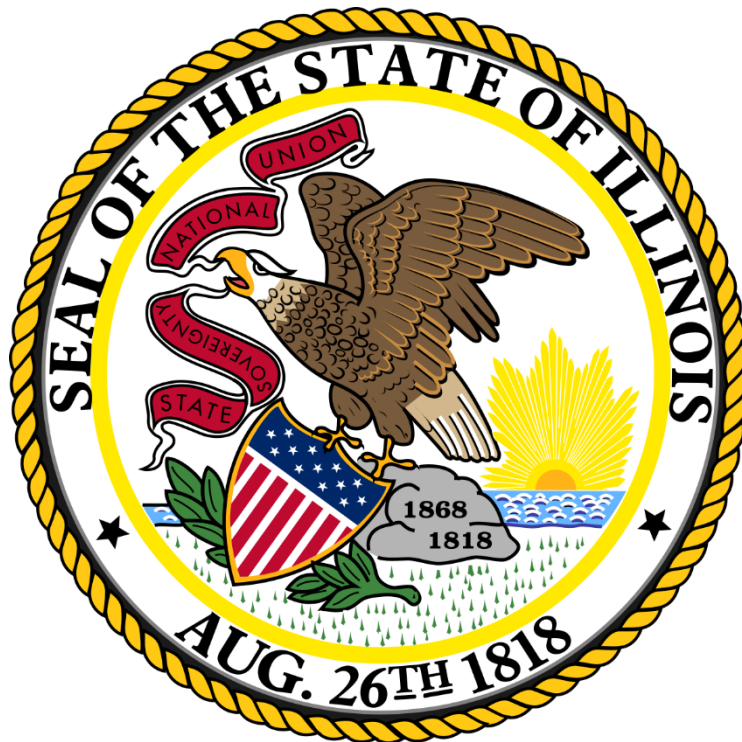


LEGISLATIVE AUDIT COMMISSION



Review of
Department of Human Rights
Two Years Ended June 30, 2021

622 Stratton Office Building
Springfield, Illinois 62706
217/782-7097

REVIEW# 4546:
DEPARTMENT OF HUMAN RIGHTS
TWO YEARS ENDED
JUNE 30, 2021

FINDINGS/RECOMMENDATIONS – 12

PARTIALLY IMPLEMENTED – 7
IMPLEMENTED – 5
ACCEPTED– All

REPEATED RECOMMENDATIONS – 5

PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 8

This review summarizes the auditors' report of the Department of Human Rights (DHR) for the two years ended June 30, 2021, filed with the Legislative Audit Commission on February 2, 2022. The auditors conducted a compliance examination in accordance with state law and Government Auditing Standards.

DHR has three primary administrative offices:

- 555 West Monroe, 7th Floor, Chicago;
- Lincoln Towers 3rd Floor (Formerly 555 West Jefferson, 1st Floor), Springfield;
- 2309 West Main, Suite 112, Marion.

Agency Narrative

The mission of the Illinois Department of Human Rights (DHR) is to secure for all individuals within the State of Illinois freedom from unlawful discrimination, and to establish and promote equal opportunity and affirmative action as the policy of this state for all its residents.

Since 1979, DHR has been charged with enforcing the Illinois Human Rights Act (Act), one of the nation's most comprehensive civil rights laws. The Act protects and guarantees the rights of all Illinoisans by mandating that DHR investigate charges of unlawful discrimination with regard to employment, financial credit, public accommodations, real estate transactions (including housing) and sexual harassment in education. Complainants can bring charges on the basis of race, color, religion, sex (including sexual harassment), pregnancy, sexual orientation (including gender identity), national origin, ancestry, age (40 and over), marital status, order of protection status, physical or mental

disability, military status or unfavorable military discharge, citizenship status (regarding employment) and familial status (regarding real estate transactions). DHR also investigates charges of retaliation, aiding and abetting, coercion and interference under the Act, and intimidation (in real estate transactions).

