



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS WORKERS' COMPENSATION COMMISSION

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

Release Date: March 10, 2026

FINDINGS THIS AUDIT: 11				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	1	1	2021	25-01	25-05, 25-09, 25-10	
Category 2:	1	9	10	2020		25-11	
				2019		25-07	
Category 3:	0	0	0	2017		25-04, 25-06	
TOTAL	1	10	11	2015		25-08	
				2013		25-03	
FINDINGS LAST AUDIT: 21							

SYNOPSIS

- (25-08) The Commission had weaknesses in its change management controls.
- (25-11) The Commission had certain deficiencies in its internal control to ensure accurate census data was provided to the State Employees' Retirement System of Illinois for use in the applicable annual actuarial valuations.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

CHANGE CONTROL WEAKNESS

The Commission had weaknesses in its change management controls.

The Commission has several computer applications which were critical for providing and overseeing a no-fault system of benefits to workers who experience job-related injuries or diseases.

Two (50%) change requests did not have evidence of management approval

During our testing of the Commission's case management system change requests, we noted two of four (50%) change requests tested did not have evidence of management approval.

Change management policy or procedure not formalized

In addition, we noted the Commission had not developed and formalized a change management policy or procedure for its critical applications. (Finding 8, pages 26-27)

We recommended the Commission adopt a formal change control policy and to ensure its change management process is documented and followed for its change requests, including obtaining approvals.

Commission officials agreed

Commission officials agreed with our recommendation.

INACCURATE CENSUS DATA

The Commission had certain deficiencies in its internal control to ensure accurate census data was provided to the State Employees' Retirement System of Illinois (System) for use in the applicable annual actuarial valuations.

During the performance of the census examination, it was identified that:

One employee (5%) had incorrect rate of pay

- During testing of System records to Commission records (forwards testing), we identified 1 of 22 (5%) employees with an incorrect rate of pay. The rate of pay reported was overstated by \$100, or approximately 1%, and the error was applicable to fifteen pay periods of the fiscal year, for a total of \$750.

One employee (5%) had incorrect retirement deduction code

- During testing of Commission records to System records (backwards testing), we identified 1 of 22 (5%) employees with an incorrect retirement deduction code.

Twelve additional employees (27%) had incorrect rate of pay due to January 1, 2024 rate increase; CMS identified 17 additional employees due to the rate increase

- During forwards and backwards testing, we identified 12 of 44 (27%) additional employees with an incorrect rate of pay. These employees had earned a longevity pay rate increase of \$30, effective January 1, 2024, but these increases were not processed or paid through fiscal year-end. Per further investigation and inquiry with Commission officials, we noted that the Department of Central Management Services (CMS) had also identified 17 additional Commission employees with the same exception. In total, these exceptions resulted in an understatement in gross earnings of approximately \$5,220. The issue was resolved subsequent to fiscal year-end.

The result of the errors above led to contributions due to the plan being understated and inaccurate census data being utilized by the System and the State in the performance of the annual pension and other postemployment benefit (OPEB) actuarial valuation processes. The independent actuaries utilized by the System and the State of Illinois for the pension and OPEB plans deemed these errors immaterial to the plan level valuations as a whole. (Finding 11, pages 31-32)

We recommended the Commission strengthen controls to ensure accurate census data is provided to the System for use in the annual actuarial valuation process. If differences are noted between the Commission's data and the System's data, these differences should be communicated timely and rectified to ensure the actuarial valuations are using accurate data.

Commission officials agreed

Commission officials agreed with the finding and indicated they are working to identify any differences in its data in a timely manner.

OTHER FINDINGS

The remaining findings are reportedly being given attention by the Commission. We will review the Commission's progress towards the implementation of our recommendations in our next State compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the Commission for the two years ended June 30, 2025, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2025-001. Except for the noncompliance described in the finding, the accountants stated the Commission complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Roth & Co., LLP.

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COURTNEY DZIERWA
Division Director

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

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FRANK J. MAUTINO
Auditor General

FJM:jgr