

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021**

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



**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021**

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**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021**

**DEPARTMENT OFFICIALS**

Director (Acting) (03/02/22 – Present)	Ms. Jane R. Flanagan
Director (Acting) (02/01/22 – 03/01/22)	Ms. Dana M. O’Leary
Director (07/01/19 – 01/31/22)	Mr. Michael D. Kleinik
Assistant Director (03/08/22 – Present)	Mr. Jason Keller
Assistant Director (Acting) (09/01/19 – 03/07/22)	Mr. Jason Keller
Assistant Director (07/01/19 – 08/31/19)	Vacant
Chief Legal Counsel	Ms. Yolanda Carrillo
Chief of Staff (09/01/21 – Present)	Ms. Dana O’Leary
Chief of Staff (07/31/21 – 08/31/21)	Vacant
Chief of Staff (11/18/19 – 07/30/21)	Ms. Glenda (Franklin) Lashley
Chief of Staff (07/01/19 – 11/17/19)	Vacant
Chief Financial Officer (09/13/21 – Present)	Ms. Molly Kershaw
Chief Financial Officer (09/01/21 – 09/12/21)	Vacant
Chief Financial Officer (01/19/21 – 08/31/21)	Mr. Kenneth Steele
Chief Financial Officer (11/01/20 – 01/18/21)	Vacant
Chief Financial Officer (07/01/19 – 10/31/20)	Ms. Sarah Robinson
Chief Internal Auditor (11/02/20 – Present)	Mr. James Froehner
Chief Internal Auditor (7/1/19 – 11/01/20)	Vacant

**DEPARTMENT OFFICES**

The Department’s primary administrative offices are located at:

524 South Second Street, Suite 400  
Springfield, Illinois 62701

Michael A. Bilandic Building  
160 North LaSalle – 13<sup>th</sup> Floor  
Chicago, Illinois 60601

Regional Office Building  
2309 West Main Street  
Marion, Illinois 62959



# ILLINOIS DEPARTMENT OF LABOR

**JB PRITZKER**  
GOVERNOR

**JANE R. FLANAGAN**  
ACTING DIRECTOR

## MANAGEMENT ASSERTION LETTER

April 18, 2022

West & Company, LLC  
Certified Public Accountants  
919 East Harris Avenue  
Greenville, Illinois 62246

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, Department of Labor. 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 of Labor's compliance with the following specified requirements during the two-year period ended June 30, 2021. Based on this evaluation, we assert that during the years ended June 30, 2020, and June 30, 2021, the Department of Labor has materially complied with the specified requirements listed below.

- A. The Department of Labor 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. Other than what has been previously disclosed and reported in the Schedule of Findings, the Department of Labor 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 of Labor has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. Other than what has been previously disclosed and reported in the Schedule of Findings, state revenues and receipts collected by the Department of Labor 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.

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Springfield, Illinois 62701  
(217) 782-6206  
Fax: (217) 782-0596

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Marion, Illinois 62959  
(618) 993-7090  
Fax: (618) 993-7258

- 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 of Labor on behalf of the State or held in trust by the Department of Labor 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 Labor

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Jane R. Flanagan, Acting Director

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Molly Kershaw, Chief Fiscal Officer

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Yolanda Carrillo, General Counsel

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021**

**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 or disclaimers, but does contain an adverse opinion on compliance and identifies material weaknesses over internal control over compliance.

**SUMMARY OF FINDINGS**

<b>Number of</b>	<b><u>Current Report</u></b>	<b><u>Prior Report</u></b>
Findings	12	14
Repeated Findings	8	12
Prior Recommendations Implemented or Not Repeated	6	2

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Report</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings</b>				
2021-001	10	2019/2005	Inadequate Controls Over Accounts Receivable	Material Weakness and Material Noncompliance
2021-002	13	2019/2007	Failure to Establish and Maintain Adequate Internal Control Over the Special State Trust Fund	Material Weakness and Material Noncompliance
2021-003	16	2019/2003	State Property Control Weaknesses	Material Weakness and Material Noncompliance
2021-004	19	2019/2013	Inadequate Control Over Personal Services	Material Weakness and Material Noncompliance
2021-005	24	New	Noncompliance with the Project Labor Agreements Act	Material Weakness and Material Noncompliance

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021**

**SCHEDULE OF FINDINGS (Continued)**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Report</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings (Continued)</b>				
2021-006	25	2019/2015	Noncompliance with the Employee Classification Act	Material Weakness and Material Noncompliance
2021-007	27	2019/2015	Noncompliance with the Fiscal Control and Internal Auditing Act	Significant Deficiency and Noncompliance
2021-008	30	2019/2019	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2021-009	33	2019/2015	Lack of Disaster Contingency Planning or Testing to Ensure the Recovery of Computer Systems	Significant Deficiency and Noncompliance
2021-010	35	New	Weakness in Change Management of Computer Systems	Significant Deficiency and Noncompliance
2021-011	37	New	Lack of Adequate Controls over the Review of Internal Controls for Service Providers	Significant Deficiency and Noncompliance
2021-012	39	New	Information Technology Access Weakness	Significant Deficiency and Noncompliance
<b>Prior Finding Not Repeated</b>				
A	40	2019/2005	Inadequate Controls Over Receipts	
B	40	2019/2007	Inadequate and Inaccurate Reconciliations	
C	40	2019/2017	Improper Disposal of State Records and Noncompliance with the Private Employment Agency Act	
D	40	2019/2019	Noncompliance with Statutorily Mandated Responsibilities	
E	40	2019/2015	Reporting Procedural Deficiencies	
F	41	2019/1999	Inadequate Control Over Voucher Processing	

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on April 11, 2022.

Attending were:

Department of Labor

Jane R. Flanagan, Director (Acting)  
Jason Keller, Assistant Director  
Yolanda Carrillo, Chief Legal Counsel  
Dana O'Leary, Chief of Staff  
Molly Kershaw, Chief Financial Officer  
Stephen Underwood, Chief Information Officer  
James Froehner, Chief Internal Auditor  
Julie Vahling, Policy Advisor

Office of the Auditor General

Miranda Karger, Audit Manager

West & Company, LLC – Special Assistant Auditors

Michael Lawler, Partner  
Brandon Craycroft, Supervisor  
Jacob Hill, Senior Accountant

The responses to the recommendations were provided by James Froehner, Chief Internal Auditor, in correspondence dated April 18, 2022.





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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Report on State Compliance**

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Department of Labor (Department) 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, 2021. Management of the Department is responsible for 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 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 Department complied

with the specified requirements in all material respects. 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 judgement, 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 modified opinion.

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

Our examination disclosed material noncompliance with the specified requirements applicable to the Office during the two years ended June 30, 2021. As described in items 2021-001 through 2021-012 in the accompanying Schedule of Findings, the Department did not comply with the specified requirements. Items 2021-001 through 2021-006 are each considered to represent material noncompliance with the specified requirements. As described in the accompanying Schedule of Findings as items 2021-001 through 2021-003, the Department had not 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. As described in the accompanying Schedule of Findings as items 2021-001 through 2021-006, 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. As described in the accompanying Schedule of Findings as items 2021-001 and 2021-002, the Department had not ensured the State revenues and receipts collected by the Department were in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts was fair, accurate, and in accordance with law. As described in the accompanying Schedule of Findings as items 2021-001 and 2021-002, 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 is proper, accurate, and in accordance with law. Items 2021-007 through 2021-012 individually would have been regarded as significant noncompliance with the specified requirements; however, when aggregated, we determined these items constitute material noncompliance with the specified requirements.

In our opinion, because of the significance and pervasiveness of the material noncompliance with the specified requirements described in the preceding paragraph, the Department did not comply with the specified requirements during the two years ended June 30, 2021, in all material respects.

The Department's responses to the compliance findings identified in our examination 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 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 to determine the 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 have not been identified. However, as described in the accompanying Schedule of Findings, 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 a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2021-001 through 2021-006 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, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2021-007 and 2021-012 to be significant deficiencies.

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

The Department's responses to the internal control findings identified in our examination 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 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.

Greenville, Illinois  
April 18, 2022

**STATE OF ILLINOIS**  
**DEPARTMENT OF LABOR**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-001     **FINDING**     (Inadequate Controls Over Accounts Receivable)

The Department of Labor (Department) did not exercise adequate control over its accounts receivable and related reporting.

During testing, we noted the following:

- The Department was unable to provide detailed individual accounts receivable records for the General Revenue Fund (Fund 001), Child Labor and Day and Temporary Labor Services Enforcement Fund (Fund 357), Employee Classification Fund (Fund 446), and Wage Theft Enforcement Fund (Fund 885).
- The Department’s *Accounts Receivable Activity* (Form C-97) did not report any amounts considered to be uncollectible and did not report any write-offs during Fiscal Year 2020 and Fiscal Year 2021.
- The Department was unable to provide an aging schedule to support its *Aging of Total Gross Receivables* (Form C-98).
- The Department was unable to provide current policies or procedures for handling and reporting its accounts receivable, tracking and monitoring complaints received, posting delinquent accounts receivable into the Comptroller’s Illinois Debt Recovery Offset Portal system or pursuing other debt collection procedures, and writing off uncollectible receivables. In discussing this matter with Department officials, they indicated some divisions have adopted their own collection procedures that have not been formally approved by the Department.

The Illinois State Collection Act of 1986 (Act) (30 ILCS 210/3) states it is the “public policy of this State to aggressively pursue the collection of accounts or claims due and payable to the State of Illinois through all reasonable means.” The Statewide Accounting Management System (SAMS) (Procedure 26.20.10) requires the Department recognize receivables when an entity owes an amount to the State and the transaction is completed to the extent that payment is the only unconsummated act. In addition, SAMS (Procedure 26.40.10) requires the Department to maintain complete and accurate records of all collection efforts related to each past due account and recommends debts be reaffirmed with a letter and telephone call during the first 60 days after an account becomes past due. Under SAMS (Procedure 26.40.10), these records should, at a minimum, include a listing of accounts receivable, detail transaction histories for each account, collection attempt history, referrals to the Comptroller’s Offset System, the Department of Revenue’s Debt Collection Bureau, and/or the Attorney General’s Office, and any write-off transactions with required approvals.

Due to these conditions, we were unable to conclude whether the Department’s population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Department’s accounts receivable.

**STATE OF ILLINOIS**  
**DEPARTMENT OF LABOR**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-001 **FINDING** (Inadequate Controls Over Accounts Receivable) (Continued)

*Even given the population limitations noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole*, we performed the following tests:

- The Department was unable to provide supporting documentation for additions or collections reported on Form C-97 reports during Fiscal Years 2020 and 2021.
- One of 32 (3%) Form C-98 reports tested was not mathematically accurate, with a misstatement of \$30,000.

The State Records Act (5 ILCS 160/8) requires the Department to make and preserve adequate and proper documentation of the Department’s essential transactions designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Department’s activities.

- One of 8 (13%) Form C-97 reports was filed six days late.

SAMS (Procedure 26.30.10) states the C-97 reports must be received by the Comptroller no later than the last day of the month following the end of the quarter. In addition to the foregoing, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance revenues and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over the State’s resources.

This finding has been reported since 2005 and the Department has failed to take sufficient, substantive corrective actions to resolve the cause of this finding.

Department management stated inadequate historical recordkeeping, unfamiliarity with statutory requirements, and turnover have hindered the Department’s ability to comply with applicable State laws, rules, and regulations.

Failure to exercise adequate controls over accounts receivable led to reporting errors, reducing the reliability of Statewide financial information, and could result in delays in collecting cash from outstanding accounts receivable. In addition, failure to establish and maintain internal controls over accounts receivable increases the risk that errors or irregularities could occur and not be found in the normal course of operations and represents noncompliance with State laws, rules, and regulations. (Finding Code No. 2021-001, 2019-002, 2017-002, 2015-002, 2013-002, 11-2, 09-2, 07-2, 05-4)

**RECOMMENDATION**

We recommend the Department take action to ensure its accounts receivable are properly recorded, collection efforts are made, and accounts receivable reports are properly prepared in accordance with all applicable laws, rules, and regulations.

