



**STATE OF ILLINOIS
STATE BOARD OF ELECTIONS**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2017

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



SIKICH.COM

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017

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STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017

BOARD OFFICIALS

Executive Director	Steve Sandvoss
Chief Fiscal Officer	Jeremy Kirk (1/1/16 - present) Michael Roate (through 12/31/15)
General Counsel	Ken Menzel
Director of Administrative Services	Jeremy Kirk (1/1/16 - present) Michael Roate (through 12/31/15)

Board offices located at:

2329 South MacArthur Blvd.
Springfield, IL 62704

James R. Thompson Center
100 West Randolph Street, Suite 14-100
Chicago, IL 60601

**STATE BOARD OF ELECTIONS
STATE OF ILLINOIS**

2329 S. MacArthur Blvd.
Springfield, Illinois 62704-4503
217/782-4141
Fax: 217/782-5959

James R. Thompson Center
100 W. Randolph St., Ste. 14-100
Chicago, Illinois 60601-3232
312/814-6440
Fax: 312/814-6485



**EXECUTIVE DIRECTOR
Steven S. Sandvoss**

BOARD MEMBERS
William J. Cadigan, Chairman
John R. Keith, Vice Chairman
Andrew K. Carruthers
Ian K. Linnabary
William M. McGuffage
Katherine S. O'Brien
Charles W. Scholz
Casandra B. Watson

MANAGEMENT ASSERTION LETTER

Sikich LLP
3201 W. White Oaks Drive, Suite 102
Springfield, IL 62704

April 13th, 2018

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 Illinois State Board of Elections. 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 Illinois State Board of Elections' compliance with the following assertions during the two-year period ended June 30, 2017. Based on this evaluation, we assert that during the years ended June 30, 2017 and June 30, 2016, the Illinois State Board of Elections has materially complied with the assertions below.

- A. The Illinois State Board of Elections 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 Illinois State Board of Elections 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 Illinois State Board of Elections 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 Illinois State Board of Elections 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 Illinois State Board of Elections on behalf of the State or held in trust by the Illinois State Board of Elections have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

Illinois State Board of Elections

SIGNED ORIGINAL ON FILE

Steve Sandvoss, Executive Director

SIGNED ORIGINAL ON FILE

Jeremy Kirk, Chief Fiscal Officer, Director of Administrative Services

SIGNED ORIGINAL ON FILE

Kenneth Menzel, General Counsel

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with 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 or 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	4	3
Repeated findings	0	1
Prior recommendations implemented or not repeated	3	4

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2017-001	9	Noncompliance with Election Code	Significant Deficiency and Noncompliance
2017-002	11	Noncompliance with Raffles and Poker Runs Act	Significant Deficiency and Noncompliance
2017-003	13	Inadequate controls over grant agreements	Significant Deficiency and Noncompliance
2017-004	14	Untimely performance evaluations	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

- A 15 Failure to provide required notifications to nominated candidates
- B 15 Inadequate controls over personal services
- C 15 Inadequate controls over Agency Fee Imposition Reporting

EXIT CONFERENCE

The Board waived an exit conference. The responses to the recommendations were provided by Jeremy Kirk, Chief Fiscal Officer and Director of Administrative Services, in correspondence dated April 10, 2018.

3201 W. White Oaks Dr., Suite 102
Springfield, IL 62704
217.793.3363

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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

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, State Board of Elections' compliance with the 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, 2017. The management of the State of Illinois, State Board of Elections is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, State Board of Elections' compliance based on our examination.

- A. The State of Illinois, State Board of Elections 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 State of Illinois, State Board of Elections 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 State of Illinois, State Board of Elections 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 State of Illinois, State Board of Elections 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 State of Illinois, State Board of Elections on behalf of the State or held in trust by the Board 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 as adopted by the Auditor General pursuant to the Act (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 State of Illinois, State Board of Elections complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the State of Illinois, State Board of Elections complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, 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 State of Illinois, State Board of Elections' compliance with specified requirements.

In our opinion, the State of Illinois, State Board of Elections complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2017. However, the results of our procedures disclosed other instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2017-001 through 2017-004.

The State of Illinois, State Board of Elections' responses to the findings identified in our examination are described in the accompanying schedule of findings. The State of Illinois, State Board of Elections' response were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Internal Control

Management of the State of Illinois, State Board of Elections is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, State Board of Elections' internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, State Board of Elections' internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, State Board of Elections' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2017-001 through 2017-004, 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 to your office.

The State of Illinois, State Board of Elections' responses to the internal control findings identified in our examination are described in the accompanying schedule of findings. The State of Illinois, State Board of Elections' responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. 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 compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2017 and June 30, 2016 in Schedules 1 through 5 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2017 and June 30, 2016 accompanying supplementary information in Schedules 1 through 5. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2015 accompanying supplementary information in Schedules 3 through 5 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

Springfield, Illinois
April 13, 2018

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017

SCHEDULE OF FINDINGS

CURRENT FINDINGS – State Compliance

2017-001. FINDING (Noncompliance with Election Code)

The State Board of Elections (Board) did not comply with certain requirements of the Election Code (10 ILCS 5) (Code) during the examination period.

During our testing, we noted the following:

- Section 9-35(e) of the Code states the Board shall impose a civil penalty of \$1,000 per business day for failure to update a registration by a business entity as required by Section 20-160 of the Illinois Procurement Code (30 ILCS 500). As of the end of fieldwork, we noted the Board had not established monitoring mechanisms to determine whether business entities were updating their registrations as needed and, therefore, is not assessing the requisite civil penalty.

Board management stated no procedures have been implemented for imposing penalties for violation of this section of the Code. Board management stated the Board believes it would be virtually impossible for the Board to monitor and enforce this section of the Code.

- Section 9-23.5 of the Code requires the Board to update its online database of all complaints filed with the Board within five business days after action is taken or a penalty imposed on a complaint. We tested 40 Board actions and penalties from the examination period. Of the 40 tested, 31 (78%) were not listed on the Board's online database due to an unfounded status, which means the Board was unable to proceed with the complaint. The Board was able to proceed with 9 (22%) of the tested actions and penalties. Of those 9, 3 (33%) were entered on the Board's online database from 3 to 15 days beyond the 5 business days after action was taken or the penalty was imposed on the compliant.

Board management stated that human error resulted in some deadlines for updates being missed.

Failure to comply with the specific elements of the Code represents statutory noncompliance. (Finding Code No. 2017-001)

RECOMMENDATION

We recommend the Board comply with the requirements of the Election Code. If the requirements of the Code require monitoring or enforcement resources beyond the present capabilities of the Board, we recommend the Board seek assistance from outside parties to perform these duties as presently prescribed in the Election Code. Otherwise, we suggest the Board seek legislative remedies from the requirements. In addition, we recommend the Board ensure its actions and penalties are entered into its online database within five business days after action is taken or a penalty is imposed on a complaint.

