

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
STATE COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2020

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2020

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STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2020

BOARD OFFICIALS

| | |
|--------------------|------------------------|
| Executive Director | Mr. Matthew von Behren |
| Deputy Director | Ms. Jessica Molloy |

BOARD OFFICER

| | |
|------------------------|----------------|
| Chairman of the Board* | Mr. Frank Vala |
|------------------------|----------------|

GOVERNING BOARD MEMBERS

| | |
|---------|---------------------|
| Member* | Mr. Edward Bedore |
| Member* | Mr. Ricardo Morales |
| Member* | Mr. Larry Ivory |
| Member | Mr. Bill Black |

*Serving an expired term.

BOARD OFFICE

The Procurement Policy Board's administrative office is located at:

607 East Adams, Suite 1520
Springfield, Illinois 62701



Chairman: Frank J. Vala
Members: Ed Bedore, Bill Black, Larry Ivory, Ricardo Morales

MANAGEMENT ASSERTION LETTER

October 27, 2021

Honorable Frank J. Mautino
Auditor General
State of Illinois
740 East Ash Street
Springfield, Illinois 62703-3154

Auditor General Mautino:

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, Procurement Policy Board (Board). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Board's compliance with the following specified requirements during the two-year period ended June 30, 2020. Based on this evaluation, we assert that during the years ended June 30, 2019, and June 30, 2020, the Board has materially complied with the specified requirements listed below.

- A. The Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Yours truly,

State of Illinois, Procurement Policy Board

SIGNED ORIGINAL ON FILE

Matthew von Behren, Executive Director

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2020

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and the Illinois State Auditing Act.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

| <u>Number of</u> | <u>Current</u> <u>Report</u> | <u>Prior</u> <u>Report</u> |
|---------------------------------------------------|---------------------------------|-------------------------------|
| Findings | 3 | 1 |
| Repeated Findings | 1 | 0 |
| Prior Recommendations Implemented or Not Repeated | 0 | 0 |

SCHEDULE OF FINDINGS

| <u>Item No.</u> | <u>Page</u> | <u>Last/First</u> <u>Report</u> | <u>Description</u> | <u>Finding Type</u> |
|-----------------------------|-------------|------------------------------------|-------------------------------------------------|------------------------------------------|
| FINDINGS (STATE COMPLIANCE) | | | | |
| 2020-001 | 8 | 2018/2018 | Inadequate Controls over Voucher Processing | Significant Deficiency and Noncompliance |
| 2020-002 | 10 | New | Noncompliance with Board Requirements | Significant Deficiency and Noncompliance |
| 2020-003 | 11 | New | Inadequate Controls over Reporting Requirements | Significant Deficiency and Noncompliance |

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2020

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Board personnel at an exit conference on October 18, 2021.

Attending were:

Procurement Policy Board

Matthew von Behren, Executive Director

Jessica Molloy, Deputy Director

Office of the Auditor General

Jennifer Cicci, Senior Audit Manager

Quentin Kuntzman, Audit Supervisor

The responses to the recommendations were provided by Matthew von Behren, Executive Director, in a correspondence dated October 27, 2021.

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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

**INDEPENDENT ACCOUNTANT'S REPORT
ON STATE COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE, AND
ON SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Procurement Policy Board

Compliance

We have examined compliance by the State of Illinois, Procurement Policy Board (Board) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2020. Management of the Board is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation

engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Board complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our 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 opinion.

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

In our opinion, the Board complied with the specified requirements during the two years ended June 30, 2020, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2020-001 through 2020-003.

The Board's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

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

Internal Control Over Compliance

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2020-001 through 2020-003 that we consider to be significant deficiencies.