**STATE OF ILLINOIS**  
**DEPARTMENT OF LABOR**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-001     **FINDING**     (Inadequate Controls Over Accounts Receivable) (Continued)

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department is currently reviewing the balances and funds which have reportable accounts receivables. The Department will create policies and procedures to ensure that accounts receivable are reported correctly.

**STATE OF ILLINOIS**  
**DEPARTMENT OF LABOR**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-002      **FINDING**      (Failure to Establish and Maintain Adequate Internal Control Over the Special State Trust Fund)

The Department of Labor (Department) failed to establish and maintain adequate control over its Special State Trust Fund (Fund 251), which holds unpaid wages due to employees. As of June 30, 2021, Fund 251 had \$1,897,262 in cash.

Pursuant to the Illinois Wage Payment and Collection Act (WPCA) (820 ILCS 115/11.5(a)), the Department collects, when necessary, an employee's wages or final compensation due and holds these moneys until the employee (now, claimant) can be located by the Department and properly paid. Additionally, pursuant to the Minimum Wage Law (MWL) (820 ILCS 105/12(b)), the Department collects, when necessary, unpaid minimum wages and overtime due to employees and holds these moneys until the employee (now, claimant) can be located by the Department and properly paid. Finally, the Statewide Accounting Management System (SAMS) (Procedure 05.50.01) notes fiduciary funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, and SAMS (Exhibit 27.50.10-A) notes Fund 251 is a custodial type of fiduciary fund.

During our testing, we noted the following:

- Two of 60 (3%) claimant payments tested, totaling \$5,144, were approved for payment between 14 to 16 days after the Department determined the monies were owed to the claimant.

The WPCA (820 ILCS 115/11.5(b)) requires the Department to pay valid claims upon request from the claimant. As the Department has not adopted administrative rules regarding the amount of time needed to reasonably process a claim as allowed by the WPCA (820 ILCS 115/11.5(c)), we considered the WPCA's requirement for all wages due to employees be paid within 13 days of the end of a payroll period under the WPCA (820 ILCS 115/4) to be a reasonable period of time to process these claims and present a voucher for payment to the Office of Comptroller (Comptroller).

- We were unable to reconcile the Department's ledger of claimants to Fund 251's cash balance from the *Monthly Cash Report* (SB05) prepared by the Comptroller. We noted unreconciled differences of \$1,451,268 and \$1,386,031 at June 30, 2020, and June 30, 2021, respectively.

SAMS (Procedure 07.30.20) notes the effectiveness of any accounting and financial information system is very much dependent on the accuracy of data submitted and the confidence of its users that the system handled that data properly. Agency reconciliation is the primary control that insures these requirements are being satisfied.

Further, since this is a purely custodial fund, assets must equal liabilities; therefore, the available cash within Fund 251 should reconcile to the Department's listing of amounts collected on behalf of, and now due to, claimants.

**STATE OF ILLINOIS**  
**DEPARTMENT OF LABOR**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-002      **FINDING**      (Failure to Establish and Maintain Adequate Internal Control Over the Special State Trust Fund) (Continued)

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

- At June 30, 2021, the Department was holding claimant balances related to activity in previous Fiscal Years. Each of these balances required a proper disposition by the Department.

For wages collected pursuant to the MWL, the MWL (820 ILCS 105/12(b)) requires any sum unable to be paid to an employee within one year after its recovery be transferred to the General Revenue Fund. For wages collected pursuant to the WPCA, as no direct statutory disposition has been established under the WPCA, these amounts represent property held by a government. The Revised Uniform Unclaimed Property Act (RUUPA) (765 ILCS 1026/15-201) notes property held by a government shall be presumed abandoned after three years. Further, the RUUPA (765 ILCS 1026/15-403(a)) requires the Department to annually report property presumed abandoned under the RUUPA as of June 30 to the State Treasurer for in-State addresses and to other state authorities for out-of-State addresses, along with a report with information about the owner of the property and the history of the transaction, by November 1.

In addition to the foregoing, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over the State's resources. Good internal controls over compliance include establishing a control environment that allows the Department to carry out its assigned duties and responsibilities in accordance with State laws, rules, and regulations as written.

This finding has been reported since 2007 and the Department has failed to take sufficient, substantive corrective actions to resolve the cause of this finding.

Department management indicated fiscal staff turnover and inadequate record-keeping systems have limited the Department's ability to comply with applicable State laws, rules, and regulations. In addition, the administration wants to ensure due diligence is taken in finding claimants their money and this process is time consuming.

Failure to establish and maintain adequate control over Fund 251 resulted in delays in paying collected back wages due to claimants, hinders the reliability of Statewide financial reporting, delays the payment of State obligations from the General Revenue Fund, delays claimants from identifying unclaimed property through the State Treasurer's unclaimed property program and/or other states' unclaimed property programs, and represents noncompliance with State laws, rules, and regulations. (Finding Code No. 2021-002, 2019-003, 2017-003, 2015-003, 2013-004, 11-4, 09-4, 07-4)



**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS  
For the Two Years Ended June 30, 2021**

2021-002      **FINDING**      (Failure to Establish and Maintain Adequate Internal Control Over the Special State Trust Fund) (Continued)

**RECOMMENDATION**

We recommend the Department take action to ensure:

- claimant payments are promptly processed and paid, along with the posting of proper accounting entries, when distributed from Fund 251;
- reconciliations of the total amount due to claimants at the end of each month to the SB05 report are performed and any unreconciled discrepancies are investigated and properly resolved;
- amounts due to claimants older than one year under the MWL are promptly transferred to the General Revenue Fund, with the timely posting of proper accounting entries; and,
- amounts due to claimants under the WPCA are properly handled under the relevant provisions of the RUUPA, with the timely posting of proper accounting entries.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department is working to identify all unpaid claimants. The Department has made transfers during Fiscal Year 2022 in accordance with WPCA and MWL and will continue to make a good faith effort in locating claimants prior to transferring funds.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS  
For the Two Years Ended June 30, 2021**

2021-003      **FINDING**      (State Property Control Weaknesses)

The Department of Labor (Department) did not exercise adequate control over the accuracy and completeness of its State property records and related reporting.

During testing, we noted the Department did not maintain detailed documentation of the Department's Fiscal Year 2020 and Fiscal Year 2021 records of additions, deletions, and transfers. As a result, we were unable to determine the population of additions, deletions, and transfers; as well as the completeness and accuracy of the Department's property records.

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

Due to these conditions, we were unable to conclude whether the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American institute of Certified Public Accountants (AT-C § 205.35) to test the Department's controls over State property and equipment.

***Even given the population limitations noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed the following tests:***

- We reviewed the Department's property listing, and noted a voucher number was not reported for 25 of 118 (21%) items listed.

The Code (44 Ill. Admin. Code 5010.230) requires the Department to include an identification number, date of purchase, purchase price, and voucher number for each item in its equipment records.

- During testing of the Department's quarterly *Agency Report of State Property* reports (Form C-15), we noted documentation was not maintained to support the additions, deletions, and transfers reported on the Form C-15s filed with the Office of Comptroller (Comptroller). As a result, we were unable to determine the Form C-15s agreed to Department records or verify the completeness and accuracy of the Form C-15s.

Statewide Accounting Management System (SAMS) (Procedure 29.10.30) states a Form C-15 should present the total cost of State property reflected on the Department's records as of the reported date and reconcile to the ending balance of property. The State Records Act (5 ILCS 160/8) requires the Department make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Department.

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2021-003      **FINDING**      (State Property Control Weaknesses) (Continued)

- The Department did not keep accurate records of deletions and transfer-outs. During our testing of deletions, we noted the following:
  - Three of 4 (75%) deletions had an incorrect acquisition date reported in the Department of Central Management Services (CMS) Surplus Property Delivery Form.
  - Two of 4 (50%) deletions had an incorrect cost reported in the CMS Surplus Property Delivery Form.

The *CMS Surplus Property Delivery Form* requires the Department report the acquisition date and cost of equipment items delivered to CMS.

- The Department does not have a policy clearly delineating the categories of equipment considered subject to theft.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.210(c)) requires the Department to adopt policies clearly delineating categories of equipment considered to be subject to theft.

- The Department did not ensure physical locations of property and equipment were accurate based on its property listing. During our physical inspection of property items, we noted the following:
  - Five of 30 (17%) equipment items located within the Department were not tagged. Of the five, two equipment items were tagged as being under \$1,000, but had a value greater than \$1,000.
  - Three of 30 (10%) equipment items located within the Department were incorrectly described on the Department's property records. All three equipment items were described as a 'kit of 5', but it was only one piece of equipment.
  - One of 30 (3%) equipment located within the Department had a tag number which did not trace to the inventory listing. The item was a vehicle valued at \$17,700.
  - One of 30 (3%) tagged equipment items found at the Department was not listed on the Department property records. The item was an air velocity meter valued at \$445.

The State Property Control Act (30 ILCS 605/4) requires the Department to be accountable for the supervision, control and inventory of all property under its jurisdiction and control. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently and effectively and obligations and costs are in compliance with applicable laws.

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2021-003      **FINDING**      (State Property Control Weaknesses) (Continued)

This finding has been reported since 2003 and the Department has failed to take sufficient, substantive corrective actions to resolve the cause of this finding.

Department management indicated the cause to be clerical error, oversight, and the lack of procedures in place to maintain records.

Failure to exercise adequate control over property and to maintain accurate and complete property records increases the potential for fraud and loss of property by theft or misplacement. In addition, inaccurate reporting hinders the accuracy of, and delays preparation of, Statewide financial information and may result in unnecessary equipment expenditures by the State. Further, the absence of complete and accurate property records results in incorrect accounting records, inaccurate financial reporting, and noncompliance with State laws. (Finding Code No. 2021-003, 2019-005, 2017-005, 2015-005, 2013-003, 11-3, 09-3, 07-3, 05-7, 03-6)

**RECOMMENDATION**

We recommend the Department strengthen its controls over the recording and reporting of State property by reviewing its inventory and recordkeeping practices to ensure compliance with State law. In addition, we recommend the Department maintain documentation of all equipment additions, deletions, and transfers and thoroughly review all reports prepared from its records for accuracy and completeness prior to submitting the reports to external parties.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department has developed policies and procedures to ensure steps are documented for tracking inventory. The Department has created a tracking sheet which includes all additions, deletions, and transfers and will ensure forms sent to CMS have the correct information.

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2021-004      **FINDING**      (Inadequate Control Over Personal Services)

The Department of Labor (Department) failed to maintain proper controls over its personal services functions.

During testing, we noted the following:

- We tested performance evaluations for 23 employees in Fiscal Year 2020 and 2021 and noted:
  - Performance evaluations were not performed timely and/or were not located for 4 (17%) employees tested. More specifically, evaluations could not be located for one employee, and evaluations were performed late for three employees. Late evaluations ranged from 28 to 138 days late.
  - Annual performance evaluations were not properly signed by 2 (9%) employees tested during Fiscal Year 2020.
  - Probationary evaluations were not located for 1 of 9 (11%) employees hired during the examination period.

The *Illinois Department of Labor Policy Manual* (Manual) requires certified employees to be evaluated once per year. Further, the Manual requires employees serving a six-month probationary period to be evaluated at the end of their third month and again at the end of 5½ months of employment. Further, the Illinois Administrative Code (Code) (80 Ill. Admin. Code 302.270(d)) requires the Department to prepare an evaluation of its employees not less often than annually.