BOARD RESPONSE

The Board partially agrees with the first part of the finding (9-35(e)), in that we are not enforcing this section, but disagrees in that we do not believe it is possible to effectively enforce this section. The penalties prescribed appear well meant, but practically speaking they are impossible for the Board to enforce unless an outside party able to provide sufficient evidence of a violation files a complaint. There are rules in place to deal with outside complaints (Section 100.185), but to date no such complaint has ever been filed. For the Board to enforce this section using only internal resources presents insurmountable difficulties. Determining that a business entity is delinquent in updating a registration would require information regarding all affiliated entities and affiliated persons for that business – meaning we would need complete personnel listings and other internal records for each business and then regularly monitor that information for changes. With over 22,000 business entities currently in the system, this would be impossible. Proving intentional omissions would be even more difficult, in that the same business information would be needed along with additional proof that any shortcomings in the registration were born of malice rather than ignorance.

The Board agrees with the second part of the finding (9-23.5). The Board will strengthen internal controls and procedures to ensure compliance with the 5-day posting requirement.

2017-002. FINDING (Noncompliance with Raffles and Poker Runs Act)

The State Board of Elections (Board) could not demonstrate compliance with all restrictions of the Raffles and Poker Runs Act (Act) when granting raffle licenses.

The Act (230 ILCS 15/8.1(c)) restricts the raffle licenses issued by the Board and states the following are ineligible entities for licenses:

- i. Any political committee which has an officer who has been convicted of a felony;
- ii. Any political committee which has an officer who is or has been a professional gambler or gambling promoter;
- iii. Any political committee which has an officer who is not of good moral character;
- iv. Any political committee which has an officer who is also an officer of a firm or corporation in which a person defined in (i), (ii), (iii) has a proprietary, equitable, or credit interest, or in which such a person is active or employed;
- v. Any political committee in which a person defined in (i), (ii) or (iii) is an officer, director, or employee, whether compensated or not;
- vi. Any political committee in which a person defined in (i), (ii) or (iii) is to participate in the management or operation of a raffle as defined in this Section.

We tested 40 raffle applications received from political action committees and acted upon by the Board during the examination period. We were not able to determine whether or not the Board issued raffle licenses during the examination period to entities ineligible for licenses based upon the criteria prescribed in the Act because the Board had not established a monitoring mechanism to vet this information.

Board management stated the Board lacks the means to monitor and enforce these provisions. Board management stated it doubts such monitoring and enforcement is realistically possible.

Failure to comply with all required restrictions when granting raffle licenses is in violation of the Act. (Finding Code No. 2017-002)

RECOMMENDATION

We recommend the Board establish, implement, and document procedures for tracking and monitoring raffle licenses to ensure compliance under the Raffles and Poker Runs Act. If those specific requirements of the Act require monitoring or enforcement resources beyond the present capabilities of the Board, we recommend the Board seek assistance from outside parties to perform these duties as presently prescribed in the Act. Otherwise, we recommend the Board seek legislative remedies from the requirement.

BOARD RESPONSE

The Board partially agrees with this finding, in that we are not enforcing the listed provisions, but disagrees in that we do not believe it is possible to effectively enforce this section. We do not have access to any reliable method of determining (i) or (ii). Making the determinations required by (iv) (v) and (vi) would be even more difficult, as in addition to requiring the information in (i), (ii), and (iii), these would require information regarding businesses or committees that the Board has no means or statutory authority to collect. The determination required in (iii) appears to be highly subjective in nature and with no definition for “good moral character” in statute or rules there exists no practical way to evaluate individuals to determine if they meet this requirement.

2017-003. FINDING (Inadequate controls over grant agreements)

The State Board of Elections (Board) did not maintain adequate controls over grant agreements.

During testing, we noted 39 of 137 (29%) grant agreements tested were not signed by all parties involved prior to the date funds were distributed. The agreements were signed 7 to 13 days after the distribution date.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires that agencies establish internal fiscal and administrative controls to provide assurance that resources, obligations and costs are in compliance with applicable laws, rules and agreements. Good internal controls require the approval of grant agreements by the Executive Director of the Board prior to the effective date.

Board management stated the lack of a State budget during the examination period created a timeline of uncertainty, which the Board believes caused miscommunication between the employee responsible for oversight of the grant and the timely signing of documentation prior to the distribution of funds.

In order to assess whether grant agreements are reasonable, appropriate, and sufficiently document the responsibilities of the parties involved, grant agreements should be approved prior to the start date of the agreement. (Finding Code No. 2017-003)

RECOMMENDATION

We recommend the Board ensure grant agreements are approved by all parties prior to the effective date of the agreement and distribution of the funds.

BOARD RESPONSE

The Board agrees with the finding. The employee responsible for the administrative oversight of the aforementioned grants is no longer employed with the Board. In addition, the Board has already taken the necessary steps to strengthen internal controls and procedures to ensure that all grant agreements are properly signed by all parties involved prior to the distribution of funds.

2017-004. FINDING (Untimely performance evaluations)

The State Board of Elections (Board) did not conduct employee performance evaluations on a timely basis.

During our testing, we noted three of seven (43%) employees tested did not have annual performance evaluations completed in a timely manner during fiscal years 2016 and 2017. The evaluations were performed between 4 and 129 days late.

The Illinois Administrative Code (26 Ill. Adm. Code 212.230(b)) states initial probationary employees are to be evaluated twice during the six-month probationary period. One evaluation should be done at the end of the third month of the employees' probationary period and another after the fifth month of the probationary period. Certified employees are to be evaluated annually. In addition, good business practices require employee evaluations to be performed timely to communicate the employee's strengths and weaknesses in meeting their job responsibilities.

Board management stated the deficiency was due to the failure of responsible managers to submit their assigned evaluations in a timely manner.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as a foundation for salary adjustments, promotion, demotion, discharge, layoff, recall, and reinstatement decisions. The auditors believe 30 days is a reasonable time period to conduct the evaluations. (Finding Code No. 2017-004)

RECOMMENDATION

We recommend the Board take appropriate measures to ensure performance evaluations are conducted timely.

BOARD RESPONSE

The Board agrees with the finding. The Board will strengthen procedures to ensure future performance evaluations are performed in a timely manner and in compliance with the Illinois Administrative Code (26 Ill. Adm. Code 212.230(b)).

PRIOR YEAR FINDINGS NOT REPEATED

A. **FINDING** (Failure to provide required notifications to nominated candidates)

During the previous examination, the State Board of Elections (Board) did not properly notify candidates of their obligations to file statements of organizations, reports of campaign contributions, and annual reports of campaign contributions and expenditures as required by the Illinois Election Code (10 ILCS 5/7-12(7)).

During the current examination, our testing showed the Board properly notified candidates of their obligations to file statements of organizations, reports of campaign contributions, and annual reports of campaign contributions and expenditures. (Finding Code No. 2015-001)

B. **FINDING** (Inadequate controls over personal services)

During the previous examination, the Board did not maintain adequate controls over personal services. Specifically, auditors were unable to determine if leave was approved prior to the leave occurring due to there being no prior approval notation on leave slips. In addition, employees tested contained deductions on a Board's payroll voucher which did not agree with the approved deductions in the employees' personnel/payroll file. Finally, employees tested did not have employee probationary/annual evaluations completed timely and a timesheet was submitted with no employee signature and date.