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

The Board's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

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

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on the Board's compliance with the specified requirements. The accompanying supplementary information for the years ended June 30, 2020, and June 30, 2019, in Schedules 1 through 5 and the Analysis of Operations section are presented for purposes of additional analysis. Such information is the responsibility of Board management. We have applied certain limited procedures as prescribed by the *Audit Guide* to the accompanying supplementary information for the years ended June 30, 2020, and June 30, 2019, in Schedules 1 through 5. We have not applied procedures to the accompanying supplementary information for the year ended June 30, 2018, in Schedules 3 through 5 and in the Analysis of Operations Section. We do not express an opinion, a conclusion, nor provide any assurance on the accompanying supplementary information in Schedules 1 through 5 or the Analysis of Operations Section.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
October 27, 2021

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2020

2020-001. **FINDING** (Inadequate Controls over Voucher Processing)

The Procurement Policy Board (Board) did not exercise adequate internal controls over voucher processing.

During testing, we noted the following:

- Eight of 33 (24%) contractual service vouchers tested were not approved timely. The vouchers were approved between 5 and 227 days late.

The Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.70(b)) requires the Board to approve proper bills or deny bills with defects, in whole or in part, within 30 days after receipt.

- The Board did not voucher the correct amount of interest owed for 7 of 33 (21%) contractual service vouchers tested. Incorrect interest payments ranged from a \$61 underpayment to a \$147 overpayment.

The State Prompt Payment Act (Act) (30 ILCS 540/3-2(1.05)) requires the Board pay or issue payment to the payee within 90 days of receipt of a proper bill or invoice. If payment is not issued to the payee within this 90 day period, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month, or 0.033% (one-thirtieth of one percent) of any amount approved and unpaid for each day, after the end of this 90 day period, until final payment is made.

- For 3 of 33 (9%) contractual service vouchers tested, the Board did not voucher interest payments timely. The interest amounts calculated by the Board were between \$104 and \$391 and paid between 138 and 193 days late.

The Act (30 ILCS 540/3-2(2)) requires the Board automatically pay interest penalties required amounting to \$50 or more to the appropriate vendor. The Statewide Accounting Management System (SAMS) (Procedure 17.20.45) states it is the responsibility of the Board to develop and implement internal procedures that will permit full compliance with the provisions of the Act and the rules jointly promulgated by the State Comptroller and the Department of Central Management Services to govern the uniform application of the Act.

In the prior examination, Board management indicated they were unable to access the interest due in the new Enterprise Resource Planning (ERP) system and, subsequently, were never able to release payments for the prompt pay interest due. During the current examination period, Board management indicated the vouchers were not approved timely due to staff oversight and the ERP system automatically calculates interest amounts and does not notify the Board regarding pending interest payments.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2020

2020-001. **FINDING** (Inadequate Controls over Voucher Processing) – Continued

Failure to maintain adequate controls over voucher processing increases the risk that errors or irregularities could occur that would not be identified by employees performing their functions in the normal course of business. Late approval of vouchers represents noncompliance with the Code and subjects the Board to unnecessary interest charges. Failure to pay the correct amount of interest in a timely manner represents noncompliance with the Act and SAMS. (Finding Code No. 2020-001, 2018-001)

RECOMMENDATION

We recommend the Board implement controls to ensure compliance with all applicable laws and regulations in its voucher processing, including:

- Approving vouchers for payment in a timely manner;
- Properly calculating all required interest; and,
- Paying all required interest in a timely manner.

BOARD RESPONSE

The Board agrees with the recommendation.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2020

2020-002. **FINDING** (Noncompliance with Board Requirements)

The Procurement Policy Board (Board) was not seated in accordance with the requirements set forth in the Illinois Procurement Code (Code).

During testing, we noted four of five (80%) Board members who served throughout the engagement period were serving on expired terms. The terms of these four members expired between May 5, 2013, and July 11, 2017. These positions are to be filled by the Governor, the President of the Senate, the Speaker of the House, and the House Minority Leader.

The Code (30 ILCS 500/5-5(c-d)) requires the Board to consist of five members appointed one each by the four legislative leaders and the Governor for terms of four years.