Agency Divisions

I. THE CHARGE PROCESSING PROGRAM

The FAIR HOUSING DIVISION investigates charges of unlawful discrimination in real-estate transactions to determine whether there is substantial evidence of discrimination. Once a charge is docketed, an investigator conducts an investigation of the charge and discusses the possibility of a voluntary settlement with the parties. In many cases, the investigator performs an on-site investigation to interview witnesses and obtain pertinent documentation. The Human Rights Act requires that charges involving real estate transactions be completed within 100 days of filing (unless it is impracticable to do so). Upon completion of an investigation, parties receive a Notice of Determination as to whether substantial evidence or lack of substantial evidence exists and a Final Investigative Report.

The CHARGE PROCESSING DIVISION investigates charges of unlawful discrimination in employment, public accommodations, financial credit and sexual harassment in education to determine whether there is substantial evidence of discrimination. Once a charge is docketed, an investigator conducts an investigation of the charge and discusses the possibility of a voluntary settlement with the parties. The investigator interviews witnesses, obtains pertinent documentation, and conducts a fact-finding conference. The Human Rights Act requires that charges be completed within 365 days of filing. Upon completion of an investigation, parties receive a Notice of Determination as to whether substantial evidence or lack of substantial evidence exists and an Investigative Report.

The MEDIATION UNIT offers parties the opportunity to negotiate a settlement of the charges rather than go through a full, time-consuming investigation. Mediation is voluntary and free of cost to the parties. DHR Human Rights Mediators meet with parties in a confidential, nonconfrontational atmosphere to discuss settlement options. The mediator helps facilitate communication between the parties as they explore terms of settlement to resolve the charge and eliminate the need for an investigation. Mediation does not affect the investigation if there is no settlement. If the parties fail to reach a resolution, the case is investigated.

II. THE COMPLIANCE PROGRAM

The LEGAL DIVISION assigns staff attorneys to provide legal support for the investigatory work of the Fair Housing and Employment Litigation Units. The attorneys provide technical assistance to investigator work groups as necessary, perform legal research, provide technical assistance to the public, review substantial evidence determinations,

conciliate cases, draft and file complaints with the Human Rights Commission (“Commission”) and respond to Requests for Review (appeals of DHR Determinations) filed with the Commission. Staff attorneys assigned to the Fair Housing Unit are responsible for the additional duty of litigating fair housing cases before the Commission. The Legal Division also oversees agency rulemaking; agency compliance with the Freedom of Information Act; the agency’s ethics program; and responds to subpoenas issued to the agency by parties before the Commission, Illinois Circuit Court, and Federal District Court.

The PUBLIC CONTRACTS UNIT (“PCU”) enforces the provisions of the Act and the IDHR Rules and Regulations that require public contractors and eligible bidders to refrain from unlawful discrimination, undertake affirmative action in employment and develop a written sexual harassment policy. The PCU registers entities seeking to establish eligibility status for competitively bidding on state contracts. The PCU provides technical assistance and training on how to develop equal opportunity policies and procedures. Additionally, the PCU reviews entities’ affirmative action plans to ensure compliance with established equal opportunity laws and guidelines and conducts audits to examine policies, procedures, and efforts expended by the contractor toward meeting its EEO/AA obligations.

THE STATE AGENCY LIAISON UNIT (“Liaison Unit”) administers and enforces the Equal Employment Opportunity and Affirmative Action provisions of the Act and Department Rules and Regulations. The Liaison Unit ensures compliance by state executive departments, state agencies, boards, commissions, and instrumentalities (collectively, “state entities”). All state entities are required to submit affirmative action plans, quarterly reports, and layoff reports to the Department. The Liaison Unit reviews the reports for conformance with the Act and Department Rules and Regulations. Additionally, the Liaison Unit monitors each state entity to ensure compliance with goals established in the state entity’s affirmative action plan and provides ongoing technical assistance and training to Equal Employment Opportunity/ Affirmative Action (“EEO/AA”) Officers of state entities on the requirements of the Act and Department Rules and Regulations.

III. THE TRAINING PROGRAM

The INSTITUTE FOR TRAINING AND DEVELOPMENT (“Training Institute”) develops and delivers training modules to public and private organizations and companies throughout Illinois to promote awareness and compliance with the Illinois Human Rights Act. Training courses are designed to increase respect among diverse cultures in the workplace and provide accurate and timely information on federal and state laws regarding fair employment practices; ways to resolve conflict; and requirements for non-discrimination in employment, real-estate transactions, public accommodations, and sexual harassment in education. The Training Institute also offers customized training upon request, operates a speaker’s bureau, and supports the agency’s outreach initiatives.

