance evaluations for newly appointed employees upon completion of the first probationary period (3 months) and 15 days prior to the completion of the final probationary period (6 months).

The Department was first cited for not completing performance evaluations timely during the State compliance examination for the two years ended June 30, 2003. In the years since the finding was first noted, the Department has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Department indicated that staffing constraints and competing priorities caused the issues identified.

Employee performance evaluations are a systematic and uniform approach used for the development of employees and to communicate performance expectations. The evaluation measures actual work performance against the performance criteria established at the beginning of the appraisal period. Without timely completion of an employee's performance evaluation, the employees will not be provided with formal feedback, which could lead to employee performance that is less than optimal. (Finding Code No. 2025-006, 2023-013, 2021-013, 2019-008, 2017-003, 2015-003, 2013-003, 11-4, 09-7, 07-3, 05-5, and 03-2)

Recommendation

We recommend the Department monitor the status of performance evaluations to ensure they are completed in a timely manner. Additionally, we recommend the Department strengthen controls to ensure it retains documentation that performance evaluations were completed.

Department Response

The Department accepts the recommendation. Department staff continuously monitor the status of performance evaluations and send a monthly notice of both upcoming and overdue performance evaluations to managers. The Department is in the process of building an automated, electronic notification system to remind supervisors when performance evaluations are due and send scheduled reminders. The Department also continues to remind supervisors of the importance of timely and accurate performance evaluations.

Finding 2025-007 Noncompliance with Department's Policies and Procedures on Timekeeping

The Department of Employment Security (Department) did not exercise adequate controls over its employee attendance.

During testing of 60 employee time and attendance records, we noted nine of nine employees (100%) on flex-time schedules did not have an approved request on file.

During testing of 60 employee time and attendance records, for 33 employees who took leave during the examination period (101 instances of leave), we noted the following:

- Five (15%) employees (6 total leave instances) had leave requests that were approved 1 to 385 days late.
- Six (18%) employees (34 total leave instances) did not submit an Application for Leave Approval (Form PO-4) for the leave taken.
- One (3%) employee's (1 total leave instance) total leave hours did not agree to the time taken as leave within the Time Distributions and Attendance Report (Form FI-46)

During testing of 60 employee time and attendance records, for 13 employees (99 instances of overtime) who worked overtime during the examination period, we noted the following:

- Six (46%) employees (65 total overtime instances) had overtime requests approved 1 to 301 days late.

During testing of 60 employee time and attendance records, for 4 employees (47 total instances of compensatory or earned equivalent time) who earned compensatory or earned equivalent time during the examination period, we noted the following:

- Three (75%) employees (18 total compensatory or earned equivalent time instances) had compensatory or earned equivalent time requests that were approved 1 to 21 days late.
- One (25%) employee (6 total compensatory or earned equivalent time instances) did not submit an Overtime Authorization and Attendance Report (Form FI-44) for their compensatory or earned equivalent time request.

The State Officials and Employees Ethics Act (5 ILCS 430/5-5) states that the executive branch shall adopt and implement personnel policies for all State employees under his, her, or its jurisdiction and control and policies shall include policies relating to work time requirements, documentation of time worked, documentation for reimbursement for travel on official State business, compensation, and the earning or accrual of State benefits for all State employees who may be eligible to receive those benefits.

The Department Procedures Manual (2005.40.402) states that Overtime Authorization and Attendance Reports (Form FI-44) are designed to document overtime hours worked and work of part-time employees. The form must also be completed for employees who work 12.5 hour shifts and who receive compensatory time for a holiday that falls on a non-scheduled day.

Finding 2025-007 Noncompliance with the Department's Policies and Procedures on Timekeeping (Continued)

The Department Procedures Manual (2005.30.313) states that an employee who requires time off from work for any reason except illness or other emergencies shall prepare Form PO-4 in advance and submit it in duplicate to the immediate supervisor. Immediately upon return to duty, an employee who was absent due to illness or other emergency shall submit Form PO-4 to the supervisor. The only exception to this occurs when the Director specifies that no Form PO-4 is required for other paid leave, as may happen in the case of severe weather office closing. Form PO-4s must be submitted to the employee's immediate supervisor. Then, whether approved or disapproved, the Form PO-4 and any required documentation will be routed through supervisory channels to the supervisor authorized by the division manager to give final approval. Form PO-4 and documentation for specific types of leave must be submitted to human resources management and/or the leave coordinator upon request. Form PO-4 for all types of leave shall be approved or disapproved by the final authorizing supervisor.

