

**STATE OF ILLINOIS  
ILLINOIS LABOR RELATIONS BOARD**

**STATE COMPLIANCE EXAMINATION**

**FOR THE TWO YEARS ENDED JUNE 30, 2023**

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

**STATE OF ILLINOIS  
ILLINOIS LABOR RELATIONS BOARD  
STATE COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2023**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>State Compliance Examination Report</b>	
Agency Officials	1
Management Assertion Letter	2
State Compliance Report	
Summary	3
Independent Accountant's Report on State Compliance and on Internal Control Over Compliance	5
Schedule of Findings	
Current Findings	8
Prior Findings not Repeated	13

**STATE OF ILLINOIS  
ILLINOIS LABOR RELATIONS BOARD  
STATE COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2023**

**BOARD OFFICIALS**

Executive Director	Ms. Kimberly F. Stevens
Chief Fiscal Officer	Mr. Aaron M. Itulya
General Counsel	Ms. Helen J. Kim

**GOVERNING BOARD CHAIRS**

State Panel Chair	William E. Lowry, Jr.
Local Panel Chair	Lynne O. Sered

**GOVERNING BOARD MEMBERS**

State Panel Member	Kendra S. Cunningham
State Panel Member	Jeffrey W. Mears (4/21/2022 – Present)
State Panel Member	Frances A. Hurley (3/1/2023 – Present)
State Panel Member	John S. Cronin (7/1/2021 – 3/24/2023)
State Panel Member	Jose L. Gudino (7/1/2021 – 3/21/2022)
State Panel Member	J. Thomas Willis (7/1/2021 – 2/23/2022)
State Panel Member	Vacant (3/25/2023 – Present)
Local Panel Member	Charles E. Anderson
Local Panel Member	Angela C. Thomas

**BOARD OFFICES**

The Board's primary administrative offices are located at:

801 South 7<sup>th</sup> Street  
Suite 1200A, 12<sup>th</sup> Floor  
Springfield, Illinois 62703

160 North LaSalle Street  
Suite S-400  
Chicago, Illinois 60601



# Illinois Labor Relations Board

## MANAGEMENT ASSERTION LETTER

February 13, 2024

Borschneck, Pelletier & Co.  
Certified Public Accountants  
200 E. Court St., Suite 608  
Kankakee, IL 60901

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 Labor Relations Board (Board). 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 Board's compliance with the following specified requirements during the two-year period ended June 30, 2023. Based on this evaluation, we assert that during the years ended June 30, 2023 and June 30, 2022, the Board has materially complied with the specified requirements below.

- A. The Board 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 Board 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 Board 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 Board 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.

Yours truly,

State of Illinois, Illinois Labor Relations Board

**SIGNED ORIGINAL ON FILE**

Kimberly F. Stevens, Executive Director

**SIGNED ORIGINAL ON FILE**

Helen J. Kim, General Counsel

**SIGNED ORIGINAL ON FILE**

Aaron M. Itulya, Chief Fiscal Officer

801 South 7th Street, Suite 1200A • Springfield, Illinois 62703 • Telephone: (217) 785-3155  
160 North LaSalle Street, Suite 5-400 • Chicago, Illinois 60601 • Telephone: (312) 793-6400

www.illinois.gov/ilrb



**STATE OF ILLINOIS  
ILLINOIS LABOR RELATIONS BOARD  
STATE COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2023**

**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* 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 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	2	4
Prior recommendations implemented or not repeated	2	2
	2	0

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings</b>				
2023-001	8	2021/2021	Untimely Submission of Required Reports	Significant Deficiency and Noncompliance
2023-002	10	2021/2021	Weaknesses Regarding Electronic Data Processing Procedures	Significant Deficiency and Noncompliance
<b>Prior Findings Not Repeated</b>				
A	12	2021/2015	Untimely Completion of Performance Evaluations	
B	12	2021/2019	Inadequate Controls over Agency Workforce Reports	

**STATE OF ILLINOIS  
ILLINOIS LABOR RELATIONS BOARD  
STATE COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2023**

**EXIT CONFERENCE**

The Board waived an exit conference in a correspondence from Mr. Aaron Itulya, Chief Fiscal Officer, on February 2, 2024. The responses to the recommendations were provided by Mr. Aaron Itulya, Chief Fiscal Officer, in a correspondence dated February 5, 2024.

**INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE  
AND ON INTERNAL CONTROL OVER COMPLIANCE**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Governing Board  
State of Illinois, Illinois Labor Relations Board

**Report on State Compliance**

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Illinois Labor Relations Board (Board) 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, 2023. Management of the Board is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Board 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 Board 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 Board 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 Board 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.

Our 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* 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 Board complied with the specified requirements in all material

respects. An examination involves performing procedures to obtain evidence about whether the Board 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 with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our 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 Board's compliance with the specified requirements.

In our opinion, the Board complied with the specified requirements during the two years ended June 30, 2023, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2023-001 through 2023-002.