- We tested employee personnel files for Employment Eligibility Verification (Form I-9) forms for 23 employees and noted:
  - I-9 forms could not be located for 12 (52%) employees.
  - Incomplete I-9 forms were on file for 4 (17%) employees. In each instance, Section 2 of the I-9 form was not completed by the employer.
  - One (4%) employee completed and dated Section I of Form I-9 three days after commencing employment.

The Immigration Reform and Control Act of 1986 (8 U.S. Code § 1324a) (Act) requires an entity hiring an individual for employment in the United States to attest, under penalty of perjury and on a form designated or established by the Attorney General by regulation, that it has verified that the individual is not an unauthorized alien. Such attestation is required to be made by completing Form I-9, in which the employee is required to complete Section 1 by the employee's first day of employment and the entity is required to complete Section 2 within 3 business days of the employee's first day of employment. The Act further requires completed I-9 forms to be retained for a period beginning on the date of

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2021-004      **FINDING**      (Inadequate Control Over Personal Services) (Continued)

the hiring, recruiting, or referral of the individual and ending three years after the date of hiring or one year after the individual is terminated, whichever is later. Additionally, the State Records Act (5 ILCS 160/8) requires the Office to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Office designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Office's activities.

- We tested attendance records for 23 employees and noted:
  - Five (22%) employees failed to submit leave requests for approval in advance of time off taken. We noted 6 instances (26%) when leave time was requested and approved between 2 and 20 days after the leave had occurred. Leaves included vacation and personal time.
  - Eight (35%) employees failed to timely submit weekly timesheets in e-Time. We noted 11 instances (48%) where timesheets were submitted from 3 to 19 days late.
  - Two (9%) employees tested worked overtime which was not approved prior to being worked. We noted 3 instances (13%) when overtime was approved from 7 to 11 days after being worked.

The Manual requires vacation and personal time to be approved in advance of the requested day off, when possible. The Code (80 Ill. Admin. Code 303.350) requires employees to provide advance notice of absences from work whenever possible. Further, the Manual requires employees to submit weekly eTime reports no later than the following Friday. The Manual also requires employees to obtain written approval before working any overtime, including work performed prior to or after regular working hours and during lunch breaks.

- Personnel and payroll files for 7 of 23 (30%) employees were missing signed deduction authorizations, including:
  - State group insurance withholding authorizations;
  - union dues withholding authorizations; and,
  - other miscellaneous deduction authorizations.

The Statewide Accounting Management System (SAMS) (Procedure 23.20.30) requires the Department to retain all payroll deduction authorization forms.

- State and/or federal income taxes for 6 of 23 (26%) employees tested were withheld at an incorrect rate based upon the employees' *Federal/Illinois W-4 Employee's Withholding Allowance Certificate* (Form C-25) in each employee's personnel file. We noted differences between the data used to prepare the payroll compared to each employee's respective Form C-25, including:

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- additional amounts elected for deduction from each paycheck;
- the number of allowances claimed; and,
- the employee’s withholding status.

SAMS (Procedure 23.20.05) requires the Department have on file a properly completed Form C-25 for all active employees.

- We tested training records for 23 employees and noted:
  - Six of 9 (67%) employees hired during the examination period failed to complete the initial ethics training within 30 days of commencing employment. Four trainings were not completed and two were completed late, ranging from 93 to 103 days late.
  - Two (9%) employees noted having access to Social Security numbers had not completed training to protect the confidentiality of social security numbers during Fiscal Year 2020 and Fiscal Year 2021. Furthermore, the Department was unable to determine all employees with access to Social Security numbers in the course of performing their duties.

The State Officials and Employee Ethics (Act) (5 ILCS 430/5-10) requires each officer, member, and employee to complete his or her initial ethics training within 30 days of commencing employment, and at least annually thereafter. The Act (5 ILCS 430/5-10.5) requires each officer, member, and employee to complete his or her initial sexual harassment training within 30 days of commencing employment, and at least annually thereafter. The Illinois Department of Labor Identity Protection Policy states the Department shall provide training to protect the confidentiality of social security numbers to all employees who have access to social security numbers in the course of performing their duties. Such training shall include instructions on the proper handling of information that contains social security numbers from the time frame of collection through the destruction of the information.

- We reviewed statements of economic interest for seven employees who were required to file during the examination period and noted 5 (71%) employees’ names and mailing addresses were not certified by the chief administrative officer of the Department by February 1<sup>st</sup> for Fiscal Year 2021. The names and addresses were certified 2 days late.

The Illinois Governmental Ethics Act (5 ILCS 420/4A-106) requires the chief administrative officer of any State agency in the executive, legislative, or judicial branch to certify to the Secretary of State the names and mailing addresses of persons required to file statements of economic interest on or before February 1<sup>st</sup> annually.

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2021-004     **FINDING**     (Inadequate Control Over Personal Services) (Continued)

This finding has been reported since 2013 and the Department has failed to take sufficient, substantive corrective actions to resolve the cause of this finding.

Department management stated the deficiencies noted were due to competing priorities and staff oversight.

Failure to establish and maintain adequate fiscal and administrative controls over personal services represents noncompliance with laws, rules, and regulations, and could:

- undermine the ability of management to monitor employee development and communicate performance expectations;
- result in errors or other irregularities going undetected in employee benefit time allowances, potentially impacting the accuracy of financial reporting and potentially resulting in employees using benefit time they had not earned;
- result in excessive overtime costs;
- employees not being properly trained;
- result in unnecessary legal risks due to inaccurate or incomplete withholding from an employee's pay; and,
- result in employees not being fully aware of their ethical obligations under the law. (Finding Code No. 2021-004, 2019-006, 2017-006, 2015-008, 2013-008)

**RECOMMENDATION**

We recommend the Department establish and maintain fiscal and administrative internal controls over its personal services functions, including:

- timely performing performance evaluations in accordance with the Manual and the Code;
- maintaining complete and accurate personnel files, including completed Form I-9, hiring agreements, correct Form C-25s, and authorizations for payroll deductions;
- ensuring employees submit leave documentation in a timely manner;
- ensuring employees obtain approval prior to working overtime;
- ensuring all employees timely complete ethics training and complete the associated attendance verification for retention by the Department; and,
- timely certify to the Secretary of State the names and mailing addresses of persons required to file statements of economic interest before February 1<sup>st</sup> annually.



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2021-004      **FINDING**      (Inadequate Control Over Personal Services) (Continued)

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department will continue to periodically remind staff to submit leave requests and weekly timesheets in accordance with Department policy. Managers will be reminded to complete evaluations in a timely manner. Human Resources updated payroll forms noted by the auditors and will ensure forms are completed when employees are onboarded or when changes are requested. Training will be developed for individuals who have access to Social Security numbers and ethics training will be part of the onboarding process.

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2021-005      **FINDING**      (Noncompliance with the Project Labor Agreements Act)

The Department of Labor (Department) did not comply with the Project Labor Agreements Act.

During our testing, we noted the Department did not submit to the General Assembly and the Governor an annual report as required by the Project Labor Agreements Act (Act).

The Act (30 ILCS 571/37) requires the Department to submit to the General Assembly and the Governor an annual report that details the number of minorities and women employed under all public labor agreements within the State.

Department management stated the inadequacy noted above was due to oversight and the lack of resources.

Failure to perform mandated responsibilities represents noncompliance with the Illinois Compiled Statutes. (Finding Code No. 2021-005)

**RECOMMENDATION**

We recommend the Department comply with the requirements of the Act by submitting its annual report to the General Assembly and Governor.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department has created a template form for Agencies to use for reporting their Project Labor Agreements. A report will be produced in July 2022 and submitted to the Governor and General Assembly.

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2021-006      **FINDING**      (Noncompliance with Employee Classification Act)

The Department of Labor (Department) did not ensure it fully enforced applicable provisions of the Employee Classification Act (Act).

The Act (820 ILCS 185/3) was intended to address the practice of misclassifying employees as independent contractors. The Department has certain enforcement responsibilities under the Act to fulfill the General Assembly’s intent.

**Reporting Requirements**

We selected 40 contractor reports for testing and noted the following:

- Seven (18%) reports did not include the contractor’s business identification number.

The Act (820 ILCS 185/43(a)) requires every contractor to report all payments made to individuals, sole proprietors, and partnerships performing construction services if the recipient is not classified as an employee to the Department during the prior tax year annually by April 30. The Act requires each report to be electronically submitted and must include the contractor’s name, address, and business identification number;

Department management stated the issue was due to staff shortages.

**Notification of Complaints**

The Department did not exercise adequate control over its handling of complaints filed by interested parties. During testing of 18 complaints, we noted the following:

- Two (11%) complaints did not include documentation of when the complaint was received to determine if timely processing by the Department occurred.
- Five (28%) complaints did not have documentation of the date the employer was notified in writing by the Department to determine if the Department timely notified the employer.
- Two (11%) complaints lacked timely written notice of the complaint to the employer by the Department. The letters were sent 27 to 58 days late.

The Act (820 ILCS 185/25(a)) requires, within 120 days from the filing of a complaint with the Department, the Department provide written notice of the complaint and provide the employer “the location and approximate date of the project or projects, affected contractors, and the nature of the allegations being investigated.” Further, the State Records Act (5 ILCS 160/8) requires the Department’s Director make and preserve records containing adequate and proper documentation of the functions, procedures, decisions, 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.

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2021-006      **FINDING**      (Noncompliance with Employee Classification Act) (Continued)

This finding has been reported since 2015 and the Department has failed to take sufficient, substantive corrective actions to resolve the cause of this finding.

Department management indicated due to competing priorities, the complaints are logged into their system with the date assigned rather than when received. Department personnel also indicated these problems were due to oversight and error by responsible staff.

Failure to enforce the Act's reporting requirements and penalty assessments could hinder the achievement of the Act's legislative intent to address the practice of misclassifying employees as independent contractors, affects the collection of penalties due to affected employees, and represents noncompliance with State law. Further, failure to provide notice to affected employers of a complaint does not allow for the due process afforded those entities as intended by the General Assembly and represents noncompliance with State law. (Finding Code No. 2021-006, 2019-007, 2017-007, 2015-011)

**RECOMMENDATION**

We recommend the Department:

- ensure its internal processes and procedures are designed to carry out the duties and responsibilities assigned to the Department under the Act, including ensuring reports are processed in accordance with the Act's provisions and affected employers receive a written notice of complaints filed; and,
- train all Department officials and employees involved in any element of carrying out the Department's duties and responsibilities under the Act on how to perform their specific function.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department will review and ensure reports include the contractor's business identification number. Policies and letters have been created to ensure employers are notified of complaints.

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2021-007      **FINDING**      (Noncompliance with the Fiscal Control and Internal Auditing Act)

The Department of Labor (Department) failed to adhere to the provisions in the Fiscal Control and Internal Auditing Act (Act).

The Act requires each designated State agency to maintain a full-time program of internal auditing (30 ILCS 10/2001(a)). The Department, as a Department of State government created in the Civil Administrative Code (Code) (20 ILCS 5/5-15), is a designated State agency required to maintain a full-time program of internal auditing (30 ILCS 10/1003(a)). The Act also states “[a]gencies which do not have full-time internal audit programs may have internal audits performed by the Department of Central Management Services” (30 ILCS 10/2001 (b)).

The Act was originally a Legislative Audit Commission initiative designed to address deficiencies noted in a May 1988 management audit of Illinois’ State Programs of Internal Auditing. The audit report’s conclusions and recommendations and the legislation that became the Act (House Bill 2031 of the 86<sup>th</sup> General Assembly which was signed into law as P.A. 86-936) demonstrated an understanding that agencies which are not required to have their own full-time program on internal auditing could obtain internal auditing assistance from an agency such as the Department of Central Management Services (CMS). In other words, each designated State agency must have a full-time program on internal auditing and each State agency that is not so designated is not required to have a full-time program of internal auditing but may receive internal audit services from CMS.