Board management indicated they do not have the authority to appoint or reappoint members, as the legislative leaders and the Governor are charged with the duty to make these appointments.

Failure to appoint Board members in a timely manner may affect the full and transparent exercise of the Board’s appointed powers and responsibilities and represents noncompliance with the Code. (Finding Code No. 2020-002)

RECOMMENDATION

We recommend the Board continue to work with the Governor, the President of the Senate, the Speaker of the House, and the House Minority Leader to ensure the Board’s expired terms are filled or renewed timely.

BOARD RESPONSE

The Board agrees with the recommendation.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2020

2020-003. **FINDING** (Inadequate Controls over Reporting Requirements)

The Procurement Policy Board (Board) did not exercise adequate internal controls over its external reporting.

During testing, we noted the following:

- The Board did not properly complete the Fiscal Year 2019 Agency Workforce Report (Report). The Board failed to categorize one female employee based on her race/ethnicity. The Report contained mathematical errors as a result.

The State Employment Records Act (5 ILCS 410) requires the Board to collect and maintain the total number of persons employed by the Board who are part of the State workforce, and the number and statistical percentage of women, minorities, and physically disabled persons employed within the Board workforce.

- The Board failed to provide copies of its Fiscal Year 2018 and Fiscal Year 2019 annual reports to the Governor.

The State Finance Act (30 ILCS 105/3) requires the Board to deliver a report with its acts and doings to the Governor for the previous fiscal year no later than 10 days preceding the calendar year in which the General Assembly regularly convenes.

- The Board failed to retain sufficient documentation to substantiate the date the Board filed copies of the Fiscal Year 2019 and Fiscal Year 2020 Renewal and Extension Reports with the General Assembly. Therefore, we were unable to determine if the Board filed the reports timely.

The Procurement Code (30 ILCS 500/20-60(c)) requires the Board to file a report with the General Assembly by August 1 each year identifying for the previous fiscal year (i) the proposed extensions or renewals with costs exceeding \$249,999 of contract that were filed with the Board and whether the Board objected and (ii) the contracts exempt from this subsection of the Procurement Code.

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

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2020

2020-003. **FINDING** (Inadequate Controls over Reporting Requirements) – Continued

- The Board did not provide and deposit with the State Library copies of all publications issued by the Board, including electronic publications, for its collection and exchange purposes during the examination period. This includes the annual reports and the Renewal and Extension Reports.

The State Library Act (15 ILCS 320/21(a)) requires the Board to provide and deposit with the Illinois State Library sufficient copies of all publications issued for its collection and for exchange purposes.

- The Board did not annually inform the State Library of the person, or persons, responsible for publications of the Board during the examination period.

The Illinois Administrative Code (23 Ill. Admin. Code 3020.150) requires the Board, by January 15 of each year, and two weeks after any changes, to inform the Government Documents Section in writing of the person, persons, or positions responsible for distribution of publications of the Board. The requirement was changed to July 15 effective January 7, 2020.

Board management indicated the issues noted were due to employee error in preparing the Agency Workforce Report, unfamiliarity with reporting requirements to the Governor and State Library, and the Board hand-delivering its Renewal and Extension Reports to the General Assembly.

Failure to submit statutorily required reports in a timely manner, or at all, and update required Board information prevents the appropriate oversight authorities from receiving relevant feedback for monitoring of programs and can have an effect on future decisions. In addition, failure to submit accurate reports reduces the reliability of State data. (Finding Code No. 2020-003)

RECOMMENDATION

We recommend the Board strengthen its controls to ensure required reports are prepared, completed timely, properly supported, and submitted to the appropriate entities.

BOARD RESPONSE

The Board agrees with the recommendation.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
STATUS OF PERFORMANCE AUDIT RECOMMENDATION
For the Two Years Ended June 30, 2021

State's Leasing Decision

In May 2018, the Office of the Auditor General released a performance audit of the State's Leasing Decision. The audit contained 10 recommendations directed at various State agencies, including the Procurement Policy Board (Board).