During the current examination, our sample testing indicated the Board properly documented approval of leave slips, employee payroll deduction agreed to underlying documents, and employee timesheets contained employee signatures and dates. However, exceptions were noted during our sample testing concerning untimely employee probationary/annual evaluations. These weaknesses were reported in Finding 2017-004. (Finding Code No. 2015-002, 2013-003)

C. **FINDING** (Inadequate controls over Agency Fee Imposition Reporting)

During the previous examination, the Board did not submit accurate Agency Fee Imposition Report Forms to the State Comptroller during the examination period.

During the current examination, our testing indicated the Board filed accurate Agency Fee Imposition Reports. (Finding Code No. 2015-003)

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
 - Schedule of Appropriations, Expenditures and Lapsed Balances
Fiscal Year 2017
Fiscal Year 2016
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed
Balances – By Object
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash Receipts and Reconciliation of Cash
Receipts to Deposits Remitted to the Comptroller

- Analysis of Operations (Not Examined):
 - Agency Functions and Planning Program (Not Examined)
 - Analysis of Significant Variations in Expenditures (Not Examined)
 - Analysis of Significant Variations in Receipts (Not Examined)
 - Analysis of Significant Lapse Period Spending (Not Examined)
 - Budget Impasse Disclosures (Not Examined)
 - Alternative Financing in Lieu of Appropriations and Programs to
Address Untimely Payments to Vendors (Not Examined)
 - Interest Costs on Invoices (Not Examined)
 - Average Number of Employees (Not Examined)
 - Service Efforts and Accomplishments (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2017 and June 30, 2016 accompanying supplementary information in Schedules 1 through 5. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2017

Fifteen Months Ended September 30, 2017

Public Act 100-0021, 99-0524, and Court-Ordered Expenditures	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2017	Lapse Period Expenditures July 1, 2017 to September 30, 2017	Total Expenditures 15 Months Ended September 30, 2017	Balances Lapsed September 30, 2017
Appropriated Funds					
General Revenue Fund - 0001					
Ordinary and contingent expenses	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
Operational expenses	5,200,000	4,589,525	1,076	4,590,601	609,399
Total, Fund 0001	<u>\$ 5,450,000</u>	<u>\$ 4,839,525</u>	<u>\$ 1,076</u>	<u>\$ 4,840,601</u>	<u>\$ 609,399</u>
Help Illinois Vote Fund - 0206					
Statewide voter registration system	2,450,000	376,768	13,788	390,556	2,059,444
Distribution to local election authorities	2,450,000	-	-	-	2,450,000
Discretionary grants to local election authorities	679,800	71,351	54	71,405	608,395
Total, Fund 0206	<u>\$ 5,579,800</u>	<u>\$ 448,119</u>	<u>\$ 13,842</u>	<u>\$ 461,961</u>	<u>\$ 5,117,839</u>
Budget Stabilization Fund - 0686					
Lump sums and other purposes	\$ 80,000	\$ 80,000	\$ -	\$ 80,000	\$ -
Personal Property Tax Replacement Fund - 0802					
For reimbursement to counties	5,000,000	3,410,695	-	3,410,695	1,589,305
Payment of lump sum awards	799,500	-	795,607	795,607	3,893
Total, Fund 0802	<u>\$ 5,799,500</u>	<u>\$ 3,410,695</u>	<u>\$ 795,607</u>	<u>\$ 4,206,302</u>	<u>\$ 1,593,198</u>
Total - Appropriated Funds	<u>\$ 16,909,300</u>	<u>\$ 8,778,339</u>	<u>\$ 810,525</u>	<u>\$ 9,588,864</u>	<u>\$ 7,320,436</u>
Nonappropriated Funds					
ERIC Operations Trust Fund - 0467					
Awards and grants, lump sums, and other purposes		<u>\$ 420,377</u>	<u>\$ -</u>	<u>\$ 420,377</u>	
Grand Total All Funds		<u>\$ 9,198,716</u>	<u>\$ 810,525</u>	<u>\$ 10,009,241</u>	

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and have been reconciled to Board records.

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

Note 3: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supersede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, the Board was able to submit vouchers to pay its employees in full from the General Revenue Fund without a maximum expenditure limit for personal service costs during fiscal year 2017. Further, the Board incurred non-payroll obligations within the General Revenue Fund, which the Board was unable to pay until the passage of Public Act 100-0021.

Note 4: Public Act 99-0524 authorized the Board to pay fiscal year 2016 costs using its fiscal year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Board management about the number of invoices and the total dollar amount of invoices held by the Board submitted against its fiscal year 2017 appropriation.

Note 5: During fiscal year 2017, the Board operated without enacted appropriations until Public Act 100-0021 was approved on July 6, 2017. During the impasse, the Board incurred non-payroll obligations within the General Revenue Fund, which the Board was unable to pay until the passage of Public Act 100-0021.

Note 6: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Board to pay for all costs incurred prior to July 1, 2018, using either its fiscal year 2017 or fiscal year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Board management about the number of invoices and the total dollar amount of invoices from fiscal year 2016 and fiscal year 2017 held by the Board to be submitted against either its fiscal year 2017 or fiscal year 2018 appropriation.

STATE OF ILLINOIS
 STATE BOARD OF ELECTIONS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 Appropriations for Fiscal Year 2016

Fourteen Months Ended August 31, 2016

<u>Public Act 99-0524 and Court-Ordered Expenditures</u>	<u>Expenditure Authority (Net of Transfers)</u>	<u>Expenditures Through June 30, 2016</u>	<u>Lapse Period Expenditures July 1, 2016 to August 31, 2016</u>	<u>Total Expenditures 14 Months Ended August 31, 2016</u>	<u>Balances Lapsed August 31, 2016</u>
Appropriated Funds					
General Revenue Fund - 0001					
Operational expenses	\$ 6,100,000	\$ 4,804,930	\$ (1,840)	\$ 4,803,090	\$ 1,296,910
Help Illinois Vote Fund - 0206					
Statewide voter registration system	557,000	-	421,698	421,698	135,302
Distribution to local election authorities	6,683,000	-	-	-	6,683,000
Discretionary grants to local election authorities	945,000	-	283,398	283,398	661,602
Total, Fund 0206	<u>\$ 8,185,000</u>	<u>\$ -</u>	<u>\$ 705,096</u>	<u>\$ 705,096</u>	<u>\$ 7,479,904</u>
Personal Property Tax Replacement Fund - 0802					
For reimbursement to counties	2,300,000	-	1,981,725	1,981,725	318,275
Payment of lump sum awards	799,500	-	799,500	799,500	-
Total, Fund 0802	<u>\$ 3,099,500</u>	<u>\$ -</u>	<u>\$ 2,781,225</u>	<u>\$ 2,781,225</u>	<u>\$ 318,275</u>
Grand Total All Funds	<u>\$ 17,384,500</u>	<u>\$ 4,804,930</u>	<u>\$ 3,484,481</u>	<u>\$ 8,289,411</u>	<u>\$ 9,095,089</u>

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of August 31, 2016, and have been reconciled to Board records.

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

Note 3: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to “draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay.” As the Board never received enacted personal services appropriations for the General Revenue Fund the Board was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during fiscal year 2016.