The Department Procedures Manual (2005.20) states the Department may establish business hours and work schedules in addition to or different from the regular business hours and work schedules when necessary and may require employees to work overtime or during hours outside their regular scheduled work hours consistent with applicable laws, rules, and union contract provisions. Employees may not work overtime, or outside their regular work hours, without express authorization from management prior to working the additional or outside hours.

The State Records Act (5 ILCS 160/8) requires the Department to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Department designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with laws and regulations.

The Department was first cited for noncompliance with the Department's policies and procedures on timekeeping during the State compliance examination for the two years ended June 30, 2021. In the years since the finding was first noted, the Department has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Department indicated that inadequate training and technology limitations, combined with staff turnover, led to late reviews and lack of completion of forms.

Failure to properly submit and complete leave confirmations, overtime requests, and employee earned equivalent time and compensatory reports may result in employees using time or earning time not approved by management. (Finding Code No. 2025-007, 2023-015, 2021-016)

Recommendation

We recommend the Department improve its controls over timekeeping in order to comply with the Department Procedures Manual and State laws.

Finding 2025-007 Noncompliance with the Department's Policies and Procedures on Timekeeping (Continued)

Department Response

The Department accepts the recommendation. The Department is transitioning from its legacy timekeeping and payroll system to the State's enterprise timekeeping systems: Central Time and Attendance (CTAS), and eTime, for the payroll period ending July 31, 2026. The transition will eliminate the paper-based timekeeping forms and centralize timekeeping administration within IDES Human Resources. This will allow for better controls over timekeeping and centralize recordkeeping.

Finding 2025-008 Inadequate Controls over Telecommunication Devices

The Department of Employment Security (Department) did not maintain adequate controls over the cancellation of telecommunication devices.

During our testing of issued and cancelled telecommunication devices, we noted the following:

- Five of twelve (42%) cancelled telecommunication devices tested were returned between 50 and 111 days after the employee's resignation or extended leave from the Department.

The Department Procedures Manual (1113.40.403) states cost center managers shall ensure that employees who separate from State service or transfer out of the cost center, return any air cards, cellular telephones or other equipment/services assigned to them before they leave.

The Department Procedures Manual (1113.40.402) states cost center managers shall request the disconnection of telephone lines as soon as they are no longer needed.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. A strong system of internal controls should include procedures requiring timely deactivation and removal of unused telecommunication devices.

Department management stated the exceptions noted were attributed to communication breakdowns between departments.

Inadequate controls over cancellation of telecommunication devices could result in unnecessary expenditures for the Department, as well as inappropriate use of State funds. (Finding Code No. 2025-008, 2023-022)

Recommendation

We recommend the Department implement controls to ensure cell phone terminations are completed timely and that all cancelled devices are properly returned.

Department Response

The Department accepts the recommendation. The Department has implemented and improved the offboarding process and has implemented better communications between divisions which includes notifications to Telecom staff when employees are leaving the Agency. These offboarding notifications allow managers time to collect cellphones from employees before they leave and allow Telecom staff to monitor and follow up to ensure items are returned timely. The Department is defining what constitutes an extended leave of absence where employee equipment should be collected.

Finding 2025-009 Weaknesses in Cybersecurity Programs and Practices

The Department of Employment Security (Department) did not ensure adequate control over cybersecurity programs and practices.

During the examination of the Department's cybersecurity program, practices, and control of confidential information, we noted the Department had not:

- Reviewed and updated policies and procedures, including the "IDES LVCI Change Management Policy – 4017" and the Acceptable Use Policy, on a routine basis.
- Established and maintained a cybersecurity plan that addresses and describes Department security programs, polices, and procedures.
- Developed and established a formal project management or software development lifecycle framework.

In addition, for two out of 3 (67%) vulnerability scans sampled, the Department did not retain evidence of the scan. Lastly, management did not formally review vulnerability scans.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), requires entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

The Department was first cited for not implementing adequate internal controls related to cybersecurity programs and practices during the Department's State compliance examination for the two years ended June 30, 2019. In the years since the finding was first noted, the Department has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

Department management stated the Department has not established centralized governance, defined ownership, or standardized processes for data governance, cybersecurity oversight, project management, and vulnerability management; as a result, these activities are not consistently implemented, enforced, or monitored across the environment as a result of staffing and resource limitations.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the Department's volumes of personally identifiable information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2025-009, 2023-017, 2021-019, 2019-011)

Recommendation

We recommend the Department implement internal controls related to cybersecurity programs and practices. Specifically, we recommend the Department:

- Review and update cybersecurity policies and procedures on a routine basis.
- Establish and maintain a cybersecurity plan that addresses and describes the Department's security programs, policies, and procedures.
- Develop a project management or software development lifecycle framework.
- Establish a formal process to review vulnerability scan reports.