As part of the compliance examination of the Board for the two years ended June 30, 2020, auditors followed up on the status of the one recommendation related to the Board and reported the following:

Recommendation #4 Implemented

Recommendation #4 – Procurement Policy Board Conflict of Interest Policy

The Procurement Policy Board should consider developing a written conflict of interest policy for Board members to clarify instances where a conflict may exist and establish steps to take when a conflict does exist.

Implemented: Since the recommendation was made, the Board drafted a conflict of interest policy for Board members and employees. The policy was presented to and approved by the Board on August 20, 2019. The policy clarifies instances where a conflict of interest may exist, prohibits members or employees from participating in the disposition of any matter where a conflict exists, and establishes procedures to take in the event of a dispute or question regarding the existence of an actual or potential conflict of interest.

STATE OF ILLINOIS
SCHEDULE 1
PROCUREMENT POLICY BOARD
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 FISCAL YEAR 2020 | Expenditure Authority (Net of Transfers) | Lapse Period | | Total Expenditures 15 Months Ended September 30, 2020 | Balances Lapsed September 30, 2020 |
|---------------------------------------------|---------------------------------------------|------------------------------------------|-------------------------------------------------|-------------------------------------------------------------|------------------------------------------|
| | | Expenditures Through June 30, 2020 | Expenditures July 1 to September 30, 2020 | | |
| | \$ 527,000 | \$ 459,758 | \$ 8,362 | \$ 468,120 | \$ 58,880 |
| GRAND TOTAL | \$ 527,000 | \$ 459,758 | \$ 8,362 | \$ 468,120 | \$ 58,880 |

APPROPRIATED FUND

General Revenue Fund - 001

Ordinary and Contingent Expenses

GRAND TOTAL

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

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the Office of Comptroller for payment to the vendor.

SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

Expenditure Authority for Fiscal Year 2019

For the Fifteen Months Ended September 30, 2019

| Public Acts 100-0586 and 101-0007 | Expenditure Authority (Net of Transfers) | Lapse Period | | Total Expenditures 15 Months Ended September 30, 2019 | Balances Lapsed September 30, 2019 |
|-----------------------------------|------------------------------------------|------------------------------------|-------------------------------------------|-------------------------------------------------------|------------------------------------|
| | | Expenditures Through June 30, 2019 | Expenditures July 1 to September 30, 2019 | | |
| | \$ 466,700 | \$ 444,770 | \$ 21,298 | \$ 466,068 | \$ 632 |
| GRAND TOTAL | \$ 466,700 | \$ 444,770 | \$ 21,298 | \$ 466,068 | \$ 632 |

APPROPRIATED FUND

General Revenue Fund - 001

Ordinary and Contingent Expenses

GRAND TOTAL

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the Board's records and have been reconciled to the Office of Comptroller's records as of September 30, 2019.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the Office of Comptroller for payment to the vendor.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES

SCHEDULE 3

For the Fiscal Year Ended June 30,

| | 2020 | 2019 | 2018 |
|------------------------------------------|------------|------------|------------|
| APPROPRIATED FUND | | | |
| General Revenue Fund - 001 | | | |
| Expenditure Authority (Net of Transfers) | \$ 527,000 | \$ 466,700 | \$ 452,700 |
| Expenditures: | | | |
| Ordinary and Contingent Expenses | \$ 468,120 | \$ 466,068 | \$ 361,180 |
| Balances Lapsed | \$ 58,880 | \$ 632 | \$ 91,520 |
| GRAND TOTAL - ALL FUNDS | | | |
| Expenditure Authority (Net of Transfers) | \$ 527,000 | \$ 466,700 | \$ 452,700 |
| Total Expenditures | \$ 468,120 | \$ 466,068 | \$ 361,180 |
| Balances Lapsed | \$ 58,880 | \$ 632 | \$ 91,520 |

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the Board's records and have been reconciled to the Office of Comptroller's records as of September 30, 2020, and September 30, 2019.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the Office of Comptroller for payment to the vendor.