Note 4: During fiscal year 2016, the Board operated without enacted appropriations until Public Act 99-0409 and Public Act 99-0524 were signed into law on August 20, 2015, and June 30, 2016, respectively. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to “draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay.” As such, the Board’s court-ordered payroll payments were merged into the enacted appropriation for the General Revenue Fund. Further, the Board incurred non-payroll obligations within the Help Illinois Vote Fund and the Personal Property Tax Replacement Fund which the Board was unable to pay until passage of Public Act 99-0409 and Public the Act 99-0524.

Note 5: Public Act 99-0524 authorized the Board to pay fiscal year 2016 costs using its fiscal year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Board management about the number of invoices and the total dollar amount of invoices held by the Board submitted against its fiscal year 2017 appropriation.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES - BY OBJECT**

For the Fiscal Years Ended June 30, 2017, 2016, and 2015

	Fiscal Year		
	2017	2016	2015
	P.A. 99-0524		
	P.A. 100-0021	P.A. 99-0524	
	Court-Ordered	Court-Ordered	P.A. 98-0679
	Expenditures	Expenditures	P.A. 99-0001
APPROPRIATED FUNDS			
<u>General Revenue Fund - 0001</u>			
Appropriations (net of transfers)	\$ 5,450,000	\$ 6,100,000	\$ 11,339,000
Expenditures			
Ordinary and contingent expenses	250,000	-	-
Operational expenses	4,590,601	4,803,090	9,741,051
Total expenditures	<u>4,840,601</u>	<u>4,803,090</u>	<u>9,741,051</u>
Lapsed balances	<u>\$ 609,399</u>	<u>\$ 1,296,910</u>	<u>\$ 1,597,949</u>
<u>Help Illinois Vote Fund - 0206</u>			
Appropriations (net of transfers)	\$ 5,579,800	\$ 8,185,000	\$ 11,000,000
Expenditures			
Distribution to local election authorities	-	-	4,761,236
Statewide voter registration system	390,556	421,698	16,998
Discretionary grants to local election authorities	71,405	283,398	403,816
Total expenditures	<u>461,961</u>	<u>705,096</u>	<u>5,182,050</u>
Lapsed balances	<u>\$ 5,117,839</u>	<u>\$ 7,479,904</u>	<u>\$ 5,817,950</u>
<u>Budget Stabilization Fund - 0686</u>			
Appropriations (net of transfers)	\$ 80,000	\$ -	\$ -
Expenditures			
Lump sums and other purposes	80,000	-	-
Lapsed balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Personal Property Tax Replacement Fund - 0802</u>			
Appropriations (net of transfers)	\$ 5,799,500	\$ 3,099,500	\$ 5,842,500
Expenditures			
For reimbursement to counties	3,410,695	1,981,725	4,010,830
Payment of lump sum awards	795,607	799,500	791,967
Total expenditures	<u>4,206,302</u>	<u>2,781,225</u>	<u>4,802,797</u>
Lapsed balances	<u>\$ 1,593,198</u>	<u>\$ 318,275</u>	<u>\$ 1,039,703</u>

	Fiscal Year		
	2017	2016	2015
	P.A. 99-0524		
	P.A. 100-0021	P.A. 99-0524	
	Court-Ordered	Court-Ordered	P.A. 98-0679
	Expenditures	Expenditures	P.A. 99-0001
<u>NON-APPROPRIATED FUNDS</u>			
<u>ERIC Operations Trust Fund - 0467</u>			
Awards and grants, lump sums, and other purposes	\$ 420,377	\$ -	\$ -
Grand Total All Funds	<u>\$ 10,009,241</u>	<u>\$ 8,289,411</u>	<u>\$ 19,725,898</u>
<u>STATE OFFICER'S SALARY</u>			
State officer appropriations	\$ 332,100	\$ 332,100	\$ 332,100
State officer expenditures	<u>331,871</u>	<u>331,871</u>	<u>317,039</u>
Lapsed balance	<u>\$ 229</u>	<u>\$ 229</u>	<u>\$ 15,061</u>

Note 1: Fiscal year 2017 expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records, as of September 30, 2017, and have been reconciled to Board records. Fiscal year 2016 expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of August 31, 2016, and have been reconciled to Board records.

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

Note 3: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As the Board never received enacted personal services appropriations for the General Revenue Fund, the Board was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during fiscal year 2016.

Note 4: During fiscal year 2016, the Board operated without enacted appropriations until Public Act 99-0409 and Public Act 99-0524 were signed into law on August 20, 2015, and June 30, 2016, respectively. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the Board's court-ordered payroll payments were merged into the enacted appropriation for the General Revenue Fund. Further, the Board incurred non-payroll obligations within the Help Illinois Vote Fund and the Personal Property Tax Replacement Fund which the Board was unable to pay until passage of Public Act 99-0409 and Public the Act 99-0524.

Note 5: Public Act 99-0524 authorized the Board to pay fiscal year 2016 costs using its fiscal year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Board management about the number of invoices and the total dollar amount of invoices held by the Board submitted against its fiscal year 2017 appropriation.

Note 6: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to “draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay.” As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supersede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, the Board was able to submit vouchers to pay its employees in full from the General Revenue Fund without a maximum expenditure limit for personal service costs during fiscal year 2017. Further, the Board incurred non-payroll obligations within the General Revenue Fund, which the Board was unable to pay until the passage of Public Act 100-0021.

Note 7: Public Act 99-0524 authorized the Board to pay fiscal year 2016 costs using its fiscal year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Board management about the number of invoices and the total dollar amount of invoices held by the Board submitted against its fiscal year 2017 appropriation.

Note 8: During fiscal year 2017, the Board operated without enacted appropriations until Public Act 100-0021 was approved on July 6, 2017. During the impasse, the Board incurred non-payroll obligations within the General Revenue Fund, which the Board was unable to pay until the passage of Public Act 100-0021.

Note 9: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Board to pay for all costs incurred prior to July 1, 2018, using either its fiscal year 2017 or fiscal year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Board management about the number of invoices and the total dollar amount of invoices from fiscal year 2016 and fiscal year 2017 held by the Board to be submitted against either its fiscal year 2017 or fiscal year 2018 appropriation.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2017

Schedule 4

	Total	Building and Building Improvements	Equipment
Balance at July 1, 2015	\$ 2,586,254	\$ 230,070	\$ 2,356,184
Additions	315,789	4,930	310,859
Deletions	167,735	-	167,735
Net Transfers	<u>(84,162)</u>	<u>-</u>	<u>(84,162)</u>
Balance at June 30, 2016	<u>\$ 2,650,146</u>	<u>\$ 235,000</u>	<u>\$ 2,415,146</u>
Balance at July 1, 2016	\$ 2,650,146	\$ 235,000	\$ 2,415,146
Additions	3,231	-	3,231
Deletions	234,297	-	234,297
Net Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Balance at June 30, 2017	<u>\$ 2,419,080</u>	<u>\$ 235,000</u>	<u>\$ 2,184,080</u>

Note: The Schedule of Changes in State Property was reconciled to the Board's fiscal year 2016 and 2017 property reports (C-15 Agency Report of State Property).