Appropriations and Expenditures

	FY20 Expenditures	FY21 Expenditures	FY20/21 Headcount
Reporting programs:			
Charge Processing	\$9,787,400	\$9,137,500	107/90
Compliance	\$919,000	\$1,726,000	11/17
Training Institute	\$69,000	\$507,600	0/5
Non-Reporting program:			
Administration	\$1,378,500	\$1,929,000	10/19
Total	\$12,153,900	\$13,300,100	128/131

Source: Comptroller’s Public Accountability Report

100% of agency spending goes toward agency operations.

DHR has the following fund spending authority with % of total spending:

- GRF - 66%;
- Special Projects Division 0607 – 30%;
- DHR Training and Development 0778 – .1%; and
- DHR 0797 – 3%.

Jim Bennett has been the agency director since July 1, 2019.

Divisions Mission Statements

2021 Charge Processing - Mission Statement: Conduct fair and impartial investigations and review charges of unlawful discrimination in employment, public accommodations, housing, financial credit, and sexual harassment in employment and education.

Program Goals and Objectives:

- Provide accurate and thorough investigations in a timely manner;
- Decrease the time necessary for investigations while ensuring good quality investigations and reports;
- Maintain good relationships with the Equal Employment Opportunity Commission (EEOC) and the U.S. Department of Housing and Urban Development (HUD), leading to annual contract renewal;
- Fulfill EEOC contract requirements annually and maintain a good working relationship leading to annual contract renewals with EEOC;

- Provide an opportunity for request for review before the Illinois Human Rights Commission of dismissals in accordance with the Human Rights Act and its rules and regulations;
- Assist parties to mediate charges as an alternative to investigation.

2021 Compliance - Mission Statement: The Compliance Program is committed to the principles and goals of equal opportunity and affirmative action embraced in the Human Rights Act. DHR will work to bring about equality within the State of Illinois, acting at all times with integrity, respect, efficiency, and fairness.

Program Goals and Objectives:

- Improve state agencies' compliance with affirmative action (AA) and equal employment opportunity (EEO) guidelines;
- Provide adequate assistance to ensure understanding and implementation of compliance requirements;
- Monitor public contracts and eligible bidder compliance with non-discrimination and affirmative action legal requirements;
- Provide accurate and timely assistance to public contractors and eligible bidders.

2021 Training Institute - Mission Statement: To work with individuals, communities, and local governments to resolve conflicts that arise based on a person's perceived or actual race, ethnicity, disability, religion, gender, or sexual orientation. To provide discrimination and hate prevention methods and training to businesses, law enforcement, educators, students, and communities.

Program Goals and Objectives:

- Help to ensure that state and local governments effectively respond to incidents of discrimination and hate crimes in a swift and appropriate manner;
- Provide training workshops and seminars to businesses, law enforcement, prosecutors, religious leaders, schools, community organizations, and social service agencies in the areas of diversity awareness, sexual harassment, hate crimes response, and combating hate;
- Provide community symposium throughout the state for both youth and adults;
- Develop a community resource guide;
- Work with community leaders, social service agencies, elected officials, and the public to identify and uproot sources of discrimination and bias by way of education and outreach;
- Participate in community forums, workshops, and other outreach events;
- Erect displays to celebrate and educate the public on diverse cultures;

- Make statutory and programmatic recommendations to the Governor and General Assembly designed to address current issues and trends in the pursuit of eliminating discrimination and hate-based violence across the state;
- Identify issues that call for change in the Human Rights Act or the Hate Crimes Statute;
- Conduct outreach events to promote awareness and compliance with the Illinois Human Rights Act;
- Develop and deliver training modules to public and private organizations to promote awareness and compliance with the Illinois Human Rights Act.

Cash Receipts

Grand Totals:

- FY19 - \$2,429,651;
- FY20 - \$2,440,974; and
- FY21 - \$2,429,890.

Source: p 43-44 of compliance exam.

Property and Equipment

The following balances detail the changes:

- FY 20 ending balances \$62,219; and
- FY21 ending balance \$61,552.

Source: p 46 of compliance exam.