In 2003, by Executive Order (2003-10) the Governor transferred the internal auditors from the various State agencies and consolidated them into the Illinois Office of Internal Audit at CMS. In 2009, the General Assembly unanimously rejected this consolidation of internal audit authority in CMS and directed that the internal auditors and their functions be returned to their respective designated State agencies (P.A. 96-795, effective July 1, 2010).

On November 1, 2017, the Department entered into an agreement with CMS’ Bureau of Internal Audit to provide the Department with internal auditing services. The agreement remained in effect through October 2020, whereby the Department established a formal program of internal auditing on November 1, 2020.

During testing, we noted from July 2019 through October 2020, the Department had not:

- Appointed a chief internal auditor.

The Act (30 ILCS 10/2002(a)) requires the Director to appoint a chief internal auditor.

- Obtained the Governor’s approval for CMS to provide professional internal auditing services to the Department.

The Code (20 ILCS 405/405-293) states CMS may “with the approval of the Governor, provide additional services to or on behalf of State agencies.” “Additional services” is not defined. However, the Attorney General ruled in a recent Opinion

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2021-007

**FINDING**

(Noncompliance with the Fiscal Control and Internal Auditing Act)  
(Continued)

No. 19-001 (Opinion), issued August 9, 2019, page 15, that internal audit services specifically fall within the CMS' Law's definition of "professional services," and, therefore, cannot constitute "additional services." Additionally, the Opinion, page 18, also states that multiple designated State agencies may not appoint the same individual as their chief internal auditor through the execution of an intergovernmental agreement. Therefore, even if the Department and CMS had obtained the Governor's approval for CMS to provide professional internal auditing services to the Department, the Attorney General does not believe the Department, a designated State agency, would have been in compliance with the Code for maintaining a full-time program of internal auditing.

In addition, Department management indicated CMS did not bill the Department for its internal audit services and related assistance. As opposed to direct billing for services performed, CMS charges costs for various Statewide services – such as labor relations, personnel, mail and messenger, procurement, and internal audit – to the Professional Services Fund. These costs were then allocated to each State agency based upon each agency's spend during the prior fiscal year and fund transfers are performed to move the cash from the State's various funds into the Professional Services Fund. Given this process, it does not appear the Department's specific costs for its professional internal audit services were being tracked. As a result, we were unable to audit the cost of the Department's internal audit function to ensure the Department is accurately reimbursing CMS.

The 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: (1) resources are utilized efficiently, effectively, and in compliance with applicable law; (2) obligations and costs are in compliance with applicable law; and (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

This finding has been reported since 2015 and the Department has failed to take sufficient, substantive corrective actions to resolve the cause of this finding.

Department management indicated they continued to utilize CMS for internal auditing services until they were able to hire a Chief Internal Auditor.

Failure to establish a full-time internal audit program in accordance with the requirements of the Act – where the chief internal auditor develops a deep understanding of the Department's functions and processes, oversees, and performs audits of the Department's major systems of internal accounting and administrative controls on a periodic basis, and oversees and reviews major new and modifications to information systems prior to implementation – weakens the Department's ability to assess its overall internal control environment and represents noncompliance with State law. Further, the establishment of the Department's internal audit function by interagency agreement hinders the operational autonomy intended by the General Assembly for internal auditors. Department management cannot terminate appointed chief internal auditor prior to the conclusion of



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2021-008      **FINDING**      (Weaknesses in Cybersecurity Programs and Practices)

The Department of Labor (Department) had not implemented adequate internal controls related to cybersecurity programs, practices and control of confidential information.

As a result of the Department’s responsibility for the administration and enforcement of labor and safety laws, the Department maintains computer systems containing large volumes of confidential and personal information such as names, addresses, and Social Security numbers.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During our examination of the Department’s cybersecurity program, practices, and control of confidential information, we noted the Department had not:

- Developed a formal, comprehensive, adequate and communicated security program (including policies, procedures, and processes as well as clearly defined responsibilities over the security of computer programs and data) to manage and monitor the regulatory, legal, environmental and operation requirements.
- Established a risk management methodology or performed a comprehensive risk assessment to identify and ensure adequate protection of information (i.e. confidential or personal information) most susceptible to attack.
- Classified its data to identify and ensure adequate protection of information.
- Evaluated and implemented appropriate controls to reduce the risk of attack.
- Implemented a formal policy to ensure all State-owned storage media was erased, wiped, sanitized or destroyed in accordance with the Data Security on State Computers Act.
- Ensured annual security awareness training was completed for 3 of 175 (2%) employees.

The *Framework for Improving Critical Infrastructure Cybersecurity* and 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 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 Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies 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 maintain accountability over the State’s resources.



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2021-008      **FINDING**      (Weaknesses in Cybersecurity Programs and Practices) (Continued)

The Data Security on State Computers Act (20 ILCS 450/20) requires agencies to implement a policy to mandate all hard drives of surplus electronic data processing equipment be erased, wiped, sanitized, or destroyed in a manner that prevents retrieval of sensitive data and software before being sold, donated or transferred by (i) overwriting the previously stored data on a drive or a disk at least 3 times or physically destroying the hard drive and (ii) certifying in writing that the overwriting process has been completed by providing the following information: (1) the serial number of the computer or other surplus electronic data processing equipment; (2) the name of the overwriting software or physical destruction process used; and (3) the name, date, and signature of the person performing the overwriting or destruction process.

The Data Security on State Computers Act (20 ILCS 450/25) also requires state employees to annually undergo training by the Department of Innovation and Technology concerning cybersecurity.

Department management indicated the weaknesses were the result of the Department's belief the responsibilities belonged to the Department of Innovation and Technology and oversight.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the Department's volumes of confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2021-008, 2019-013)

**RECOMMENDATION**

We recommend the Department work with the Department of Innovation and Technology to define roles and responsibilities related to cybersecurity control. In addition, we recommend the Department:

- Develop a formal, comprehensive, adequate and communicated security program (including policies, procedures, and processes as well as clearly defined responsibilities over the security of computer programs and data) to manage and monitor the regulatory, legal, environmental and operation requirements.
- Establish a risk management methodology and perform a comprehensive risk assessment to identify and ensure adequate protection of confidential or personal information.
- Classify its data to establish the types of information most susceptible to attack to ensure adequate protection.
- Evaluate and implement appropriate controls to reduce the risk of attack.

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2021-008      **FINDING**      (Weaknesses in Cybersecurity Programs and Practices) (Continued)

- Develop policies and procedures to ensure all media is sanitized in accordance with the Data Security on State Computers Act (20 ILCS 450/20).
- Ensure Security Awareness training is completed by employees annually.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department plans to perform a risk assessment after initial plans and procedures are completed to document and classify data across the Department. While this is occurring, the Department will be revising draft policies and procedures to provide stronger protection over storage of media and confidential information. Employees will be reminded of their training obligations and tracking tools will be used to identify which employees still need to complete training.

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2021-009      **FINDING**      (Lack of Disaster Contingency Planning or Testing to Ensure the Recovery of Computer Systems)

The Department of Labor (Department) had not developed comprehensive disaster recovery plans or performed comprehensive disaster recovery testing during the examination period.

The Department carries out its mission through the use of information technology. Computer systems that support the Department’s mission include the Carnival System, the Check Receipts System, the Day and Temporary Labor License System, the Nurse Agency Licensing Program, the Private Employment Agency Licensing, Wage Claims and Adobe Forms (data in-take forms).

The Department had not developed an Information Systems Contingency Plan for four of ten (40%) critical applications. The six plans that had been developed did not include sufficient information necessary to restore the applications. Additionally, the Department could not provide documentation demonstrating disaster recovery testing had been completed during the examination period.

The *Contingency Planning Guide for Information Technology Systems* published by the National Institute of Standards and Technology (NIST) requires entities to have an updated and regularly tested disaster contingency plan to ensure the timely recovery of applications and data.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies 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 maintain accountability over the State’s resources.

This finding has been reported since 2015 and the Department has failed to take sufficient, substantive corrective actions to resolve the cause of this finding.

Department management indicated the weaknesses were the result of the Department’s belief the responsibilities belonged to the Department of Innovation and Technology, competing priorities and lack of resources.

Without adequately documented and tested contingency plans, the Department cannot ensure its critical systems can be recovered within an acceptable period to minimize the impact associated with a disaster. (Finding Code No. 2021-009, 2019-014, 2017-011, 2015-007)

**RECOMMENDATION**

We recommend the Department ensure contingency plans are developed for all critical systems, contain sufficient detail to recover the systems, and the plans are tested at least annually.

**STATE OF ILLINOIS**  
**DEPARTMENT OF LABOR**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-009      **FINDING**      (Lack of Disaster Contingency Planning or Testing to Ensure the Recovery of Computer Systems)

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department developed the missing plans in September 2021 and will include all information within the plans. The Department plans to establish a schedule with the Department of Innovation and Technology to facilitate a full-scale disaster recovery test.

**STATE OF ILLINOIS**  
**DEPARTMENT OF LABOR**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-010      **FINDING**      (Weakness in Change Management of Computer Systems)

The Department of Labor’s (Department) change management policies and procedures did not ensure all changes were initiated, planned, developed, tested, and implemented in a controlled environment.

The Department had established computer systems in order to meet its mission and mandates. The Department processed and maintained critical, confidential and sensitive information on its computer systems.

During the examination, we reviewed a sample of five changes, noting:

- All five changes (100%) lacked documentation testing was performed and associated approvals were obtained.
- All five changes (100%) lacked documentation indicating changes were approved before being moved to production.
- Two (40%) changes were moved into the production environment by the developer. In addition, the other three (60%) changes lacked supporting documentation to determine if duties were properly segregated.

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) Configuration Management section requires entities to test, validate, and document changes to the system (including approvals) before finalizing the implementation of changes and limit privileges to change system components and system-related information within a production environment.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies 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 maintain accountability over the State’s resources.

Department management indicated deficiencies noted were due to a lack of supporting documentation maintained by Information Technology staff and lack of resources.

Without adequate change management procedures, there is a greater risk of unauthorized, improper, or erroneous changes to computer systems. The lack of separation of duties in the environment increases the risk the confidentiality, integrity, and availability of data will be compromised. (Finding Code No. 2021-010)

**RECOMMENDATION**

We recommend the Department strengthen its controls to ensure controls adequately provide for changes to be initiated, planned, developed, tested, and implemented in

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS  
For the Two Years Ended June 30, 2021**

2021-010      **FINDING**      (Weakness in Change Management of Computer Systems) (Continued)

a controlled environment. Specifically, we recommend the Department enhance its procedures and requirements for:

- Testing and approval;
- Requesting and receiving approval to migrate changes into production; and,
- Segregating duties between individuals requesting changes, programming changes, testing changes and moving changes to production. If the Department determines that programmer access to the production environment is necessary in some situations, it should establish and enforce compensating controls to ensure appropriate management oversight and approval of changes.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department has implemented change management tools and is working on additional steps to help better understand the documentation and approval process. The Department will work on updating procedures to reflect the changes made to better assist in showing testing, documentation, and deployment through various environments.

**STATE OF ILLINOIS**  
**DEPARTMENT OF LABOR**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-011      **FINDING**      (Lack of Adequate Controls over the Review of Internal Controls for Service Providers)

The Department of Labor (Department) had not implemented adequate internal controls over its service providers.

In order to carry out its mission, the Department utilized service providers for hosting services and software as a service. We requested the Department to provide the population of services providers utilized to determine if they had reviewed the internal controls over their service providers. However, the Department did not provide a listing of service providers utilized, agreements with service providers, or the System and Organization Control (SOC) reports or independent internal control reviews over the service providers.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies 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 maintain accountability over the State's resources.