Note 3: The Board received appropriations during Fiscal Year 2020 from Public Act 101-0007. In addition, the Board received appropriations during Fiscal Year 2019 from Public Acts 100-0586 and 101-0007.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
COMPARATIVE SCHEDULE OF NET EXPENDITURES
BY MAJOR ACTIVITY

SCHEDULE 4

For the Fiscal Year Ended June 30,

| | 2020 | 2019 | 2018 |
|----------------------------------------|-------------------|-------------------|-------------------|
| EXPENDITURE STATISTICS | | | |
| All State Treasury Funds | | | |
| Total Operations Expenditures: | \$ 468,120 | \$ 466,068 | \$ 361,180 |
| Percentage of Total Expenditures: | 100.0% | 100.0% | 100.0% |
| Personal Services | 312,167 | 298,500 | 218,500 |
| Other Payroll Costs | 22,479 | 21,432 | 15,944 |
| All Other Operating Expenditures | 133,474 | 146,136 | 126,736 |
| GRAND TOTAL - ALL EXPENDITURES: | \$ 468,120 | \$ 466,068 | \$ 361,180 |

Note 1: Expenditures were obtained from the Board's records and have been reconciled to the Office of Comptroller's records as of September 30, 2020, and September 30, 2019.

Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the Office of Comptroller for payment to the vendor.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF CHANGES IN PROPERTY
 For the Two Years Ended June 30, 2020

SCHEDULE 5

| | Beginning Balance | Additions | Deletions | Net Transfers | Ending Balance |
|-------------------------|-------------------|-----------|-----------|---------------|----------------|
| FISCAL YEAR 2020 | | | | | |
| Property | | | | | |
| Equipment | \$ 5,284 | \$ - | \$ 451 | \$ - | \$ 4,833 |
| Total | \$ 5,284 | \$ - | \$ 451 | \$ - | \$ 4,833 |

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

| | Beginning Balance | Additions | Deletions | Net Transfers | Ending Balance |
|-------------------------|-------------------|-----------|-----------|---------------|----------------|
| FISCAL YEAR 2019 | | | | | |
| Property | | | | | |
| Equipment | \$ 11,588 | \$ 451 | \$ 5,523 | \$ (1,232) | \$ 5,284 |
| Total | \$ 11,588 | \$ 451 | \$ 5,523 | \$ (1,232) | \$ 5,284 |

Note 1: These balances were obtained from the Board's records and have been reconciled to the Board's quarterly Agency Report of State Property reports submitted to the Office of Comptroller for the year ended June 30, 2019.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2020

(NOT EXAMINED)

Functions

The Procurement Policy Board (Board) is statutorily charged with the responsibility to review, comment upon, and recommend rules and practices governing the procurement, management, control, and disposal of supplies, services, professional and artistic services, construction, and real property and capital improvement leases procured by the State. In particular, the Board is specifically responsible for the approval of lease renewals for State agencies and by recent legislative action, the review of most State contracts prior to execution. Leases and contracts reviewed number more than 6,000 annually.

The Illinois Procurement Code (Code) (30 ILCS 500/5-30) has established a contract review process by which any proposed State contract that is bid or let through the Illinois Procurement Bulletin (Bulletin) (which is the statutorily prescribed tool for bid letting) be reviewed over a 14-day time period. No contract procured above the small purchases limit may be executed until 14 days after notice of its award or letting appears in the Bulletin, without the Board having the opportunity to review the proposed contract. The Board may waive the 14-day requirement in order to expedite transactions, but this does not abdicate the Board's review authority.

Board review occurs on proposed contracts that appear contrary to existing policy, contracts that are proposed under newly established policy, and contracts that are particularly unique and do not find a ready course through existing procurement policy.