Finding 2025-009 Weaknesses in Cybersecurity Programs and Practices (Continued)

Department Response

The Department accepts the recommendation. The Department has initiated a plan to address these issues, which includes reviewing and updating cybersecurity policies and procedures; developing a cybersecurity plan describing the Department's policies and procedures, adopting a more formal software development lifecycle framework for the Illinois Benefit information System (IBIS), and formalizing a procedure the to review vulnerability scans each month.

Finding 2025-010 Weaknesses in Security and Control of Remote Access

The Department of Employment Security (Department) had inadequate controls over remote access to its environment, applications and data.

To establish the ability to work from home, the Department allowed staff remote access to its environment, applications and data. Our review noted the Department had not:

- Periodically reviewed employees' remote access.
- Maintained authorization forms for twenty-six of 60 (43%) remote access users tested; therefore, we were unable to determine if access was approved prior to provisioning.

In addition, remote access was observed to be enabled for certain employees without documented business justification supporting the need for remote access.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Access Control and System and Communication Protection sections, requires entities to implement adequate internal controls over access to their environment, applications and data.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

The Department was first cited for not implementing adequate internal controls over remote access to its environment, applications and data during the Department's State compliance examination for the two years ended June 30, 2021. In the years since the finding was first noted, the Department has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

Department management indicated due to resource constraints, the Department was not reviewing remote access. Additionally, remote access was provisioned as part of the standard onboarding process due to changes in process without updating its policy.

Without adequate controls over remote access, unauthorized individuals may have access, resulting in potential malicious activity. (Finding Code No. 2025-010, 2023-018, 2021-022)

Recommendation

We recommend the Department implement controls to ensure security over remote access to its environment, applications and data. Specifically, we recommend the Department periodically review Department staff members' remote access and maintain authorization forms to document that access was authorized prior to provisioning.

Department Response

The Department accepts the recommendation. The Department has implemented quarterly reviews and updates of all IDES hybrid/remote work authorization forms. IDES employees participating in hybrid/remote work are required to acknowledge and adhere to applicable policies. The Department will develop a process for the periodic review of department staff members' remote access and for maintaining authorization forms to document that access was authorized.

Finding 2025-011 Weaknesses in IBIS and HRM Applications

The Department of Employment Security (Department) did not ensure adequate control over applications.

During the examination of the Department's Illinois Benefits Information System (IBIS) and Human Resource Manager (HRM) application, we noted:

- The Department did not develop a documented recovery plan or policy covering the HRM application.
- Two out of 22 (9%) new hires tested did not have appropriate documented approval to gain access to the IBIS Application.
- For one out of 7 (14%) HRM terminated users tested, the Department was unable to provide a completed termination form, or evidence demonstrating that user access was removed from the application in a timely manner as required by Department policy.
- For sixteen out of 60 (27%) IBIS terminated users tested, the Department was unable to provide evidence demonstrating that user access was removed from the application in a timely manner. Additionally, for twenty-four of 60 terminated users tested (40%), the Department was unable to provide a completed termination form, as required by Department policy. Of these, two out of 60 (3%) users' access was not revoked in a timely manner.
- The Department's managers perform reviews of their own access, with no evidence of a secondary or independent reviewer for Resource Access Control Facility (RACF) User Access Reviews (UARs) for IBIS and HRM.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), System Recovery and Reconstitution Section, promotes controls in place to provide for the recovery and reconstitution of the system to a known state after a disruption, compromise, or failure.

The *Control Objectives for Information and Related Technologies* published by the *Information Systems Audit and Control Association* (ISACA), Managed I&T-Related Risk Area, promotes controls for updating risk assessments as well as monitoring I&T-related incidents not identified through risk assessments.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the NIST, Account Management section, promotes controls for ensuring access to system resources are appropriately authorized.

Department management stated the Department has not established consistent governance, defined ownership, or standardized processes for recovery testing, access management, segregation of duties, and user access reviews. As a result, key controls, including periodic recovery testing, appropriate approval workflows, timely removal, and independent review of user access, are not consistently implemented, enforced, or monitored across systems as a result of staffing and resource limitations.

Failure to perform periodic recovery testing, enforce appropriate segregation of duties, ensure timely access removal, and conduct independent user access reviews results in the Department being unable to demonstrate the effective operation of key IT general controls. This limits assurance over system availability, access security, and monitoring controls and increases the risk of unauthorized access, control failures, and delayed recovery in the event of system disruptions. (Finding Code No. 2025-011, 2024-004, 2023-007)

Finding 2025-011 Weaknesses in IBIS and HRM Applications (Continued)

Recommendation

We recommend the Department strengthen internal controls to ensure that users are properly provided access, are terminated properly, and access reviews over its applications are properly segregated.