Key Performance Indicators

Category	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Projected
Compliance				
On-site meeting w/state agencies	151	146	138	125
Eligible bidders notified of duties/obligations thru reg. process	1,764	1,939	1,900	2,000
Public contractors receiving initial	279	719	0 (zero sent out)	300

Review #4546-Dept of Human Rights – FY20-21

compliance audits				
Reduction in underutilization Affirmative Action (AA) state agencies	21.5%	19.9%	14.7%	15%
State agencies achieve AA goals	95%	100%	100%	95%
AA requests from state agencies	624	685	645	650
Change Processing				
Inquiries handles	15,811	10,806	10,182	10,500
Investigations completed	3,018	3,453	3,188	3,000
Charges Filed	2,871	2,933	2,423	2,000
Avg days to resolve non-housing cases	292	354	386	300
Avg days to resolve housing cases	179	156	224	200
Conciliation conf result settlement	17.1%	10%	16%	18%
Case Closure reject by EEOC	16	8	12	10
Charges settled mediation	6.6%	6.4%	4%	5%
Training Institute				
Training modules developed/update	22	26	33	35
Participants trained	5,188	5,640	4,023	4,500
Training classes held	163	165	218	300
Classroom hours devoted	326	330	552	600
Outreach events	75	25	6	10
People at outreach events	5,625	3,000	900	

Source: Comptroller's Public Accountability Report

Accountants' Findings and Recommendations

Condensed below are the 12 findings and recommendations included in the audit report. Of these, 5 are repeated from the previous audit. The following recommendations are classified on the basis of information provided by DHR, via electronic mail received February 2, 2022.

1. **The auditors recommend DHR strengthen its controls in identifying and documenting all service providers utilized and obtain SOC reports or conduct independent internal control reviews at least annually. In addition, auditors recommend that DHR:**
 - a. **Monitor and document the operation of the Complementary User Entity Controls (CUECs) related to DHR's operations.**
 - b. **Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.**
 - c. **Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impact to DHR, and any compensating controls.**
 - d. **Ensure contracts contain requirements for an independent review.**

FINDING: *(Lack of Adequate Controls over the Review of Internal Controls for Service Providers) - New*

DHR had not implemented adequate internal controls over its service providers.

The auditors requested DHR provide the population of service providers utilized to determine if they had reviewed the internal controls over their service providers. In response to the auditors' request DHR provided a listing; however, DHR did not provide documentation demonstrating the population was complete and accurate.

Due to these conditions, auditors were unable to conclude whether DHR's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35)

Even given the population limitations noted above, auditors performed testing over the two service providers identified by DHR. DHR utilized service providers for hosting services and software as a service. During testing, auditors noted DHR had not obtained a System and Organization Control (SOC) report or conducted independent internal control review for one of the service providers.

In addition, the auditors noted the contract for one service provider did not contain a requirement for an independent review to be completed.

DHR indicated they were unaware of the need to obtain and review SOC reports.

Without having obtained and reviewed a SOC report or another form of independent internal controls review, DHR does not have assurance the service providers' internal controls are adequate.

RESPONSE:

DHR accepts the finding and will work with DoIT to address the need for policy/procedure enhancements, to verify documentation of independent review (i.e., SOC reports), and ensure contracts (new or renewed) include language that meets requirement of specificity regarding review documentation.

UPDATED RESPONSE: Partially Implemented.

DHR is conducting a full review of service providers and is evaluating contractual amendments and updates to ensure all such providers are subject to independent review and provide the appropriate documentation (including SOC reports) for subsequent review by the Department. DHR has obtained guidance from DoIT on the standard of documentation for reviews of service provider SOC reports as well as engaged DoIT security team on review of contractual provisions with existing, IT-related procurement activities.

- 2. The auditors recommend DHR work with DoIT to obtain a detailed understanding of responsibilities related to cybersecurity controls. Additionally, the auditors recommend that DHR:**
- **Develop a formal, comprehensive, adequate, and communicated security program to manage and monitor the regulatory, legal, environmental and operational requirements.**
 - **Develop a project management framework to ensure new applications are adequately developed and implemented in accordance with management's expectations.**
 - **Develop a risk management methodology, conduct a comprehensive risk assessment, and implement risk reducing internal controls.**
 - **Develop policies and procedures for reviewing and monitoring security implementation and violations.**
 - **Require employees or contractors to acknowledge receipt of the Department's policies.**
 - **Classify its data to identify and ensure adequate protection of information.**

FINDING: *(Weaknesses in Cybersecurity Programs and Practices) - New*

DHR had not implemented adequate internal controls related to cybersecurity programs, practices and control of confidential information.