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
RECONCILIATION OF CASH RECEIPTS TO
DEPOSITS REMITTED TO THE COMPTROLLER**
For the Years Ended June 30, 2017, 2016, and 2015

Schedule 5

	Fiscal Year		
	2017	2016	2015
General Revenue Fund - 0001			
Sale of voter information tapes	\$ 16,500	\$ 19,305	\$ 20,720
Sale of petition copies	92	266	540
Penalties imposed by the Board	251,140	341,856	346,726
Indirect cost reimbursements	-	-	581,435
Miscellaneous	-	1,175	1,930
System testing	-	1,250	750
Total cash receipts per Board	\$ 267,732	\$ 363,852	\$ 952,101
Less - In transit at end of year	(6,846)	(3,203)	(10,703)
Plus - In transit at beginning of year	3,203	10,703	25,782
Total cash receipts per State Comptroller's records	<u>\$ 264,089</u>	<u>\$ 371,352</u>	<u>\$ 967,180</u>
Help Illinois Vote Fund - 0206			
Help America Vote Act	207,301	9,995	374,691
Interest	16,143	12,799	23,139
Penalties imposed by the Board	-	-	29
Miscellaneous	2,880	41,076	41
Total cash receipts per Board	\$ 226,324	\$ 63,870	\$ 397,900
Less - In transit at end of year	(16,143)	(12,799)	(23,139)
Plus - In transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 210,181</u>	<u>\$ 51,071</u>	<u>\$ 374,761</u>
ERIC Operations Trust Fund - 0467			
PEW Charitable Trust	420,000	-	-
Total cash receipts per Board	\$ 420,000	\$ -	\$ -
Less - In transit at end of year	-	-	-
Plus - In transit at beginning of year	-	-	-
Total cash receipts per State Comptroller's records	<u>\$ 420,000</u>	<u>\$ -</u>	<u>\$ -</u>
Grand Total All Funds			
Total cash receipts per Board	\$ 914,056	\$ 427,722	\$ 1,350,001
Less - In transit at end of year	(22,989)	(16,002)	(33,842)
Plus - In transit at beginning of year	3,203	10,703	25,782
Total cash receipts per State Comptroller's records	<u>\$ 894,270</u>	<u>\$ 422,423</u>	<u>\$ 1,341,941</u>

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2017
(Not Examined)

Board Functions

In 1973 the 78th General Assembly established the State Board of Elections (Board), which implemented Article III, Section 5 of the Illinois Constitution. The Board is responsible for general supervision over the administration of the registration and election laws throughout the State, which are contained in 10 ILCS 5/et seq. The Board serves as the central authority for all election laws, information and procedures in Illinois.

The Board consists of 8 members. The Board members as of June 30, 2017 were:

- Charles W. Scholz, Chairman
- Ernest L. Gowen, Vice Chairman
- William J. Cadigan, Member
- Andrew K. Carruthers, Member
- Betty J. Coffrin, Member
- John R. Keith, Member
- William M. McGuffage, Member
- Cassandra B. Watson, Member

Elections are administered locally by that county or city's responsible election authorities. The Board works closely with these election authorities to assure that elections are conducted in accordance with Illinois law. In addition, the Board is in the process of simplifying election procedures and bringing uniformity to the election process.

The Board also supervises the administration of the Disclosure of Campaign Contributions and Expenditures Act, which requires the disclosure of certain campaign contributions and expenditures. As required by law, candidates and committees complete various reports and forms, which contain financial information and submit them to the Board for audit and review. These disclosure statements are available for public inspection. If suspected violations of the Campaign Finance Act occur, the Board is authorized to hold hearings, levy fines and convey evidence of wrongdoing to local prosecutors.

The Board also maintains a research library, which includes abstracts of primary and general elections, precinct maps and poll lists. The library is to be open to the public during regular business hours.

Two divisions of the Board are responsible for numerous election-related publications. The Elections Division publishes the Board's election calendar, composes uniform forms approved by the Board, and responds to public and election authority inquiries concerning election law and provisions. The Campaign Disclosure Division publications include instruction for candidates and pamphlets explaining the filing requirements of the Illinois Campaign Financing Act.

With the passage of the Help America Vote Act of 2002 (HAVA) in October 2002, the Board is responsible for ensuring the provisions of HAVA are implemented in a proper and timely fashion. Illinois legislation was passed and signed by the Governor to implement provisions under the Help America Vote Act of 2002 signed on August 21, 2003.

Public Act 93-0574 established the Help Illinois Vote Act Fund so Illinois could receive federal funds; establish new criteria in the Election Code for provisional voting; provide for the definition of a vote for punch card system, optical scan systems and the Populex system; and authorize the use of direct recording electronic voting systems in Illinois.

Planning Program

The Board has adopted a two-year planning program, which lists all of the functions and activities to be performed by the Board during those two years. The majority of the goals and objectives established by the Board are concerned with implementing the provisions of the Illinois Election Code and HAVA. The remaining goals and objectives consist of programs and activities that will enhance the efficiency of the Board, such as employee training seminars and public awareness programs.

For implementation of HAVA, a State Plan was developed through a committee of appropriate individuals (State Planning Committee), including the chief election officials of the two most populous jurisdictions, other election officials, stakeholders (such as representatives of groups of individuals with disabilities) and other citizens as well as the Chief Election Official (Executive Director of the State Board of Elections).

The State Plan outlines how the State will distribute and monitor the monies received and how the State is meeting or will meet the requirements of HAVA. The Chief Election Official is responsible for updating the State Plan every year by October 25th of that year. In addition, the Chief Election Official will conduct meetings with the HAVA State Planning Committee and its task forces as necessary to discuss the progress and objectives of the State Plan.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2017
(Not Examined)

The Illinois State Board of Elections' (Board) explanations for significant fluctuations in expenditures as presented in the Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances - by Object (Schedule 3) are detailed below. For the purpose of this analysis, a significant fluctuation is defined as a variation that equaled or exceeded \$20,000 and 20% as compared to the prior year.

During fiscal year 2016, the Board operated without enacted appropriations until Public Act 99-0524 was signed into law on June 30, 2016, respectively. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." In fiscal year 2017, Public Act 100-0021 stated the appropriation authority granted by the General Assembly did not supersede any court order directing the expenditure of funds and stated such payments were added to the appropriations granted by the General Assembly.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2017 AND 2016

General Revenue Fund - 0001

The Board did not receive an appropriation in fiscal year 2016 from the General Revenue Fund for ordinary and contingent expenses and was unable to process payment for expenditures incurred during fiscal year 2016. Those costs, as well as those incurred in fiscal year 2017, were paid in fiscal year 2017.

Help Illinois Vote Fund – 0206

Discretionary grants to local election authorities decreased in fiscal year 2017. In fiscal year 2016, the Board distributed the remainder of the Voting Access for Individuals with Disabilities (VAID) grant in the amount of \$207,300. This grant was not offered again in fiscal year 2017.

Budget Stabilization Fund – 0686

The Board did not have a Budget Stabilization Fund appropriation in fiscal year 2016. The Board received funding for fiscal year 2017 from this fund as part of the stop-gap appropriation element in Public Act 99-0524.