Department Response

The Department accepts the recommendation. The onboarding and offboarding procedures have been enhanced to include the RACF Administrator to ensure timely processing of add and delete requests. In addition, the Department is reviewing its RACF provisioning processes and semi-annual reviews to ensure business owners, whose systems are accessed via RACF, are included in the approval and semi-annual review of staff with access to those systems, in addition to strengthening the cost center manager approval and review.

Finding 2025-012 Inadequate Controls over Grant Agreements

The Department of Employment Security (Department) did not timely submit required reports for grants entered into by the Department.

For a sample of seven grant agreements, we performed testing to confirm whether reports required by the grant agreements were submitted timely, for which a total of 49 reports were required to be submitted during the examination period. For 9 out of 49 (18%) reports tested, the Department submitted the reports required for the grant 1 to 13 days late.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, or internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with the law.

Department management indicated there was a misunderstanding regarding the applicable reporting deadline and that staff were following what they believed to be the established timeframe.

Lack of timely reporting to grantors could make the Department ineligible for certain funding and reduce future funding possibilities for the Department. (Finding Code No. 2025-012)

Recommendation

We recommend the Department implement clear report deadlines for each grant to ensure reporting is completed in a timely manner.

Department Response

The Department accepts the recommendation and has hired an additional resource for the Accounting and Reporting Unit. The new Grant Accounting Supervisor will ensure the ETA 9130s are completed timely and accurately. The Department is also working to develop a tool for tracking required reports and related deadlines, including reminders to applicable staff and management reports to alert management of issues and monitor progress.

Prior Findings Not Repeated

A. Inadequate Controls over Recording of Refunds

During the prior financial audit, the Department improperly recorded refunds received related to both federal and non-federal programs.

Due to the change in scope of the engagements contracted with the Office of the Auditor General, the Department is no longer required to prepare departmental financial statements. The impact of the conditions noted during the prior financial audit will be taken into consideration in the new Statewide Annual Comprehensive Financial Report (ACFR) audit. Therefore, this finding will not be repeated. (Finding Code No. 2024-001, 2023-004)

B. Inadequate Controls over Estimated Receivables

During the prior financial audit, the Department did not have adequate controls in place to record estimated receivables relating to quarterly employer contributions.

Due to the change in scope of the engagements contracted with the Office of the Auditor General, the Department is no longer required to prepare departmental financial statements. The impact of the conditions noted during the prior financial audit will be taken into consideration in the new Statewide Annual Comprehensive Financial Report (ACFR) audit. Therefore, this finding will not be repeated. (Finding Code No. 2024-005, 2023-003)

C. Noncompliance with Statutes and Regulations on Internal Auditing

During the prior examination, the Department failed to comply with internal auditing requirements.

During the current examination, our testing indicated that the Department complied with internal auditing requirements. (Finding Code No. 2023-011, 2021-017)

D. Inadequate Controls over Property and Equipment Records

During the prior examination, the Department did not have adequate controls over its property and equipment and related records.

During the current examination, we noted the Department made improvements in controls over property and equipment and related records based on sample testing performed. While there were improvements, we did note a continued instance of noncompliance further described in the Department's *Independent Accountant's Report of Immaterial Findings*. (Finding Code No. 2023-012, 2021-010, 2019-009, 2017-008, 2015-008)

E. Inadequate Controls over Contractual Agreements

During the prior examination, the Department did not maintain adequate controls over contracts.

During the current examination, our sample testing did not indicate any exceptions related to contracts. (Finding Code No. 2023-014, 2021-007)

Prior Findings Not Repeated (Continued)

F. Weaknesses in Security and Control of Confidential Information

During the prior examination, the Department had inadequate controls over security of confidential information.

During the current examination, we did not identify any issues related to the Department's controls over security of confidential information. (Finding Code No. 2023-016, 2021-021)

G. Disaster Recovery Planning Weaknesses

During the prior examination, the Department had weaknesses in its disaster recovery planning process.

During the current examination, our testing indicated an exception related to disaster recovery and was reported as part of Finding 2025-011. (Finding Code No. 2023-019, 2021-018)

H. Payment Card Industry (PCI) Compliance Weaknesses

During the prior examination, the Department had inadequate controls over PCI Data Security Standards.

During the current examination, we did not identify any issues related to the Department's controls over PCI. (Finding Code No. 2023-020, 2021-020)

I. Untimely Publishing of State's Average Weekly Wage

During the prior examination, the Department did not timely publish the semi-annual State's Average Weekly Wage reports in covered industries under the Unemployment Insurance Act.

During the current examination, our testing indicated the Department timely published all of the State's Average Weekly Wage reports semi-annually. (Finding Code No. 2023-021)