Additionally, the Code (30 ILCS 500/15-30) requires the Board to maintain on its official website a searchable database containing all information required to be included in the Bulletin under §15-25(b), §15-25(c), §15-25(c-10), §15-25(c-15), and §50-41 of the Code. The posting of procurement information on the website is subject to the same posting requirements as the online electronic bulletin.

From a programmatic standpoint, the Board's single mandate is the facilitation of procurement policy for the State. In an ongoing capacity, the Board is in communication with the Chief Procurement Officers and State Purchasing Officers for the purposes of policy review and development. In this context, the Board offers assistance in the way of standardized educational seminars for staff in need of foundation level procurement education. The seminars are structured in a format that allows procurement staff members to apply the coursework towards professional certification in this field.

The Board is governed by five members appointed one each by the four legislative leaders and the Governor. As of June 30, 2020, within the Board's operations there were five employees and the statutory authority to staff accordingly in order to manage the contract review requirements of the Code (30 ILCS 500/5-5(f)). Professional and support staff are subordinate to the Executive Director and all employees function under the direction of the Board.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2020

(NOT EXAMINED)

The following schedule provides information on the Board’s activity for the Fiscal Year Ended June 30,

| | 2020 | 2019 | 2018 |
|------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| Total expenditures - all sources (in thousands) | \$468.1 | \$466.1 | \$361.2 |
| Total expenditures - State appropriated funds (in thousands) | \$468.1 | \$466.1 | \$361.2 |
| Average monthly full-time equivalents | 5 | 5 | 4 |
| Number of Board meetings held | 8 | 8 | 10 |
| Number of proposed contracts and leases reviewed | 6,115 | 6,058 | 6,200 |
| Value of proposed contracts reviewed Statewide (in billions) | \$14.8 | \$14.0 | \$13.0 |
| Number of State employees receiving National Institute of Governmental Purchasing (NIGP) training annually | 113 | 95 | 0 |
| Percentage of contracts reviewed within 14 days | 100% | 100% | 100% |
| Average number of days from agency submission of a proposed contract to Board action | 2.2 | 2.0 | 1.8 |

Note 1: The NIGP training program was nonoperational during Fiscal Year 2018 due to the Board recovering from the State budget impasse. During Fiscal Year 2019, the Board returned to a normal funding level and the NIGP training program resumed.

Planning

Policy development is an ongoing function of the Board. When planning for some targeted project, the Executive Director and the Board members discuss cause, effect, timing, cost, and implementation issues involved. Board members meet monthly to discuss issues such as approving the Board’s operational budget, authorizing the number of employees, and advising and recommending policies for the operation of the Board.

Significant Challenges

The Board did not experience any significant challenges in its operations.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2020

(NOT EXAMINED)

Fiscal Year 2020 Compared to Fiscal Year 2019

The Board did not have any significant variations in expenditures.

Fiscal Year 2019 Compared to Fiscal Year 2018

General Revenue Fund – 001

Ordinary and Contingent Expenses

The increase was due to increased continuing education and training expenditures for State employees during Fiscal Year 2019. Continuing education and training expenditures were minimal during Fiscal Year 2018 due to the Board recovering from the budget impasse.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2020

(NOT EXAMINED)

FISCAL YEAR 2020

The Board did not have any significant Lapse Period spending.

FISCAL YEAR 2019

The Board did not have any significant Lapse Period spending.

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
NUMBER OF EMPLOYEES**

(NOT EXAMINED)

For the Fiscal Year Ended June 30,

| | 2020 | 2019 | 2018 |
|-------------------------------------------|------|------|------|
| <u>AVERAGE FULL-TIME EMPLOYEES</u> | | | |
| Executive Director | 1 | 1 | 1 |
| Deputy Director | 1 | 1 | 0 |
| Office Coordinator | 1 | 1 | 1 |
| Procurement Analyst | 1 | 1 | 1 |
| Executive Assistant | 1 | 1 | 1 |
| Total Full-Time Equivalent Employees | 5 | 5 | 4 |

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