Personal Property Tax Replacement Fund - 0802

Reimbursement to counties expenditures increased in fiscal year 2017 because three elections were held in fiscal year 2017 and only one election was held in fiscal year 2016.

ERIC Operations Trust Fund – 0467

The ERIC Operations Trust Fund was established in fiscal year 2017.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2016 AND 2015

General Revenue Fund - 0001

In fiscal year 2015, the Board received an appropriation for operations under a single lump-sum expenditure line from the General Revenue Fund. Due to the budget impasse, in fiscal year 2016, the Board did not receive a General Revenue Fund appropriation. Personal services, related employee retirement, and social security contribution expenditures were paid from the General Revenue Fund through a court order.

Help Illinois Vote - 0206

Distributions to local election authorities decreased in fiscal year 2016 because the Board did not receive a fiscal year 2016 appropriation until the last day of the fiscal year. During fiscal year 2015, the Board distributed phase III of the grant to local election authorities out of the Help America Vote Act (HAVA) requirements funding totaling \$4,761,236. The Board distributes the federal money over several fiscal years which it identifies in phases. That same type of grant was not offered in fiscal year 2016.

Statewide Voter Registration System expenses increased in fiscal year 2016. During fiscal year 2015, a majority of the costs associated with the Help America Vote Act (HAVA) portion of the ongoing maintenance of the Illinois Voter Registration System (IVRS) were split between the General Revenue Fund and/or funded through the Board's General Revenue Fund Maintenance of Effort appropriations. As stated earlier, in fiscal year 2016, the Board did not receive a General Revenue Fund appropriation. As a result, costs associated with the ongoing maintenance of the IVRS system were shifted to the Help Illinois Vote Fund – Fund 0206 in order to continue operations.

Discretionary grants to local election authorities decreased in fiscal year 2016. In fiscal year 2015 the Board distributed a VAID grant in the amount of \$374,691. In fiscal year 2016, the grant amount was reduced to \$207,300, which was the remainder of the federal funding available for the VAID grant.

Personal Property Tax Replacement Fund - 0802

Reimbursement to counties expenditures decreased in fiscal year 2016 because three elections were held in fiscal year 2015 and only one election was held in fiscal year 2016.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Fiscal Years Ended June 30, 2017
(Not Examined)

The Illinois State Board of Elections' (Board) explanations for significant fluctuations in receipts as presented in the Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the Comptroller (Schedule 5) are detailed below. The following is a summary of explanations for significant variations in receipts. Variations between fiscal years were considered significant if greater than \$20,000 and 20%.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2017 AND 2016

General Revenue Fund - 0001

Penalties imposed by the Board

A decrease in receipts occurred in fiscal year 2017 pertaining to penalties imposed by the Board. Fewer overall fines imposed; more settlements reached in appeals and a lessor fine agreed upon; or fewer large fines imposed could all impact this receipt category. In fiscal year 2017, less fines were collected and, overall, the dollar amount of the collection of the individual fine was smaller. In fiscal year 2016, several larger fines were deposited, including three, individually, for \$27,458, \$11,700, and \$10,700.

Help Illinois Vote Fund - 0206

Help America Vote Act

The increase in fiscal year 2017 Help America Vote Act receipts resulted from the increased Voting Assistance to Individuals with Disabilities funding the Board received in fiscal year 2017 compared to fiscal year 2016.

Miscellaneous

The decrease in the miscellaneous receipts category in fiscal year 2017 was impacted by the Board processing five miscellaneous receipts in fiscal year 2016 from local election authorities from their sale of voting machine equipment compared to two in fiscal year 2017. Two of the receipts in fiscal year 2016 were for \$30,000 and \$9,305, individually. In fiscal year 2017, the two receipts processed were for smaller amounts.

ERIC Operations Trust Fund - 0467

PEW Charitable Trust

The non-appropriated fund was established in fiscal year 2017 for the receipt and expenditure of a grant received from the PEW Charitable Trust in connection with the requirements of joining the Elections Registration Information Center (ERIC) as mandated by SB172.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2016 AND 2015

General Revenue Fund - 0001

Indirect Cost Reimbursements

In fiscal year 2015, a deposit error related to the fiscal year 2013 indirect cost reimbursements from the Help America Vote Act was corrected. The reimbursement was originally deposited into the incorrect fund in fiscal year 2014, but was later deposited into the General Revenue Fund. A similar deposit did not occur in fiscal year 2016.

Help Illinois Vote Fund - 0206

Help America Vote Act

The decrease in fiscal year 2016 Help America Vote Act receipts resulted from the decreased Voting Assistance to Individuals with Disabilities funding the Board received in fiscal year 2016 compared to fiscal year 2015.

Miscellaneous

The increase in the miscellaneous receipts category in fiscal year 2016 was impacted by the Board processing five miscellaneous receipts in fiscal year 2016 from local election authorities from their sale of voting machine equipment. Two of the receipts in fiscal year 2016 were for \$30,000 and \$9,305, individually. In fiscal year 2015, only one miscellaneous receipt was processed and it was of a very small amount.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2017
(Not Examined)

The following is a summary of explanations for significant lapse period spending as presented in the Schedule of Appropriations, Expenditures and Lapsed Balances for fiscal years 2017 and 2016 (Schedules 1 and 2) are detailed below. For purposes of this analysis, lapse period spending is considered significant if 20% or more of the total expenditures for the fiscal year occurred during the lapse period.

Fiscal Year 2016

<u>Fund, Fund Number, and Explanation</u>	<u>Total Expenditures</u>	<u>Lapse Period Expenditures</u>	<u>Percent</u>
Help Illinois Vote Fund - 0206 <i>All appropriations for fiscal year 2016 were received June 30th so the majority of the Board's spending was processed during the lapse period.</i>	\$705,096	\$705,096	100%
Personal Property Tax Replacement Fund - 0802 <i>All appropriations for fiscal year 2016 were received June 30th so the majority of the Board's spending was processed during the lapse period.</i>	\$2,781,225	\$2,781,225	100%

Fiscal Year 2017

No significant lapse period spending occurred.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
BUDGET IMPASSE DISCLOSURES
For the Two Years Ended June 30, 2017
(Not Examined)

Payment of Prior Year Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the State Board of Elections (Board) to pay fiscal year 2016 costs using the Board's fiscal year 2017 appropriations for non-payroll expenditures. In addition, Article 998 of Public Act 100-0021 authorized the Board to pay its unpaid fiscal year 2016 and fiscal year 2017 costs using either the Board's fiscal year 2017 or fiscal year 2018 appropriations for non-payroll expenditures. The following chart shows the Board's plan to pay its prior costs using future appropriations:

Fund No.	Fund Name	FISCAL YEAR 2016 INVOICES			
		Paid From Fiscal Year 2017 Appropriations		Expect Payment from Fiscal Year 2018 Appropriations	
		Number	Dollar Value	Number	Dollar Value
0001	General Revenue Fund	202	\$ 206,535	301	\$ 437,360
0206	Help Illinois Vote Fund	-	-	-	-
0686	Budget Stabilization Fund	33	39,682	-	-
0802	Personal Property Tax Replacement Fund	-	-	-	-
TOTAL		235	\$ 246,217	301	\$ 437,360
Fund No.	Fund Name	FISCAL YEAR 2017 INVOICES			
		Paid From Fiscal Year 2017 Appropriations		Expect Payment from Fiscal Year 2018 Appropriations	
		Number	Dollar Value	Number	Dollar Value
0001	General Revenue Fund	132	\$ 43,465	346	\$ 723,920
0206	Help Illinois Vote Fund	129	461,961	1	65,766
0686	Budget Stabilization Fund	17	40,317	-	-
0802	Personal Property Tax Replacement Fund	236	4,206,302	-	-
0467	ERIC Operations Trust Fund	3	420,377	-	-
TOTAL		517	\$ 5,172,422	347	\$ 789,686

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**
For the Two Years Ended June 30, 2017
(Not Examined)

Transactions Involving the Illinois Finance Authority

The Board and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during fiscal year 2016 and fiscal year 2017.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

Vendor Payment Program (VPP)

During fiscal year 2016 and fiscal year 2017, none of the State Board of Elections' (Board) vendors participated in the Vendor Payment Program (VPP).