The Board's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Board'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 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 Board 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 Board's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Board's compliance with the specified requirements and to test and report on the Board's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

*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. *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, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-001 through 2023-002 that we consider to be significant deficiencies.



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

The Board's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Board'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 of internal control 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**

Kankakee, Illinois  
February 13, 2024

**STATE OF ILLINOIS  
ILLINOIS LABOR RELATIONS BOARD  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2023**

**CURRENT FINDINGS – STATE COMPLIANCE**

**2023-001 FINDING Untimely Submission of Required Reports**

The Illinois Labor Relations Board (Board) failed to timely submit required reports.

During testing of the Board’s annual reports, we noted the following:

- The Board failed to submit its Fiscal Year 2021 and Fiscal Year 2022 Annual Report to the Governor’s Office by the required deadline.

For Fiscal Year 2021, the State Finance Act (30 ILCS 105/3) required the Board to make and deliver to the Governor an annual report of its acts and doings at least 10 days preceding the convening of the regular session of the General Assembly in each calendar year. The Fiscal Year 2021 report was due on December 25, 2021, as the General Assembly convened on January 4, 2022. For Fiscal Year 2022, the State Finance Act (30 ILCS 105/3) required the Board to make and deliver to the Governor an annual report of its acts and doings of the preceding fiscal year no later than January 7.

- The Board did not submit paper copies of its Fiscal Year 2021 annual report and did not submit electronic copies of its Fiscal Year 2021 and Fiscal Year 2022 annual reports to the State Library.

The State Library Act (Act) (15 ILCS 320/21) requires the Board to provide and deposit with the Illinois State Library sufficient copies of all publications issued by the Board for its collection and exchange purposes. The Act also states the State Librarian shall by rule or regulation specify the number of copies required and the publications that must be deposited. Those rules, Illinois Administrative Code (Code) (23 Ill. Admin. Code 3020.110), require the Board to submit 26 copies of all publications on the core list and an electronic copy of the publication via the Illinois State Library’s metadata generator using a secure transfer protocol. The State Library’s core list includes annual reports of all agencies.

Board Officials indicated copies of the Fiscal Year 2021 and Fiscal Year 2022 Annual Reports were sent to the Governor’s Office by messenger mail on June 27, 2023; however, the Governor’s Office had no record of such. Other issues are attributable to the Board being unaware of requirements, minimal staffing, and competing priorities.

Failure to submit annual reports with the Office of the Governor hinders governmental oversight of the Board. Failure to submit reports to the State Library represents noncompliance with the Act and reduces information available to parties which may be used in making budget and policy decisions (Finding Code No. 2023-001, 2021-001)

**RECOMMENDATION**

We recommend the Board ensure annual reports are timely submitted to the Governor’s Office. We further recommend the Board ensure annual reports are submitted to the State Library in the media specified in the Code.

**STATE OF ILLINOIS  
ILLINOIS LABOR RELATIONS BOARD  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2023**

**CURRENT FINDINGS – STATE COMPLIANCE**

**2023-001 FINDING Untimely Submission of Required Reports (Continued)**

**BOARD RESPONSE**

The Board accepts the recommendation. The Board will review its current procedures to determine how to reduce instances of late submission of the Annual Reports. The Board's Annual Reports (including the Fiscal Year 2021 and Fiscal Year 2022 reports) are also published on the Board's website, where they are publicly accessible.

**STATE OF ILLINOIS  
ILLINOIS LABOR RELATIONS BOARD  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2023**

**CURRENT FINDINGS – STATE COMPLIANCE**

**2023-002 FINDING: Weaknesses Regarding Electronic Data Processing Procedures**

The Illinois Labor Relations Board (Board) did not maintain adequate controls over its electronic data processing.

During testing, we noted the following:

- The Board did not have a disaster recovery plan, nor did the Board conduct a recovery test during the examination period for its Case Management database.

The Contingency Planning Guide for Federal Information Systems (Special Publication 800-34) published by the National Institute of Standards and Technology (NIST) states disaster recovery planning is a key element of information system contingency planning which is a critical component of emergency management and organizational resilience. The NIST endorses the formal development and testing of disaster recovery plans.

- The Board did not routinely review access rights to the Central Time and Attendance System (CTAS), eTime, the Central Payroll System (CPS), or the Case Management Tracking System.

The National Institute of Standards and Technology (NIST) (Special Publication 800-53, Fifth Revision), Access Control Section, endorses the development of well-designed and well-managed controls to protect computer systems and data. Effective computer security controls provide safeguarding, securing, and controlling access to hardware, software and the information stored in the computer system.

- The Board did not have an executed interagency agreement with the Department of Innovation and Technology (DoIT) that clearly outlines the services provided, roles and responsibilities, and the available security mechanisms were in place in order to protect the security, processing integrity, availability, and confidentiality of the Board's systems and data.