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), Maintenance and System and Service Acquisition sections, requires entities outsourcing their IT environment or operations to obtain assurance over the entities internal controls related to the services provided. Such assurance may be obtained via SOC reports or independent reviews.

The Department stated the weakness was due to oversight.

Without having obtained and reviewed a SOC report or another form of independent internal controls review, the Department does not have assurance the service providers' internal controls are adequate. (Finding Code No. 2021-011)

**RECOMMENDATION**

We recommend the Department strengthen its controls in identifying and documenting all service providers utilized. Further, we recommend the Department obtain SOC reports or conduct independent internal control reviews at least annually. In addition, we recommend the Department:

- Monitor and document the operation of the Complementary User Entity Controls (CUECs) related to the Department's operations.
- 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.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS  
For the Two Years Ended June 30, 2021**

2021-011      **FINDING**      (Lack of Adequate Controls over the Review of Internal Controls for Service Providers) (Continued)

- 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 the Department, and any compensating controls.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department will identify the service providers used and then conduct annual reviews of the SOC reports. The Department will ensure the process is documented and includes all individuals responsible for the systems.



**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS  
For the Two Years Ended June 30, 2021**

2021-012      **FINDING**      (Information Technology Access Weakness)

The Department of Labor (Department) had not implemented adequate internal controls related to application access and control.

To carry out its mission, the Department utilizes several IT applications. During testing of the Departments controls over system access, we noted:

- One terminated employee did not have their access timely revoked to one application.
- The Department did not conduct annual reviews of access rights to Central Payroll System (CPS) and eTime during the examination period. As a result, we noted two former employees still had access to eTime and one former employee still had access to CPS.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfer 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.

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, Access Control section, requires entities to develop access provisioning policies and procedures and ensure access is provided on a needed basis.

The Department stated the weakness was due to oversight.

The lack of adequate controls over access could result in unauthorized access and disclosure of confidential information. (Finding Code No. 2021-012)

**RECOMMENDATION**

We recommend the Department ensure application user access is timely deactivated for separated employees and perform and document annual reviews of user access rights to ensure individual levels of access are appropriate.

**DEPARTMENT RESPONSE**

The Department accepts the recommendation. The Department has implemented offboarding tickets to ensure individuals have their access timely revoked. Managers in charge of systems will conduct and document semi-annual reviews to ensure employees who are no longer employed are no longer on the system access report.

**STATE OF ILLINOIS**  
**DEPARTMENT OF LABOR**  
**SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED**  
**For the Two Years Ended June 30, 2021**

A. **FINDING** (Inadequate Control Over Receipts)

During the prior examination, the Department of Labor (Department) did not exercise adequate control over its cash receipts and related reporting.

During the current examination, our testing indicated the Department exercised adequate control over its cash receipts and reporting. (Finding Code No. 2019-001, 2017-001, 2015-001, 2013-001, 11-1, 09-1, 07-1, 05-3, 05-5)

B. **FINDING** (Inadequate and Inaccurate Reconciliations)

During the prior examination, the Department did not perform adequate and accurate reconciliations during the examination period.

During the current examination, we noted the Department performed reconciliations, however our sample testing showed certain immaterial conditions of noncompliance as further described in the Department's *Independent Accountant's Report of Immaterial Findings* as Finding Code No. IM2021-006. (Finding Code No. 2019-004, 2017-004, 2015-004, 2013-006, 11-7, 09-5, 07-6)

C. **FINDING** (Improper Disposal of State Records and Noncompliance with the Private Employment Agency Act)

During the prior examination, the Department lacked adequate internal control over its investigations pursuant to the Private Employment Agency Act (Act) and did not comply with the State Records Act.

During the current examination, our testing indicated the Department improved its internal control over its investigations pursuant to the Act. (Finding Code No. 2019-008, 2017-012)

D. **FINDING** (Noncompliance with Statutorily Mandated Responsibilities)

During the prior examination, the Department did not comply with certain provisions of statutory mandates.

During the current examination, our sample testing showed compliance with provisions of statutory mandates. (Finding Code No. 2019-010)

E. **FINDING** (Reporting Procedural Deficiencies)

During the prior examination, the Department did not comply with certain procedural requirements established by State laws, rules, and regulations.

During the current examination, our testing indicated the Department complied with most procedural requirement established by the State laws, rules, and regulations; however, we noted certain immaterial conditions of noncompliance as further described in the Department's *Independent Accountant's Report of Immaterial Findings* as Finding Code No. IM2021-005. (Finding Code No. 2019-011, 2017-013, 2015-010)

**STATE OF ILLINOIS**  
**DEPARTMENT OF LABOR**  
**SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED**  
**For the Two Years Ended June 30, 2021**

F. **FINDING** (Inadequate Control Over Voucher Processing)

During the prior examination, the Department did not exercise adequate control over voucher processing.

During the current examination, we noted the Department exercised controls over its voucher processing; however, we noted certain immaterial conditions of noncompliance as further described in the Department's *Independent Accountant's Report of Immaterial Findings* as Finding Code No. IM2021-008. (Finding Code No. 2019-012, 2017-014, 2015-009, 2013-005, 11-5, 09-11, 07-12, 05-9, 03-2, 01-1, 99-1)

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
DISCLOSURES ACCOMPANYING A STATE COMPLIANCE EXAMINATION REPORT  
For the Two Years Ended June 30, 2021**

**DISCLOSURES REPORT**

**SUMMARY**

A reading of the accompanying report components of the State of Illinois, Department of Labor (Department) was performed by West & Company, LLC.

**ACCOUNTANT'S REPORT**

The accountants concluded omissions and uncorrected material misstatements of the other information exist, as described in the Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report.

**EXIT CONFERENCE**

This report was discussed with Department personnel at an exit conference on April 11, 2022.

Attending were:

Department of Labor

Jane R. Flanagan, Director (Acting)  
Jason Keller, Assistant Director  
Yolanda Carrillo, Chief Legal Counsel  
Dana O'Leary, Chief of Staff  
Molly Kershaw, Chief Financial Officer  
Stephen Underwood, Chief Information Officer  
James Froehner, Chief Internal Auditor  
Julie Vahling, Policy Advisor

Office of the Auditor General

Miranda Karger, Audit Manager

West & Company, LLC – Special Assistant Auditors

Michael Lawler, Partner  
Brandon Craycroft, Supervisor  
Jacob Hill, Senior Accountant



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**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON DISCLOSURES ACCOMPANYING A STATE COMPLIANCE EXAMINATION REPORT**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

***Disclosures Accompanying a State Compliance Examination Report***

Management of the State of Illinois, Department of Labor (Department) is responsible for the *Disclosures Accompanying a State Compliance Examination Report* (other information), which consists of the Fiscal Schedules and Analysis and Analysis of Operations report components as listed in the Table of Contents. The other information comprises disclosures which must be presented by management in accordance with *Report Components* memorandum published by the Auditor General of the State of Illinois, but does not include our *Independent Accountant's Report on State Compliance and on Internal Control over Compliance* found in the separate *State Compliance Examination Report* included within this document. Our opinion on the Department's State compliance and internal control over compliance does not cover this other information, and we do not express an opinion or any form of assurance thereon.

In connection with our examination of the Department, our responsibility is to read the other information and consider whether:

- 1) a material inconsistency exists between the other information and our knowledge and facts of the Department we obtained as part of the Department's State compliance examination;
- 2) the other information appears to have been omitted; or,
- 3) the other information appears to be materially misstated.

If, based on the work performed, we concluded an omission or uncorrected material misstatement of the other information exists, we are required to describe it in this report. As described below, we have concluded other information was omitted and uncorrected material misstatements of the other information exist.

- 1) The amounts and disclosures within the *Schedule of Changes in Property* likely are materially misstated as the result of the Department's property records being incomplete and inaccurate. Further, footnote #1 was not fairly stated as Department management did not prepare reconciliations to the Office of the Comptroller's records.
- 2) The Department was unable to prepare the *Comparative Schedule of Cash Receipts and Deposits into the State Treasury* and the *Analysis of Significant Variations in Receipts*.

Greenville, Illinois  
April 18, 2022

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES  
Expenditure Authority for Fiscal Year 2021**

For the Fifteen Months Ended September 30, 2021

Public Act 101-0637	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2021	Lapse Period Expenditures July 1 to September 30, 2021	Total Expenditures 15 Months Ended September 30, 2021	Balances Lapsed September 30, 2021
FISCAL YEAR 2021					
<b>APPROPRIATED FUNDS</b>					
<b>General Revenue Fund - 001</b>					
Personal Services	\$ 5,673,300	\$ 4,492,037	\$ 162,803	\$ 4,654,840	\$ 1,018,460
Social Security Contributions	433,200	328,263	11,853	340,116	93,084
Contractual Services	296,900	223,538	51,593	275,131	21,769
Travel	25,100	3,685	906	4,591	20,509
Commodities	9,500	6,625	127	6,752	2,748
Printing	7,000	6,346	22	6,368	632
Equipment	17,600	9,624	-	9,624	7,976
Electronic Data Processing	732,200	231,506	324,995	556,501	175,699
Operation of Automotive Equipment	7,600	4,767	765	5,532	2,068
Telecommunications	91,500	70,898	12,004	82,902	8,598
Subtotal, Fund 001	<u>\$ 7,293,900</u>	<u>\$ 5,377,289</u>	<u>\$ 565,068</u>	<u>\$ 5,942,357</u>	<u>\$ 1,351,543</u>
<b>Amusement Ride and Patron Safety Fund - 051</b>					
Operational Expenses	\$ 338,400	\$ 325,349	\$ 5,221	\$ 330,570	\$ 7,830
Subtotal, Fund 051	<u>\$ 338,400</u>	<u>\$ 325,349</u>	<u>\$ 5,221</u>	<u>\$ 330,570</u>	<u>\$ 7,830</u>
<b>Department of Labor Federal Indirect Cost Fund - 255</b>					
Costs Associated with OSHA Indirect Costs	\$ 400,000	\$ 99,025	\$ 9,537	\$ 108,562	\$ 291,438
Subtotal, Fund 255	<u>\$ 400,000</u>	<u>\$ 99,025</u>	<u>\$ 9,537</u>	<u>\$ 108,562</u>	<u>\$ 291,438</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES  
Expenditure Authority for Fiscal Year 2021**

For the Fifteen Months Ended September 30, 2021

Public Act 101-0637	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2021	Lapse Period Expenditures July 1 to September 30, 2021	Total Expenditures 15 Months Ended September 30, 2021	Balances Lapsed September 30, 2021
FISCAL YEAR 2021					
<b>APPROPRIATED FUNDS</b>					
<b>Child Labor and Day and Temporary Labor Services Enforcement Fund - 357</b>					
Operational Expenses	\$ 650,100	\$ 522,973	\$ 41,985	\$ 564,958	\$ 85,142
Subtotal, Fund 357	<u>\$ 650,100</u>	<u>\$ 522,973</u>	<u>\$ 41,985</u>	<u>\$ 564,958</u>	<u>\$ 85,142</u>
<b>Employee Classification Fund - 446</b>					
Operational Expenses	\$ 150,000	\$ 17,609	\$ 2,291	\$ 19,900	\$ 130,100
Subtotal, Fund 446	<u>\$ 150,000</u>	<u>\$ 17,609</u>	<u>\$ 2,291</u>	<u>\$ 19,900</u>	<u>\$ 130,100</u>
<b>Department of Labor Federal Trust Fund- 724</b>					
Costs associated with promoting and enforcing the Occupational Safety and Health Administration on State Program for public sector worksites	\$ 2,000,000	\$ 1,106,484	\$ 120,035	\$ 1,226,519	\$ 773,481
Subtotal, Fund 724	<u>\$ 2,000,000</u>	<u>\$ 1,106,484</u>	<u>\$ 120,035</u>	<u>\$ 1,226,519</u>	<u>\$ 773,481</u>
<b>Federal Industrial Services Fund - 726</b>					
Administration of Occupational Safety and Health Administration Program	\$ 3,000,000	\$ 1,694,911	\$ 176,074	\$ 1,870,985	\$ 1,129,015
Subtotal, Fund 726	<u>\$ 3,000,000</u>	<u>\$ 1,694,911</u>	<u>\$ 176,074</u>	<u>\$ 1,870,985</u>	<u>\$ 1,129,015</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES  
Expenditure Authority for Fiscal Year 2021**