Vendor Support Initiative Program (VSI)

During fiscal year 2016, the State created the voluntary VSI as an alternative to the VPP for cases where the Board lacked an enacted appropriation or other legal expenditure authority to present invoices to the State Comptroller for payment. The VSI operated similarly to the VPP, although the Board was required to determine a participating vendor's invoice (1) would have met the requirements of the VPP and (2) provided the proper bill date of invoice prior to the qualified purchaser and participating vendor entering into an agreement where the participating vendor received payment for 90% of the receivable balance. The participating vendor, in turn, assigned its rights to the interest due under the Act to the qualified purchaser. After the State Comptroller ultimately paid/pays the invoice after the Board receives/received appropriations or other legal expenditure authority to pay the invoice, the participating vendor receives/received the remaining 10% due (less any offsets).

During fiscal year 2016, the Board had three (3) vendors participate in VSI for 41 invoices, totaling \$334,588. A summary of the amount of transactions by qualified purchaser follows:

TRANSACTIONS BY QUALIFIED PURCHASER	
Qualified Purchaser	Total
A	\$ 334,588
Total	\$ 334,588

During fiscal year 2017, the Board had three (3) vendors participate in VSI for 18 invoices, totaling \$404,294. A summary of the amount of transactions by qualified purchaser follows:

TRANSACTIONS BY QUALIFIED PURCHASER	
Qualified Purchaser	Total
A	\$ 71
B	404,223
Total	\$ 404,294

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
INTEREST COSTS ON INVOICES
For the Two Years Ended June 30, 2017
(Not Examined)

Prompt Payment Interest Costs

The State Board of Elections (Board) plans to calculate prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor's proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during fiscal year 2016 and fiscal year 2017. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90th day after a vendor submits an eligible proper bill to the Board. The following chart shows the Board's prompt payment interest incurred related to fiscal year 2016 and fiscal year 2017 invoices, calculated on the accrual basis of accounting, through June 30, 2016 and June 30, 2017, by fund:

PROMPT PAYMENT INTEREST INCURRED				
Year Ended June 30, 2016				
Fund No.	Fund Name	Invoices	Vendors*	Dollar Value
0001	General Revenue Fund	97	34	\$ 3,625
0206	Help Illinois Vote Fund	34	5	3,845
0686	Budget Stabilization Fund	-	-	-
TOTAL		131	39	\$ 7,470

*Total of vendors represents count of unique vendors regardless of fund

PROMPT PAYMENT INTEREST INCURRED				
Year Ended June 30, 2017				
Fund No.	Fund Name	Invoices	Vendors*	Dollar Value
0001	General Revenue Fund	140	38	\$ 11,505
0206	Help Illinois Vote Fund	-	-	-
0686	Budget Stabilization Fund	30	5	1,378
TOTAL		170	43	\$ 12,883

*Total of vendors represents count of unique vendors regardless of fund

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
AVERAGE NUMBER OF EMPLOYEES
For the Years Ended June 30, 2017, 2016, and 2015
(Not Examined)

The following table, prepared from Board records, presents the average number of employees for the fiscal years ended June 30, 2017, 2016, and 2015.

<u>Division</u>	Fiscal Year		
	2017	2016	2015
Administrative Services	12	12	17
Campaign Financing	22	22	15
Elections Operations	13	14	26
Information Technology	4	4	9
General Counsel	9	9	4
Voting and Registration Systems	8	8	-
Total average full-time employees	68	69	71

Note: In fiscal year 2015, employees presently within the Voting and Registration Systems division would have been included in the Elections Operations division.

STATE OF ILLINOIS
STATE BOARD OF ELECTIONS
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2017
(Not Examined)

Campaign Disclosure Division

Mission Statement: The mission of the Campaign Disclosure Division is to monitor and enforce the elements of the Campaign Disclosure Act and apply them equally to all candidates and committees throughout Illinois.

**Program Goals:
Objectives:**

- 1 Act as the repository and central clearinghouse for mandated campaign disclosure reports submitted by committees on file with the Board.
 - ^aReceipt all documents filed with the Board, either through paper media or electronically filed through the Board website.
 - ^bAccept, login and microfilm all reports filed (paper or electronic).
 - ^cMake reports available for public inspection - prepare key report summary information from paper-submitted reports for review on agency website along with a full copy of electronically filed disclosure reports.
 - ^dImpose penalties and/or additional corrective action against committees that file required campaign disclosure reports past required deadlines or not at all.
- 2 Proper review and evaluation of all reports submitted to determine that committee disclosures are in compliance with statutory mandates of the Act.
 - ^aAssign and distribute campaign reports to specific staff for review.
 - ^bReview campaign reports for sufficiency and completeness of report format/content.
 - ^cContact specific committees and request additional information/adjustments if errors or omissions are found in report data.
 - ^dFile complaints against committees that do not comply with agency requests for additional information or adjustments.
- 3 Receive, review and process complaints submitted by outside entities against the form or content of disclosure information submitted by specific committees.
 - ^aRecord complaint when received from initiating entity - schedule for review and adjudication by the Board.
 - ^bPrepare and issue notices to applicable parties to notify of complaint receipt and date/time of adjudication by the Board.
 - ^cPerform required follow-up action after Board acts on sufficiency of complaint.
- 4 Perform statewide oversight function for review and approval of raffle applications submitted by committees for fundraising purposes.
 - ^aLog-in raffle applications received from interested committees.
 - ^bReview application for completeness, compliance with applicable statutes and compliance with relevant administrative requirements.
 - ^cApprove or deny raffle application. If denied, contact committees and attempt to resolve problems with application issues ensure subsequent compliance/approval.