In order to carry out its mission, DHR utilizes information technology applications which

contain confidential and personal information.

DHR indicated the lack of resources and the believed DoIT was responsible for cybersecurity controls resulting in the weaknesses.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the DHR's confidential and personal information being susceptible to cyber- attacks and unauthorized disclosure.

RESPONSE:

DHR accepts the finding and will work with DoIT to address risk assessment and documentation of outcome and required response. DHR will also document project management framework for potential new system or application development and improve documentation of policy dissemination, of data classification with agency-specific systems, and of policy regarding monitoring and existing reporting mechanisms.

UPDATED RESPONSE: Partially Implemented.

DHR is currently reviewing and finalizing with DoIT documentation regarding Department roles and responsibilities with respect to cybersecurity, so that agency authority and authority delegated to DoIT as service provider are clearly defined.

Regarding project management, DHR is working to formalize and document project management framework in IT Policy to ensure that new project implementations adhere to standards related to key implementation activities, e.g. project components related data migration and recovery testing.

Regarding risk assessment, DHR has requested assistance from DoIT for an updated assessment in order to evaluate and address identified risks with improved controls.

Regarding risk monitoring, DHR is in the process of updating its IT Policy and employee education to better document existing incident reporting procedures and ensure reporting of real or perceived violations.

Since the completion of audit, DHR has implemented a formal acknowledgement of receipt procedure and documentation process for all employees and contractors, both regarding IT Policy and DHR's Administrative Policies and Procedures.

Since audit, DHR has evaluated data in its two systems and classified data.

3. The auditors recommend DHR timely notify the appropriate parties as mandated by the Illinois Human Rights Act.

FINDING: *(Noncompliance with Statutorily Mandated Time Limits) - First reported 2017, last reported 2019*

DHR did not meet the procedural time limits set forth when a charge of a civil rights violation had been filed and when a complainant filed a request to opt out of DHR's investigation.

In the auditors review of 60 employment cases filed with DHR, they noted the following

- In 28 (47%) employment cases tested, DHR did not serve a copy of the charge to the respondent within 10 days of the day the charge was filed. The charges were served to the respondent from 1 to 124 days late.
- In 28 (47%) employment cases tested, DHR did not serve a notice to the complainant of the complainant's right to file a complaint with the Human Rights Commission or commence a civil action in the appropriate circuit court within 10 days of the day the charge was filed. These notices were served to the complainant from 1 to 124 days late.
- In 28 (47%) employment cases tested, DHR did not serve a notice to the respondent of the complainant's right to file a complaint with the Human Rights Commission or commence a civil action in the appropriate circuit court within 10 days of the day charge was filed. These notices were served to the respondent from 1 to 124 days late.

This finding was first reported in FY17. In subsequent years, DHR has been unsuccessful in implementing appropriate procedures to improve its controls over procedural time limits set forth when a charge of a civil rights violation had been filed and when a complainant filed a request to opt out of the Department's investigation.

DHR management indicated, as they did in prior years, the untimely issuance of notices was due to a lack of personnel, information technology, and equipment, charges received by mail, and the number of cases filed in the Charge Processing Division.

Failure to provide the notification or untimely notifying the complainant and respondent of a charge as outlined in statute may compromise the complainant and respondent's time to respond or prepare for the charge. Failure to timely notify parties of the complainant's request to opt out of the Department's investigation may compromise the complainant's time to commence a civil action in the appropriate circuit court or other appropriate court of competent jurisdiction.

RESPONSE:

DHR accepts this finding. Charge Processing will review staffing levels with Human Resources and equipment and technology needs with Management Operations to ensure sufficient resources and support are available to effectuate this mandate.

UPDATED RESPONSE: Partially Implemented.

The untimely issuance of notices is due to a lack of personnel and equipment, the number of cases filed in the Charge Processing Division, and the calculation of time for charges received by mail. DHR is in the process of implementing a new case management system which represents the first major overhaul of the current system which was implemented in the 1980s. Management expects the new system will go live in early

2023 and will improve efficiency and, by extension, timeliness of notifications. In the interim, DHR continues to provide parties early notification of charges by provide a notice when a draft (unperfected charge) is issued.