For the Fifteen Months Ended September 30, 2021

Public Act 101-0637	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2021	Lapse Period Expenditures July 1 to September 30, 2021	Total Expenditures 15 Months Ended September 30, 2021	Balances Lapsed September 30, 2021
<b>FISCAL YEAR 2021</b>					
<b>Wage Theft Enforcement Fund - 885</b>					
Operational Expenses	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Subtotal, Fund 885	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>
<b>Subtotal - Appropriated Funds</b>	<u><u>\$ 13,932,400</u></u>	<u><u>\$ 9,143,640</u></u>	<u><u>\$ 920,211</u></u>	<u><u>\$ 10,063,851</u></u>	<u><u>\$ 3,868,549</u></u>
<b><u>NONAPPROPRIATED FUNDS</u></b>					
<b>Department of Labor Special State Trust Fund - 251</b>					
Net pay claims		\$ 837,054	\$ 99,061	\$ 936,115	
Subtotal, Fund 251		<u>\$ 837,054</u>	<u>\$ 99,061</u>	<u>\$ 936,115</u>	
<b>Subtotal - Nonappropriated Funds</b>		<u><u>\$ 837,054</u></u>	<u><u>\$ 99,061</u></u>	<u><u>\$ 936,115</u></u>	
<b>GRAND TOTAL - ALL FUNDS</b>		<u><u>\$ 9,980,694</u></u>	<u><u>\$ 1,019,272</u></u>	<u><u>\$ 10,999,966</u></u>	

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the Department's records and have been reconciled to the State Comptroller's records as of September 30, 2021.

Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.



**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES  
Expenditure Authority for Fiscal Year 2020**

For the Fifteen Months Ended September 30, 2020

Public Act 101-0007	Expenditure Authority		Lapse Period	Total	
FISCAL YEAR 2020	(Net of Transfers)	Expenditures Through June 30, 2020	Expenditures July 1 to September 30, 2020	Expenditures 15 Months Ended September 30, 2020	Balances Lapsed September 30, 2020
<b>APPROPRIATED FUNDS</b>					
<b>General Revenue Fund - 001</b>					
Personal Services	\$ 5,357,700	\$ 4,243,213	\$ 169,252	\$ 4,412,465	\$ 945,235
Social Security Contributions	409,900	310,843	12,490	323,333	86,567
Contractual Services	297,500	210,912	58,689	269,601	27,899
Travel	57,000	14,959	238	15,197	41,803
Commodities	9,500	5,844	1,184	7,028	2,472
Printing	8,000	2,213	-	2,213	5,787
Equipment	47,200	2,951	22,272	25,223	21,977
Electronic Data Processing	774,000	155,500	89,834	245,334	528,666
Operation of Automotive Equipment	12,000	5,377	676	6,053	5,947
Telecommunications	55,000	41,943	3,406	45,349	9,651
Subtotal, Fund 001	<u>\$ 7,027,800</u>	<u>\$ 4,993,755</u>	<u>\$ 358,041</u>	<u>\$ 5,351,796</u>	<u>\$ 1,676,004</u>
<b>Amusement Ride and Patron Safety Fund - 051</b>					
Operational Expenses	\$ 338,400	\$ 302,356	\$ 11,661	\$ 314,017	\$ 24,383
Subtotal, Fund 051	<u>\$ 338,400</u>	<u>\$ 302,356</u>	<u>\$ 11,661</u>	<u>\$ 314,017</u>	<u>\$ 24,383</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES  
Expenditure Authority for Fiscal Year 2020**

For the Fifteen Months Ended September 30, 2020

Public Act 101-0007	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2020	Lapse Period Expenditures July 1 to September 30, 2020	Total Expenditures 15 Months Ended September 30, 2020	Balances Lapsed September 30, 2020
FISCAL YEAR 2020					
<b>APPROPRIATED FUNDS</b>					
<b>Child Labor and Day and Temporary Labor Services Enforcement Fund - 357</b>					
Operational Expenses	\$ 650,100	\$ 563,553	\$ 18,527	\$ 582,080	\$ 68,020
Subtotal, Fund 357	<u>\$ 650,100</u>	<u>\$ 563,553</u>	<u>\$ 18,527</u>	<u>\$ 582,080</u>	<u>\$ 68,020</u>
<b>Employee Classification Fund - 446</b>					
Operational Expenses	\$ 348,300	\$ 38,702	\$ 8,633	\$ 47,335	\$ 300,965
Subtotal, Fund 446	<u>\$ 348,300</u>	<u>\$ 38,702</u>	<u>\$ 8,633</u>	<u>\$ 47,335</u>	<u>\$ 300,965</u>
<b>Department of Labor Federal Trust Fund- 724</b>					
Costs associated with promoting and enforcing the Occupational Safety and Health Administration on State Program for public sector worksites	\$ 2,000,000	\$ 912,420	\$ 171,628	\$ 1,084,048	\$ 915,952
Subtotal, Fund 724	<u>\$ 2,000,000</u>	<u>\$ 912,420</u>	<u>\$ 171,628</u>	<u>\$ 1,084,048</u>	<u>\$ 915,952</u>
<b>Federal Industrial Services Fund - 726</b>					
Administration of Occupational Safety and Health Administration Program	\$ 3,000,000	\$ 1,279,261	\$ 366,325	\$ 1,645,586	\$ 1,354,414
Subtotal, Fund 726	<u>\$ 3,000,000</u>	<u>\$ 1,279,261</u>	<u>\$ 366,325</u>	<u>\$ 1,645,586</u>	<u>\$ 1,354,414</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES  
Expenditure Authority for Fiscal Year 2020**

For the Fifteen Months Ended September 30, 2020

Public Act 101-0007	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2020	Lapse Period Expenditures July 1 to September 30, 2020	Total Expenditures 15 Months Ended September 30, 2020	Balances Lapsed September 30, 2020
<b>FISCAL YEAR 2020</b>					
<b>Wage Theft Enforcement Fund - 885</b>					
Operational Expenses	\$ 100,000	\$ 3,387	\$ -	\$ 3,387	\$ 96,613
Subtotal, Fund 885	<u>\$ 100,000</u>	<u>\$ 3,387</u>	<u>\$ -</u>	<u>\$ 3,387</u>	<u>\$ 96,613</u>
<b>Subtotal - Appropriated Funds</b>	<u>\$ 13,464,600</u>	<u>\$ 8,093,434</u>	<u>\$ 934,815</u>	<u>\$ 9,028,249</u>	<u>\$ 4,436,351</u>
<b><u>NONAPPROPRIATED FUNDS</u></b>					
<b>Department of Labor Special State Trust Fund - 251</b>					
Net pay claims		\$ 373,475	\$ 9,004	\$ 382,479	
Subtotal, Fund 251		<u>\$ 373,475</u>	<u>\$ 9,004</u>	<u>\$ 382,479</u>	
<b>Subtotal - Nonappropriated Funds</b>		<u>\$ 373,475</u>	<u>\$ 9,004</u>	<u>\$ 382,479</u>	
<b>GRAND TOTAL - ALL FUNDS</b>		<u>\$ 8,466,909</u>	<u>\$ 943,819</u>	<u>\$ 9,410,728</u>	

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the Department's records and have been reconciled to the State Comptroller's records as of September 30, 2020.

Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
EXPENDITURES, AND LAPSED BALANCES**

For the Fiscal Year Ended June 30,

	2021	2020	2019
<b>APPROPRIATED FUNDS</b>			
<b>General Revenue Fund - 001</b>			
Expenditure Authority	\$ 7,293,900	\$ 7,027,800	\$ 6,805,400
Expenditures:			
Personal Services	\$ 4,654,840	\$ 4,412,465	\$ 4,370,798
Social Security Contributions	340,116	323,333	321,356
Contractual Services	275,131	269,601	236,521
Travel	4,591	15,197	19,201
Commodities	6,752	7,028	8,021
Printing	6,368	2,213	-
Equipment	9,624	25,223	6,730
Electronic Data Processing	556,501	245,334	391,947
Operation of Automotive Equipment	5,532	6,053	4,994
Telecommunications	82,902	45,349	39,171
Unpaid Wage Increase	-	-	417,184
Total Expenditures	\$ 5,942,357	\$ 5,351,796	\$ 5,815,923
Balances Lapsed	\$ 1,351,543	\$ 1,676,004	\$ 989,477
<b>Amusement Ride and Patron Safety Fund - 051</b>			
Expenditure Authority	\$ 338,400	\$ 338,400	\$ 338,400
Expenditures:			
Operational Expenses	\$ 330,570	\$ 314,017	\$ 286,286
Total Expenditures	\$ 330,570	\$ 314,017	\$ 286,286
Balances Lapsed	\$ 7,830	\$ 24,383	\$ 52,114

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
EXPENDITURES, AND LAPSED BALANCES**

For the Fiscal Year Ended June 30,

	2021	2020	2019
<b>APPROPRIATED FUNDS</b>			
<b>Department of Labor Federal Indirect Cost Fund - 255</b>			
Expenditure Authority	\$ 400,000	\$ -	\$ -
Expenditures:			
Costs Associated with OSHA Indirect Costs	\$ 108,562	\$ -	\$ -
Total Expenditures	\$ 108,562	\$ -	\$ -
Balances Lapsed	\$ 291,438	\$ -	\$ -
<b>Child Labor and Day and Temporary Labor Services Enforcement Fund - 357</b>			
Expenditure Authority	\$ 650,100	\$ 650,100	\$ 650,100
Expenditures:			
Operational Expenses	\$ 564,958	\$ 582,080	\$ 591,091
Total Expenditures	\$ 564,958	\$ 582,080	\$ 591,091
Balances Lapsed	\$ 85,142	\$ 68,020	\$ 59,009
<b>Employee Classification Fund -446</b>			
Expenditure Authority	\$ 150,000	\$ 348,300	\$ 348,300
Expenditures:			
Operational Expenses	\$ 19,900	\$ 47,335	\$ 23,515
Total Expenditures	\$ 19,900	\$ 47,335	\$ 23,515
Balances Lapsed	\$ 130,100	\$ 300,965	\$ 324,785

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
EXPENDITURES, AND LAPSED BALANCES**

For the Fiscal Year Ended June 30,

	2021	2020	2019
<b>APPROPRIATED FUNDS</b>			
<b>Department of Labor Federal Trust Fund - 724</b>			
Expenditure Authority	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Expenditures:			
Costs Associated with Promoting and Enforcing the Occupational Safety and Health Administration on State Program for Public Sector Worksites	\$ 1,226,519	\$ 1,084,048	\$ 856,159
Total Expenditures	\$ 1,226,519	\$ 1,084,048	\$ 856,159
Balances Lapsed	\$ 773,481	\$ 915,952	\$ 1,143,841
<b>Federal Industrial Services Fund - 726</b>			
Expenditure Authority	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Expenditures:			
Administration of Occupational Safety and Health Administration Program	\$ 1,870,985	\$ 1,645,586	\$ 1,177,749
Total Expenditures	\$ 1,870,985	\$ 1,645,586	\$ 1,177,749
Balances Lapsed	\$ 1,129,015	\$ 1,354,414	\$ 1,822,251
<b>Wage Theft Enforcement Fund - 885</b>			
Expenditure Authority	\$ 100,000	\$ 100,000	\$ 100,000
Expenditures:			
Operational Expenses	\$ -	\$ 3,387	\$ 3,732
Total Expenditures	\$ -	\$ 3,387	\$ 3,732
Balances Lapsed	\$ 100,000	\$ 96,613	\$ 96,268