Funds: General Revenue Fund

Statutory Authority: 10 ILCS 5/1A

	<u>Fiscal Year 2015 Actual</u>	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Target /Projected</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>
<u>Input Indicators</u>					
Total expenditures - all sources (in thousands)	\$ 796.1	\$ 746.9	\$ 1,199.9	\$ 739.6	\$ 1,199.9
Total expenditures - state appropriated funds (in thousands)	\$ 796.1	\$ 746.9	\$ 1,199.9	\$ 739.6	\$ 1,199.9
Average monthly full-time equivalents	16.0	16.0	16.0	16.0	16.0
<u>Output Indicators</u>					
Number of quarterly campaign disclosure reports required to be filed during the campaign period (estimate)	3,782	3,698	3,800	3,415	3,500
Number of candidates for public office that qualify as political committees	2,175	2,226	2,300	2,303	2,300
Number of organizations that qualify as political action committees	1,021	1,007	1,000	1,038	1,050

Number of organizations that qualify as party organizations	385.0	383.0	385.0	404.0	390.0
Number of organizations that qualify as referendum organizations	58.0	50.0	60.0	46.0	50.0
Number of raffle applications submitted for approval by political committees (a)	940.0	950.0	1,000	964.0	975.0
Number of raffle applications approved (a)	909.0	914.0	980.0	941.0	950.0
Number of outside complaints filed with the State Board of Elections	23.0	32.0	25.0	45.0	40.0
Number of financial disclosure reports reviewed by operations staff	17,440	17,214	17,500	16,502	17,000
Number of report amendments filed pursuant to the operational review process	1,463	1,200	1,300	900.0	1,000
Number of assessments performed	1,480	1,340	1,300	1,403	1,350
<u>Outcome Indicators</u>					
Actual number of quarterly campaign disclosure reports filed during reporting period	17,440	17,214	17,500	16,502	17,000
Number of quarterly reports filed electronically on agency website	14,663	14,781	14,800	15,324	16,000
Number of raffle applications rejected	31.0	36.0	30.0	23.0	30.0
Number of agency complaints for non-compliance pursuant to operational review	25.0	88.0	70.0	65.0	70.0
Percentage of quarterly reports filed with agency that were filed by the deadline date	92%	93%	93%	93%	93%
Percentage of quarterly reports filed with agency that were filed 30 days or less after the deadline date	6%	6%	6%	6%	6%
Percentage of quarterly reports filed with agency that were filed more than 30 days after deadline date	2%	1%	1%	1%	1%
Percentage of quarterly reports filed with agency that were filed electronically through Board's website application	84%	86%	87%	92%	90%
Number of assessments appealed	253.0	265.0	260.0	303.0	275.0
<u>Efficiency/Cost-Effectiveness</u>					
Number of financial disclosure report reviews per assigned operations staff	1,744	1,721	1,750	1,650	1,700

Footnotes

a Raffle application will vary from year to year due to General Elections being held in even calendar years

Election Operations Division

Mission Statement: Exercise general supervision over the administration of registration and election laws of the State through dissemination of information regarding election laws, requirements, and procedures, as well as review of election jurisdiction programs and processes to ensure compliance with applicable laws and standards.

**Program Goals:
Objectives:**

- 1 Administer Board's function as election authority for federal, statewide, legislative, representative and judicial offices in Illinois.
 - ^aAccept and process nominating petitions for upcoming elections. Process requests for copies of previously submitted petitions.
 - ^bProcess and adjudicate objections to nomination petitions assigned to State Officers Electoral Board. Perform necessary research and decide validity of objection.
 - ^cCertify general primary and general election ballots to appropriate Illinois election authorities.
 - ^dCanvass general primary and general elections for federal, statewide, legislative, representative and judicial offices. Proclaim winners in general primaries and issue certificates of nomination. Prepare proclamations for the Governor to declare winners of general elections.
- 2 Provide and disseminate information and training on election processes and procedures to ensure that elections within the State are conducted in accordance with applicable laws and rules.
 - ^aMaintain a manual of "uniform" forms to be used in the election process.
 - ^bCreate yearly Election Calendar for dissemination to election authorities.
 - ^cPost information on elections-based developments, issues or requirements on the Board's informational website.
 - ^dDesign and distribute publications and pamphlets to voters and election jurisdictions to inform them about election standards and requirements.
 - ^eHold Statewide training sessions to educate election jurisdiction employees and election judges about proper conduct of election operations.
- 3 Maintain integrated electronic statewide database of Illinois registered voters with data provided by county election jurisdiction systems. Ensure that registered voter data sent by election jurisdictions is the most accurate, available and in compliance with applicable laws, rules and submitted in a timely manner.
 - ^aProvide guidelines and protocols for upload of voter registration data by the individual election jurisdictions to the integrated Statewide IVRS system.
 - ^bAudit and review voter registration data electronically submitted by election jurisdiction systems. Initiate corrective action with election jurisdictions if problems are discovered with data format and/or content.
 - ^cCombine individual jurisdiction data uploads into integrated electronic Statewide database. Disseminate database information to requesting entities.
- 4 Audit election counting programs and equipment in election jurisdictions to verify accuracy of vote tabulation processes.
 - ^aPerform pre-test activities on selected election jurisdiction voting systems. Coordinate corrective action with election jurisdiction personnel if errors or deficiencies are noted.
 - ^bAchieve reasonable confidence level in election jurisdiction voting system functions by pre-testing 20% to 40% of all jurisdictions' voting systems prior to an election.

Funds: General Revenue Fund, Personal Property Tax Replacement Fund

Statutory Authority: 10 ILCS 5/1A

	<u>Fiscal Year 2015 Actual</u>	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Target /Projected</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>
<u>Input Indicators</u>					
Total expenditures - all sources (in thousands)	\$ 6,980.3	\$ 4,403.0	\$ 9,249.0	\$ 5,715.8	\$ 9,249.0
Total expenditures - state appropriated funds (in thousands)	\$ 6,980.3	\$ 4,403.0	\$ 9,249.0	\$ 5,715.8	\$ 9,249.0
Average monthly full-time equivalents	26.0	26.0	29.0	26.0	26.0

Output Indicators

Number of election publications requested in reporting period (a)	267.0	278.0	300.0	23.0	230.0
Number of election judge schools requested by local election jurisdictions	200.0	112.0	185.0	191.0	195.0
Number of county voting systems available for pre-test in reporting period	19.0	10.0	14.0	19.0	7.0
Number of election jurisdictions submitting voter registration database files	110.0	109.0	109.0	109.0	109.0
Number of nominating petitions filed in reporting period (b)	28.0	2,373	30.0	110.0	2,500
Number of petition objections filed in reporting period (b)	1.0	153.0	1.0	15.0	200.0
Number of petition copy requests received in reporting period (b)	3.0	7,335	3.0	15.0	7,500
Number of petition copy requests processed in reporting period (b)	3.0	7,335	3.0	15.0	7,500

Outcome Indicators

Number of petition objections processed during the reporting period (b)	1.0	153.0	1.0	13.0	200.0
Percentage of election publication requests processed and distributed in reporting period	100%	100%	100%	100%	100%
Percentage of judges training school requests fulfilled during the reporting period	100%	100%	100%	100%	100%
Percentage of petition copy requests successfully completed within 48 hours	100%	100%	100%	100%	100%

Efficiency/Cost-Effectiveness

Percentage of applicable county voting systems pre-tested during reporting period (b)	17.2%	9.2%	15.3%	17.4%	6.4%
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Footnotes

- a The number of election publications requested has decreased due to the availability of reports online.
- b Data will vary from year to year due to General Elections being held in even calendar years.