- 4. The auditors recommend DHR comply with the required provisions of the Act by appointing a chief internal auditor and implementing a full-time program of internal auditing.**

FINDING: *(Failure to Maintain Internal Audit Program) – First Reported 2017, last reported 2019*

DHR failed to maintain a full- time program of internal auditing.

The auditors noted DHR did not employ a chief internal auditor or any internal audit staff during the examination period. On August 18, 2017, DHR entered into an agreement with CMS to provide DHR with internal auditing services.

In subsequent years, DHR has been unsuccessful in maintaining a full-time program of internal auditing.

DHR officials indicated the chief internal auditor position was not filled due to timing constraints. DHR sought additional clarity from the Office of the Attorney General regarding the requirements of the Act because DHR initially believed the agreement with CMS would satisfy the requirements of the Act.

RESPONSE:

DHR accepts this finding and is attempting to recruit a chief internal auditor that meets the minimum qualifications for the position and possesses necessary state experience.

UPDATED RESPONSE: Partially Implemented.

DHR is working with the CMS, who has performed internal audits for DHR since FY18. DHR will post the chief internal auditor role during FY22. In the interim, in working with CMS, DHR has conducted annual agency-wide risk assessments, approved annual audit plans, received annual reports detailed performance by the internal audit team, and conducted/field internal control checklists timely. Since the beginning of this agreement, there have been 20 internal audits finalized, with three more in progress to be completed by June 30, 2022 and a plan to perform five audits in the next fiscal year.

- 5. The auditors recommend DHR develop access provisioning policies and procedures. In addition, DHR should review users' access to ensure access is appropriate.**

FINDING: *(Information Technology Access Weaknesses) - New*

DHR had not implemented adequate internal controls related to systems and applications access and control.

In order to determine if access was appropriate, auditors tested a sample of 9 users, noting 3 or (33%) users' access was inappropriate.

Further, DHR had not developed access provisioning policies and procedures.

DHR indicated the lack of resources resulted in the weaknesses.

RESPONSE:

DHR accepts this finding and will work with DoIT to address policy gaps that document current and improved procedures. DHR has implemented updated procedures for provisioning and conducting access reviews. Items identified as having inappropriate access in the audit sampling, all appropriately provisioned, have been remedied as a result of this compliance examination.

UPDATED RESPONSE: Partially Implemented.

Since the time of audit, DHR has conducted and documented user reviews of its two primary systems. In addition, DHR is evaluating its existing IT Policy language outlining user and access reviews to make such policy more explicit. In conjunction with policy review, provisioning procedures are being tested to improve documentation of activities related to onboarding and offboarding practices.

6. The auditors recommend DHR implement procedures to ensure all reports and publications are timely submitted to the appropriate parties as required by State statute and administrative rule.

FINDING: *(Noncompliance with Report Filing Requirements) – First and last reported 2019*

DHR did not comply with several requirements for filing reports and publications.

During the auditor's examination, they noted DHR did not:

- Prepare a report of its acts and doings and submit to the Governor at least 10 days prior to the General Assembly convening in the following calendar year. DHR management indicated the exceptions were due to staff turnover.
- Provide copies of its Annual Report for FY19 and 20 or any other reports to the State Government Report Distribution Center at the State Library. Department management stated it did not have procedures in place for submitting copies of its publications with the State Library.
- Provide and deposit with the State Library, sufficient copies of all publications issued by DHR, including electronic publications, for its collection and exchange purposes. DHR management stated it did not have procedures in place for submitting copies of its publications with the State Library.

- Inform the Government Documents Section of the State Library in writing of the DHR's person(s) responsible for the distribution of documents annually and within two weeks after any changes. DHR management stated it did not have procedures in place for making this notification.

Failure to file reports and publications or inform the State Library of the person or persons responsible for distribution of documents deprives the Governor and the General Assembly of valuable information needed to manage the operations of the state.

RESPONSE:

DHR accepts this finding and is in the process of finalizing reports for filing.

UPDATED RESPONSE: Fully Implemented.

DHR has completed and submitted annual reports for 2019, 2020 and 2021 during FY22.