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
EXPENDITURES, AND LAPSED BALANCES**

For the Fiscal Year Ended June 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><u>APPROPRIATED FUNDS</u></b>			
<b><u>TOTAL APPROPRIATED FUNDS</u></b>			
Expenditure Authority	\$ 13,932,400	\$ 13,464,600	\$ 13,242,200
Expenditures	\$ 10,063,851	\$ 9,028,249	\$ 8,754,455
Balances Lapsed	\$ 3,868,549	\$ 4,436,351	\$ 4,487,745
<b><u>NONAPPROPRIATED FUNDS</u></b>			
<b>Department of Labor Special State Trust Fund - 251</b>			
Expenditures:			
Net Pay Claims	\$ 936,115	\$ 382,479	\$ 233,265
Total Expenditures	\$ 936,115	\$ 382,479	\$ 233,265
<b><u>TOTAL NONAPPROPRIATED FUNDS</u></b>			
Expenditures	\$ 936,115	\$ 382,479	\$ 233,265
<b><u>GRAND TOTAL - ALL FUNDS</u></b>			
Expenditures	\$ 10,999,966	\$ 9,410,728	\$ 8,987,720

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
EXPENDITURES, AND LAPSED BALANCES**

For the Fiscal Year Ended June 30,

	2021	2020	2019
<b><u>STATE OFFICERS' SALARIES</u></b>			
<b>General Revenue Fund - 001 (State Comptroller)</b>			
Expenditures:			
For the Director	\$ 146,129	\$ 146,129	\$ 132,605
For the Assistant Director	133,235	110,147	82,247
Superintendent of Safety Inspection Education	\$ -	-	9,566
Total Expenditures	\$ 279,364	\$ 256,276	\$ 224,418

- Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the Department's records and have been reconciled to the State Comptroller's records as of September 30, 2021, and September 30, 2020.
- Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.
- Note 3: The Department received appropriations during Fiscal Year 2021 from Public Act 101-0637. In addition, the Department received appropriations during Fiscal Year 2020 from Public Act 101-0007.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.



**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
COMPARATIVE SCHEDULE OF NET EXPENDITURES  
BY MAJOR ACTIVITY**

For the Fiscal Year Ended June 30,

	2021	2020	2019
<b>EXPENDITURE STATISTICS</b>			
<b>All State Treasury Funds</b>			
Total Operations Expenditures:	\$ 10,061,661	\$ 9,028,249	\$ 8,754,400
Percentage of Total Expenditures:	91.5%	95.9%	97.4%
Personal Services	6,613,909	6,019,162	6,288,663
Other Payroll Costs	1,925,186	1,592,249	1,473,402
All Other Operating Expenditures	1,522,566	1,416,838	992,335
Total Awards and Grants Expenditures:	\$ 936,115	\$ 382,479	\$ 233,265
Percentage of Total Expenditures:	8.5%	4.1%	2.6%
Total Refund Expenditures:	\$ 2,190	\$ -	\$ 55
Percentage of Total Expenditures:	0.0%	0.0%	0.0%
<b>GRAND TOTAL - ALL EXPENDITURES:</b>	<b>\$ 10,999,966</b>	<b>\$ 9,410,728</b>	<b>\$ 8,987,720</b>

Note 1: Expenditures were obtained from the Department's records and have been reconciled to the State Comptroller's records as of September 30, 2021, and September 30, 2020.

Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES  
For the Two Years Ended June 30, 2021**

**Fiscal Year 2021 Compared to Fiscal Year 2020**

**General Revenue Fund - 001**

Electronic Data Processing

The increase was due to hiring two Department of Innovation and Technology (DoIT) employees, upgrades to Information Technology infrastructure when the Department moved Springfield locations and supplemental billings for Enterprise Resource Planning (ERP) operational costs.

Telecommunication Services

The increase was due to the need for additional cell phones to keep business continuity during COVID-19.

**Department of Labor Special State Trust Fund – 251**

Operational Expenses

The increase was due to more claims being processed and the dollar amount of each varies from year to year.

**Department of Labor Federal Indirect Cost Fund - 255**

Operational Expenses

The increase was due to the creation of the Fund. The Fund was created June 10, 2020 due to Public Act 101-0636 and allows the Department to deposit federal indirect cost reimbursements and disburse for such expenses. The monies were not expended until Fiscal Year 2021.

**Employee Classification Fund - 446**

Operational Expenses

The decrease was due to facilities and statistical services were not paid out from this Fund during Fiscal Year 2021.

**Fiscal Year 2020 Compared to Fiscal Year 2019**

**General Revenue Fund - 001**

Electronic Data Processing

The decrease was partly due to the lack of information technology staff during Fiscal Year 2020.

Unpaid Back Wage Increase

The decrease was due to all back wages being paid in Fiscal Year 2019.

**Department of Labor Special State Trust Fund - 251**

Net Pay Claims

The increase was due to more claims being processed and the dollar amount of each varies from year to year.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS**  
**DEPARTMENT OF LABOR**  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
**For the Two Years Ended June 30, 2021**

**Employee Classification Fund - 446**

Operational Expenses

The increase was due to facilities and statistical services were not paid out from this Fund during Fiscal Year 2020.

**Department of Labor Federal Trust Fund - 724**

Costs Associated with Promoting and Enforcing the Occupational Safety and Health Administration on State Program for Public Sector Worksites

The increase was due to all back wages being paid in Fiscal Year 2020. Additionally, several laptops were purchased to allow employees to work from home during the Covid-19 pandemic. Funds were transferred into the Department of Labor Federal Indirect Cost Fund (255) for indirect costs associated with the program. The Federal Fiscal year runs on a different timeline which allowed Department to deposit the indirect costs for Federal Fiscal Year 2020 into the 255 Fund after Public Act 101-636 was enacted.

**Federal Industrial Services Fund - 726**

Administration of Occupational Safety and Health Administration Program

The increase was due to all back wages being paid in Fiscal Year 2020. Additionally, several laptops were purchased to allow employees to work from home during the Covid-19 pandemic and video conferencing equipment was purchased for the new Training Room. Funds were transferred into the Department of Labor Federal Indirect Cost Fund (255) for indirect costs associated with the program. The Federal Fiscal year runs on a different timeline which allowed Department to deposit the indirect costs for Federal Fiscal Year 2020 into the 255 Fund after Public Act 101-636 was enacted.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS**  
**DEPARTMENT OF LABOR**  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
**For the Two Years Ended June 30, 2021**

**Fiscal Year 2021**

**General Revenue Fund - 001**

Electronic Data Processing

The significant Lapse Period spending was primarily due to the Department paying bills received from the Department of Innovation and Technology (DoIT) Technology Management, including supplemental billings for Enterprise Resource Planning (ERP) operational costs.

**Fiscal Year 2020**

**General Revenue Fund - 001**

Contractual Services

The significant Lapse Period spending was primarily due to the Department paying for the services rendered for the Back to Business media campaign that took place in June 2020.

Equipment

The significant Lapse Period spending was primarily due to the Department purchasing scientific equipment used in the OSHA program prior to June 30, 2020. The vendor did not bill the Department until Lapse Period.

Electronic Data Processing

The significant Lapse Period spending was primarily due to the Department paying DoIT Technology Management bills which were received during Lapse Period.

**Federal Industrial Services Fund - 726**

Administration of Occupational Safety and Health Administration Program

The significant Lapse Period spending was primarily due to the Department purchasing scientific equipment used in the OSHA program prior to June 30, 2020. The vendor did not bill the Department until Lapse Period. Funds were transferred into the Department of Labor Federal Indirect Cost Fund (255) for associated indirect costs during Lapse Period.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
SCHEDULE OF CHANGES IN PROPERTY  
For the Two Years Ended June 30, 2021**

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
<b>FISCAL YEAR 2021</b>					
<b>Property</b>					
Equipment	\$ 580,740	\$ 140,911	\$ 21,689	\$ -	\$ 699,962
Total	<u>\$ 580,740</u>	<u>\$ 140,911</u>	<u>\$ 21,689</u>	<u>\$ -</u>	<u>\$ 699,962</u>
<b>FISCAL YEAR 2020</b>					
<b>Property</b>					
Equipment	\$ 563,195	\$ 99,211	\$ 81,666	\$ -	\$ 580,740
Total	<u>\$ 563,195</u>	<u>\$ 99,211</u>	<u>\$ 81,666</u>	<u>\$ -</u>	<u>\$ 580,740</u>

Note 1: These balances were obtained from the Department's records and have been reconciled to the Department's quarterly *Agency Report of State Property* reports submitted to the Office of State Comptroller for the year ended June 30, 2020 and year ended June 30, 2021.

Note 2: The beginning balance for Fiscal Year 2020 was restated due to Finding 2019-005. The Finding noted 19 vehicles, for a total of \$337,552, were omitted from Fiscal Year 2019's ending balance.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
SCHEDULE OF INDIRECT COST REIMBURSEMENTS**

For the Fiscal Year Ended June 30,

	2021	2020	2019
<b>STATE TREASURY FUND</b>			
<b>Department of Labor Federal Indirect Cost Fund - 255</b>			
OSHA Enforcement:			
Indirect Cost Rate	10.00%	10.00%	0.00%
Beginning Balance, Uncollected Reimbursements	\$ 92,147	\$ -	\$ -
New Indirect Cost Claims			
Environmental and Business Regulation	15,558	92,147	-
Indirect Cost Reimbursements Received	92,147	-	-
Ending Balance, Uncollected Reimbursements	<u>\$ 15,558</u>	<u>\$ 92,147</u>	<u>\$ -</u>
<b>Department of Labor Federal Indirect Cost Fund - 255</b>			
OSHA Consultation:			
Indirect Cost Rate	10.00%	10.00%	0.00%
Beginning Balance, Uncollected Reimbursements	\$ 116,236	\$ -	\$ -
New Indirect Cost Claims			
Environmental and Business Regulation	38,866	116,236	-
Indirect Cost Reimbursements Received	116,236	-	-
Ending Balance, Uncollected Reimbursements	<u>\$ 38,866</u>	<u>\$ 116,236</u>	<u>\$ -</u>

Note 1: The Department elected the de minimis rate of 10% during Fiscal Year 2020.

Note 2: The cost base used for the Department's federal grant is calculated off the modified total direct costs (MTDC).

Note 3: The Department pursues all possible indirect cost recoveries. The Department's ending balance of uncollected reimbursements is considered collectible.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
FUNCTIONS AND PLANNING  
For the Two Years Ended June 30, 2021**

**Functions**

The Department of Labor (Department) is authorized by the Civil Administrative Code of Illinois (20 ILCS 1505). The Department has the power to foster, promote, and develop the welfare of wage earners. The Department has the power to acquire and diffuse among the people useful information concerning the means of promoting the material, social, intellectual, and moral prosperity of laboring men and women.

The mission of the Department is to promote and protect the rights, wages, welfare, working conditions, safety and health of Illinois workers, regardless of race, religion, ethnicity, color or sexual orientation. This is done through enforcement of state labor laws to safeguard the public. In addition, the Department regulates amusement rides and ensures compliance with all other labor standards.

Department is responsible for the administration and enforcement of 25 labor and safety laws. It is organized into six major areas: Administration, Fair Labor Standards, Conciliation and Mediation, Illinois Occupational Safety and Health Administration (OSHA), Amusement Ride and Attraction Safety, and Legal.

The Administration Division provides support services and overall administrative resources to each of the program divisions. These support services include Fiscal, Information Technology, Legislative Liaison, Public Information Officer and Human Resources.