The National Institute of Standards and Technology (NIST) (Special Publication 800-53), System and Services Acquisition Section, requires entities to document the services, roles, responsibilities, and required security controls when outsourcing services. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board 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 and to maintain accountability over the State's resources.

**STATE OF ILLINOIS  
ILLINOIS LABOR RELATIONS BOARD  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2023**

**CURRENT FINDINGS – STATE COMPLIANCE**

**2023-002 FINDING: Weaknesses Regarding Electronic Data Processing Procedures**  
(Continued)

Board Officials indicated, due to the short time frame between completion of the prior examination and commencement of the current examination, few of the prior recommendations have been completed. The process of developing and testing a disaster recovery plan has commenced, and further coordination will be made as the Board is able. Review of access rights is performed on an as-needed basis, which the Board has deemed sufficient due to the minimal amount of Board staff whose rights require monitoring. Lack of a formal interagency agreement is attributed to the Board already having a written agreement in effect with DoIT. The Board has yet to transition from this agreement to an official interagency agreement.

Failure to maintain adequate controls over electronic data processing results in significant risk of noncompliance, and poses an additional risk of fraud, misuse of information, security breach, and data loss. Failure to develop an adequate formal, written agreement between the Board and DoIT may lead to noncompliance with State laws, rules, and regulations. (Finding Code No. 2023-002, 2021-004)

**RECOMMENDATION**

We recommend the Board:

- Develop and test a disaster recovery plan for its Case Management database;
- Implement controls to routinely review access rights; and
- Work with DoIT to draft and execute an interagency agreement.

**BOARD RESPONSE**

The Board accepts the recommendation regarding developing and testing a disaster recovery plan for its Case Management database. The Board did not have sufficient time between audits to fully address the prior audit findings.

The Board will continue to seek guidance/coordinate with the Illinois Department of Innovation and Technology (DoIT) regarding preparing a disaster recovery plan. The Board, in conjunction with DoIT, has already created a Business Impact Analysis. The Business Impact Analysis is meant to be informative and plays a key role in understanding the needs of the organization and the potential impacts to its mission. This analysis is the first step in creating a disaster recovery plan. Furthermore, DoIT completes daily network backups.

In this finding, Auditors did not indicate what frequency of review of access rights they deem to be routine. The Board's understanding of the NIST standards as they relate to the review of access rights is that they fall under a control parameter that allows for an organization to assign a specific, organization-defined value to the control or control enhancement. This signifies that, under the NIST standards, the frequency of access rights reviews is left to the discretion of the organization to define for itself. The Board reviews access rights on an as-needed basis, which it believes is sufficient due to the small size of the agency. The Board will review its controls over access rights to determine whether enhancements are needed.

**STATE OF ILLINOIS  
ILLINOIS LABOR RELATIONS BOARD  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2023**

**CURRENT FINDINGS – STATE COMPLIANCE**

**2023-002 FINDING: Weaknesses Regarding Electronic Data Processing Procedures**  
(Continued)

The Board has already delegated authority to DoIT to exercise controls over the security, processing integrity, availability, and confidentiality of the Board's systems and data. DoIT provided to the Board documents titled Information Security Guidelines for Agency Roles and Responsibilities and Delegating Authority as well as a document titled Proxy for Delegating Authority to DoIT. These documents represent an interagency agreement between the Board and DoIT as it relates to information security roles and responsibilities. To date, DoIT has not requested that the Board enter into any further agreements. The Board will seek guidance from and coordinate with DoIT to determine if any further agreements are required to ensure that the services provided by DoIT, roles and responsibilities, and the available security mechanisms are in place to protect the security, processing integrity, availability, and confidentiality of the Board's systems and data.

**ACCOUNTANT'S COMMENT**

The Board's current agreement with DoIT does not clearly outline the services provided or adequately address the available security mechanisms in place to protect the security, processing integrity, availability, and confidentiality of the Board's systems and data.

**STATE OF ILLINOIS  
ILLINOIS LABOR RELATIONS BOARD  
SCHEDULE OF FINDINGS  
FOR THE TWO YEARS ENDED JUNE 30, 2023**

**PRIOR FINDINGS NOT REPEATED**

**A. FINDING: Untimely Completion of Performance Evaluations**

During the prior examination, the Illinois Labor Relations Board (Board) did not complete employee performance evaluations in a timely manner in accordance with internal policy and the Illinois Administrative Code.

During the current examination period, our sample testing did not identify any employee evaluations not completed in accordance with the Board's internal policy or the Administrative Code. (Finding Code No. 2021-002, 2019-001, 2017-001, 2015-001)

**B. FINDING: Inadequate Controls over Agency Workforce Reports**

During the prior examination, the Board did not have adequate controls over its Agency Workforce Reports. Reports were not timely filed, contained mathematical errors and were filed without original signatures.

During the current examination period, our testing did not identify any exceptions related to the Board's Agency Workforce Reports. (Finding Code No. 2021-003, 2019-002)