- 7. The auditors recommend DHR comply with the Act and submit its report regarding its evaluation of the sexual harassment and discrimination helpline to the Clerk of the House of Representatives and the Secretary of the Senate as required by the Act.**

FINDING: *(Failure to Evaluate and Report on Sexual Harassment Helpline) - First and last reported 2019*

DHR did not formally evaluate and report on the sexual harassment helpline as required.

DHR management indicated it has informally evaluated the helpline by reviewing calls on an ongoing basis, holding regularly scheduled biweekly telephone conferences with the call center and making substantive and procedural adjustments where needed; however, the data gathered from its informal evaluation were not formalized into a report and submitted to required parties due to competing priorities and staff turnover.

Failure to evaluate and report on the sexual harassment and discrimination helpline limits the General Assembly's access to data needed to assess the number of sexual harassment and discrimination cases reported to the state.

RESPONSE:

DHR accepts this finding and will incorporate the annual data reporting requirements concerning the Helpline within the Department's annual reports.

UPDATED RESPONSE: Fully Implemented.

DHR incorporated publishing required sexual harassment and discrimination data into its annual reports. The Department has published FY19 and FY20 in DHR's FY20 Annual Report and FY21 data in DHR's FY21 Annual Report.

8. The auditors recommend DHR improve its controls over property and equipment to ensure compliance with the State Property Control Act and the Code.

FINDING: *(Inadequate Controls over State Property and Equipment) - First reported 2007, last reported 2019*

DHR did not maintain adequate controls over its property and equipment.

During testing the auditors noted the following:

- Five of 12 (42%) equipment items consisting of chairs, filing cabinets, and a microwave physically inspected could not be traced to DHR's records.
- Equipment items purchased during FY20 consisting of chairs, a scanner, a projector, and a laminator totaling \$3,855 were not tagged and were not recorded in DHR's property control records.
- DHR did not adopt a policy delineating the categories of equipment that are subject to theft with value less than the nominal value.

This finding was first reported in FY07. In subsequent years, DHR has been unsuccessful in implementing appropriate procedures to maintain adequate controls over its property and equipment.

DHR management indicated the exceptions were due to DHR's misinterpretation of the requirements of the Code.

Inadequate control over property and equipment increases the risk of loss and misappropriation. Failure to adopt a policy delineating the categories of equipment that are subject to theft results in an inconsistent understanding and application of the requirements of the Code.

RESPONSE:

DHR accepts this finding. Fiscal will review and adjust its processes for tracking fixed assets, particularly those below established thresholds for accounting in the ERP system.

UPDATED RESPONSE: Fully Implemented.

DHR has enacted a new process that includes tagging of potential high theft items.

9. The auditors recommend DHR ensures employee performance evaluations are timely completed.

FINDING: *(Employee Performance Evaluations Not Performed or Timely Performed) - New*

DHR did not perform or timely perform employee performance evaluations.

During testing of 47 performance evaluations, auditors noted the following:

- 31 (66%) performance evaluations were not completed.
- 8 (17%) performance evaluations were not timely completed. The evaluations were completed 11 to 121 days after they were due.
- 3 (6%) performance evaluations were not signed by the Department's Director.

DHR management indicated performance evaluations were not performed or timely performed due to staffing constraints that hindered DHR's ability to monitor whether all employees received or timely received the required performance evaluations.

RESPONSE:

DHR accepts this finding. Human Resources will notify the responsible parties of the need to complete evaluations in a timely manner and will monitor compliance.

UPDATED RESPONSE: Partially Implemented.

DHR has reviewed its practice and has implemented recurring notification to management of deadlines for completing performance evaluations and senior management will review compliance by their direct reports. DHR is will develop training for supervisor on completing performance evaluations and is researching automation of the performance evaluation process.

10. The auditors recommend DHR ensure its Reports are properly completed and timely submitted. Additionally, DHR should file revised reports within 30 days after the release of the report by the Auditor General as required by the Illinois State Auditing Act (30 ILCS 5/3-2.2).

FINDING: *(Inaccurate Agency Workforce Reports) - New*

DHR did not ensure its Agency Workforce Reports (Reports) were accurately completed and timely submitted to the Office of the Governor and Secretary of State.