**Amusement Ride & Attraction Safety Division**

The Amusement Ride and Attraction Safety division annually inspects amusement rides and attractions open to the public to ensure they meet safety standards, including criminal history records checks and sex offender registry checks on carnival workers employed in Illinois. It is led currently by the Chief Ride Inspector and there is administrative support. This division continued operations throughout the pandemic. However, there was a significant reduction in the number of fairs and the need for inspectors to provide these services due to COVID-19 restrictions.

	Fiscal Year		
	2021	2020	2019
Number of amusement ride inspections	1,337	1,827	2,430
Number of non-mechanical safety incidents	5	5	12
Number of mechanical safety incidents	1	0	7
Number of undetermined amusement safety incidents	0	0	7

As further described in the *Independent Accountant’s Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
FUNCTIONS AND PLANNING  
For the Two Years Ended June 30, 2021**

Illinois OSHA Division

The Illinois OSHA Division protects the health and safety of public employees through the inspection, investigation and evaluation of public facilities and working conditions to ensure compliance with occupational safety and health standards and conducts educational and advisory activities to assure safe and healthy working conditions. The Illinois On-Site Safety and Health Consultation Program helps Illinois businesses meet the Federal OSHA health and safety regulations. The free consultation process is completely voluntary and primarily targeted for small to medium-sized businesses. The OSHA division as a whole has been a critical service to the state during the pandemic. The division applied for and received a \$400,000 grant to aid in small businesses opening back up safely with COVID still present. The division additionally helped the Department internally continue operating safely and allowing employees to work on a staggered schedule.

	Fiscal Year		
	2021	2020	2019
<b>Consultation</b>			
Number of completed consultations	263	209	328
Number of consultation requests	226	300	247
Number of employees impacted by remediation	10,610	21,675	25,028
<b>Enforcement</b>			
Number of Inspections	427	235	215
Number of Safety Incidents Reported	208	151	202

Fair Labor Standards Division

The Fair Labor Standards (FLS) division administers and enforces eight state labor laws, including the Minimum Wage/Overtime Law, Wage Payment and Collection Act, Child Labor Law, and the Day and Temporary Labor Services Act. The focus of the division is to ensure that workers are paid at the appropriate rate and in a timely manner, to assist workers in the collection of unpaid or underpaid wages and to protect minors and day laborers from harmful or abusive working conditions. The Fair Labor Standards Division continued operating during the pandemic, however, you will note a decrease in many of the numbers provided. The pandemic and reduced staffing significantly impacted the division's ability to conduct investigations and on-site visits. The Department has focused on increased hiring in this division and has worked closely with the division manager to increase productivity in this division. Overtime has been utilized by the division in calendar year 2021.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.



**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
FUNCTIONS AND PLANNING  
For the Two Years Ended June 30, 2021**

	Fiscal Year		
	2021	2020	2019
Number of Child Labor Employment Certificates	14,864	13,176	21,052
Number of verified Child Labor violations abated	2	28	0
Number of children protected from illegal labor practices	2	16	5
Number of complaints received under Child Labor Law	4	9	14
Dollar amount collected in back wages and compensation Minimum Wage and Overtime Law	361,900	524,300	571,500
Number of cases completed under Minimum Wage and overtime Law and One Day Rest in Seven Act	425	567	565
Number of complaints opened under Minimum Wage and overtime Law and One Day Rest in Seven Act	451	666	756
Number of licenses issued under the Nurse Agency Licensing Act	292	287	251
Number of licenses issued under the Day and Temporary Labor Services Act	337	360	392
Number of licenses issued under the Private Employment Agency Act	120	190	186

Conciliation and Mediation Division

The Conciliation and Mediation Division (Con/Med) administers and enforces thirteen state labor laws, including the Prevailing Wage Act, the Employee Classification Act, the Victims' Economic Security and Safety Act, the Employee Sick Leave Act, and the Worker Adjustment and Retraining Notification (WARN) Act. The focus of the division is to ensure that workers are paid the appropriate prevailing wage rate on publicly-funded construction projects, to ensure that construction workers are not misclassified as independent contractors and to ensure workers are given 60 days' notice of plant closings or mass layoffs. This division has seen an increase in the cases it is handling and has been able to handle the increased workload. The division was only slightly impacted by the pandemic, as the construction industry was deemed essential.

	Fiscal Year		
	2021	2020	2019
ECA, Preference Act, EPA, & VESSA Cases Completed	133	76	66
ECA, Preference Act, EPA, & VESSA Complaints Opened	311	338	83
Prevailing Wage Cases Completed	218	207	174
Average Time to Complete Case (in days)	459.00	469.00	958.00
Dollar Amount Collected for Workers under Prevailing Wage	355,500	1,292,400	344,800
Number of PW Complaints Opened	330	341	202

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
FUNCTIONS AND PLANNING  
For the Two Years Ended June 30, 2021**

Legal (Hearings) Division

The Legal Division provides legal advice to the Director and each division, oversees all legal functions of Department and conducts informal investigative hearings, as well as formal administrative hearings on the statutes enforced by the Department. The division also enforces the Right to Privacy in the Workplace Act, Job Opportunities for Qualified Applicants Act and the Personnel Records Review Act. The Department’s administrative law judges (ALJs) accept cases, receive evidence from both parties, hear arguments, and issue decisions and orders. The Department was experiencing a case backlog, with the average age of cases significantly increasing. To address this matter, the Director authorized a pilot program to be implemented where the ALJs could conduct hearings remotely. The director also authorized overtime to be worked in this division. As a result, the backlog is greatly reduced. This division continued to operate with few problems during the pandemic. It is led by the Chief Legal Counsel.

	Fiscal Year		
	2021	2020	2019
Scheduled Hearings	1,384	963	830

**Planning**

The Department’s planning process includes weekly individual meetings between the Director and his senior staff. The Chief of Staff and Policy Director have been charged with strategic planning and goals for the Department. They work with individual division managers to set those goals. The Director then guides achieving those goals. The Department also has fiscal staff, and the Director works closely with them, to ensure our goals are fiscally achievable. Additional planning occurs with the human resources staff to ensure that our headcount reflects the amount of work the Department is charged with accomplishing.

**Significant Challenges**

Obviously, the biggest challenge we faced in this time period was the pandemic. The Department continued operating, with its offices open, as we were deemed an essential service. The Director appointed a “return to work committee” composed of the Assistant Director, Chief of Staff, and three OSHA staff members. The committee guided the Director’s decisions on how to keep our offices open, while maintaining safety for its visitors and employees. The Department maintained its operations, including answering incoming calls, to serve working families and businesses alike.

As further described in the *Independent Accountant’s Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
NUMBER OF EMPLOYEES**

For the Fiscal Year Ended June 30,

	2021	2020	2019
<b><u>AVERAGE FULL-TIME EMPLOYEES</u></b>			
Administration	14	13	12
Amusement Ride and Attraction Safety	7	7	6
Conciliation/Mediation	11	11	13
Fair Labor Standards	19	22	23
Illinois Occupational Safety and Health Administration	25	20	17
Legal	8	7	7
Fiscal	4	4	*
Total Full-Time Equivalent Employees	88	84	78

Note 1: This schedule presents the average number of employees, by function, at the Department.

\*Function was broken out during Fiscal Year 2020 and Fiscal Year 2021. In Fiscal Year 2019 this function was included in Administration.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
ANALYSIS OF OVERTIME AND COMPENSATORY TIME  
For the Fiscal Year Ended June 30,**

	2021	2020	2019
<b>OPERATIONAL DIVISION</b>			
<b>Administration</b>			
Overtime Hours Paid	46	142	278
Compensatory Hours Granted	748	767	534
Total	794	909	812
Value of Overtime Hours Paid	\$ 2,096	\$ 6,122	\$ 12,708
Value of Compensatory Hours Granted	36,810	36,169	24,830
Total Costs	\$ 38,906	\$ 42,291	\$ 37,538
<b>Amusement Ride and Attraction Safety</b>			
Overtime Hours Paid	138	131	370
Compensatory Hours Granted	-	-	-
Total	138	131	370
Value of Overtime Hours Paid	\$ 5,212	\$ 3,402	\$ 13,202
Value of Compensatory Hours Granted	-	-	-
Total Costs	\$ 5,212	\$ 3,402	\$ 13,202
<b>Conciliation/Mediation</b>			
Overtime Hours Paid	-	-	17
Compensatory Hours Granted	-	-	-
Total	-	-	17
Value of Overtime Hours Paid	\$ -	\$ -	\$ 793
Value of Compensatory Hours Granted	-	-	-
Total Costs	\$ -	\$ -	\$ 793
<b>Fair Labor Standards</b>			
Overtime Hours Paid	9	93	550
Compensatory Hours Granted	-	-	-
Total	9	93	550
Value of Overtime Hours Paid	\$ 320	\$ 3,266	\$ 28,793
Value of Compensatory Hours Granted	-	-	-
Total Costs	\$ 320	\$ 3,266	\$ 28,793

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
ANALYSIS OF OVERTIME AND COMPENSATORY TIME  
For the Fiscal Year Ended June 30,**

	2021	2020	2019
<b>Illinois Occupational Safety and Health Administration</b>			
Overtime Hours Paid	103	425	569
Compensatory Hours Granted	42	22	0
Total	145	447	569
Value of Overtime Hours Paid	\$ 4,697	\$ 17,838	\$ 26,807
Value of Compensatory Hours Granted	2,068	1,067	-
Total Costs	\$ 6,765	\$ 18,905	\$ 26,807
<b>Legal</b>			
Overtime Hours Paid	3	14	114
Compensatory Hours Granted	58	-	-
Total	61	14	114
Value of Overtime Hours Paid	\$ 61	\$ 441	\$ 4,252
Value of Compensatory Hours Granted	3,135	-	-
Total Costs	\$ 3,196	\$ 441	\$ 4,252
<b>Fiscal</b>			
Overtime Hours Paid	16	105	363
Compensatory Hours Granted	-	-	-
Total	16	105	363
Value of Overtime Hours Paid	\$ 698	\$ 4,963	\$ 17,629
Value of Compensatory Hours Granted	-	-	-
Total Costs	\$ 698	\$ 4,963	\$ 17,629
<b>GRAND TOTAL - ENTIRE DEPARTMENT</b>			
Overtime Hours Paid	315	910	2,261
Compensatory Hours Granted	848	789	534
Total	1,163	1,699	2,795
Value of Overtime Hours Paid	\$ 13,084	\$ 36,032	\$ 104,184
Value of Compensatory Hours Granted	42,013	37,236	24,830
Total Costs	\$ 55,097	\$ 73,268	\$ 129,014

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

**STATE OF ILLINOIS  
DEPARTMENT OF LABOR  
DISCLOSURE OF EMERGENCY PURCHASE  
UNDER THE GUBERNATORIAL COVID-19 DISASTER PROCLAMATIONS  
For the Two Years Ended June 30, 2021**

The Governor, in response to the COVID-19 pandemic, issued sequential Gubernatorial Disaster Proclamations from March 12, 2020, through June 30, 2021. These proclamations allowed the Department to waive the requirements of the Illinois Procurement Code to the extent the requirement (1) would have, in any way, prevented, hindered, or delayed necessary action to cope with the COVID-19 pandemic and (2) was not required by federal law. The following procurements were all processed under this waiver granted by the Governor.

**Fiscal Year 2021**

The Department did not have any emergency purchases related to the COVID-19 pandemic during Fiscal Year 2021.

**Fiscal Year 2020**

OSHA

The Department identified a need for messaging workplace safety during the COVID-19 pandemic. The Department ultimately paid its vendor, Daniel J Edelman Inc, \$440,000 to provide a statewide message for businesses to utilize to promote safe practices in the workplace to protect the health and wellbeing of their workforce.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.