During the auditors' review of the Reports, they noted the following:

- DHR did not ensure the count for females, minorities, African American males, African American females, Hispanic males, Hispanic females, Caucasian males, and physically disabled males for FY19 Report agreed to DHR's records.
- DHR did not ensure the count for females, minorities, African American females, Hispanic females, and Caucasian males for FY20 Report agreed to the Department's records.
- The Department did not submit the Reports timely. The FY19 Report was submitted 5 days late to the Secretary of State. The FY20 Report was submitted 10 days late to the Office of the Governor and 56 days late to the Secretary of State.

DHR management indicated the errors in the Reports were due to oversight. Additionally,

the Reports were not submitted timely due to competing priorities.

RESPONSE:

DHR accepts this finding and has taken steps to ensure workforce reports are accurate and filed timely.

UPDATED RESPONSE: Fully Implemented.

DHR has adjusted its practice for the tracking of this reporting obligation and has provided for a quality review process of its agency workforce reports by senior management prior to submission.

11. The auditors recommend DHR update its Continuity and Recovery Plan and conduct recovery testing annually.

FINDING: *(Disaster Recovery Planning Weaknesses) - New*

DHR had not updated its Disaster Recovery Plan and had not performed recovery testing.

During the auditors' examination, they noted DHR had not updated its Continuity and Recovery Plan since August 2015 and it did not depict the current environment. Further, DHR had not conducted recovery testing during the examination period.

The Department indicated a lack of resources resulted in the noted weaknesses.

Without an adequately documented and tested contingency plan, DHR cannot ensure its critical systems could be recovered within an acceptable period, and therefore minimizing the impact associated with a disaster.

RESPONSE:

DHR accepts this finding and has engaged DoIT to initiate the update of its Disaster Recovery Plan document in alignment with DHR's 2021 Information Systems Contingency Plan and 2020 Business Impact Analysis (as applicable to current systems). The Department will also ensure appropriate documentation of Disaster Recovery plan in enterprise-level systems co-managed by DoIT.

UPDATED RESPONSE: Partially Implemented.

DHR has obtained Disaster Recovery (DR) Plan guidance and samples from DoIT and peer agencies for the evaluation of DHR needs and update and documentation of a DR Plan for DHR. Plan updates for each DHR system will more comprehensively expand upon the model of a DHR Information Systems Contingency Plan completed in June 2021.

12. The auditors recommend DHR improve its controls over monitoring of employee leaves of absence and ensure employees on leaves of absence are

removed from payroll.

FINDING: *(Inadequate Controls over Leaves of Absence) - New*

DHR did not have adequate controls over employee leaves of absence.

During testing of three leaves of absence, auditors noted the following:

- In two (67%) leaves of absence tested, leave requests were obtained and approved between 84 to 186 days after the commencement of the employees' leaves of absence.
- In one (33%) leave of absence tested, the employee did not have an approved leave request on file and was not properly removed from payroll during the leave of absence period. As such, the employee continued to receive compensation during the leave of absence period. The employee subsequently reimbursed DHR for the overpayment.

DHR management indicated the exceptions were due to oversight, unusual circumstances caused by the pandemic, and the need to upgrade DHR's paper-based system to an electronic leave management system.

Inadequate controls over leaves of absence resulted in an employee being paid for services that have not been rendered.

RESPONSE:

DHR accepts this finding. DHR will review existing procedures, and make modifications to establish and maintain a system whereby the proper internal administrative controls are in place concerning leaves of absence.

UPDATED RESPONSE: Fully Implemented.

DHR has transferred responsibility for employee leaves of absence and for notification of leaves of absence to a new human resource representative and has reviewed its practices to institute greater management oversight of leaves of absence to ensure employees are promptly removed from the payroll period associated with the leave of absence.

Emergency Purchases

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the state that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts...." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to state property in order to protect against further loss of or damage to state property, to prevent or minimize serious disruption in critical state services that affect health, safety, or collection of substantial state revenues,

or to ensure the integrity of state records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than five business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file a statement with the Procurement Policy Board and the Auditor General to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

DHR did not have any emergency purchases in FY21 or FY20.

Headquarters Designations

The State Finance Act requires all state agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each state agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

As of December 2022, DHR had 0 employees assigned to locations others than official headquarters.