

2017 ANNUAL REPORT



**LEGISLATIVE
AUDIT
COMMISSION**

**FIFTY-NINTH ANNUAL REPORT
of the
LEGISLATIVE AUDIT COMMISSION**

Submitted to the Members of the
General Assembly of the State of Illinois



**2017 MEMBERSHIP
Co-Chairs
Senator Jason Barickman
Representative Robert Rita**

Senate Members

Senator Thomas Cullerton
Senator Linda Holmes
Senator Iris Martinez
Senator Jim Oberweis
Senator Dale Righter

House Members

Representative Mark Batinick
Representative Fred Crespo
Representative Barbara Flynn Currie
Representative Sheri Jesiel
Representative Joe Sosnowski

Room 622
William G. Stratton Building
Springfield, Illinois 62706

To the Members of the General Assembly:

Given the responsibility of appraising the stewardship of State government, it is appropriate that the Audit Commission submits to the General Assembly each year a self-assessment of its activities.

This report, submitted in accordance with the Act creating the Commission, presents a summary of the Commission's activities and accomplishments as the legislature's oversight agency during 2017. This document also presents a number of areas in which State government could improve its performance to achieve greater efficiency, improve effectiveness, and comply with statutory directives.

The ability to make government more effective and more efficient is attributable to the members of the Legislative Audit Commission who are dedicated to meeting the challenges of government. Worthy of special note is the Commission's review of 120 financial/compliance reports, parts of three statewide single audit reports, and four performance audits during 2017.

The Audit Commission exists by and for the legislative branch of government. The Commission encourages your suggestions on becoming of greater service to the General Assembly.

Respectfully,

Jason A. Barickman, State Senator
Co-Chair

Robert Rita, State Representative
Co-Chair

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59th Annual Report

Report Highlights

The Legislative Audit Commission is a support services agency having the principal responsibility for the oversight of the State audit program. Major accomplishments during the past year include:

- Review of 120 financial audits and compliance examinations, parts of three statewide single audits, and four performance audits.
- Support and enactment of remedial and other legislation.
- Review of all emergency purchases, travel reports, and awards to other than the lowest bidder made by State agencies.
- Maintenance of a web page as a source of up-to-date information about Audit Commission activities. This site includes reports and forms associated with the Commission.
- Distribution of booklets on revised Purchasing Laws and University Guidelines.

Overview

The Legislative Audit Commission is mandated by law (25 ILCS 150/0.01-0.06) to review all audits conducted by the State Auditor General. Primary responsibilities of the Commission are:

- Conduct public hearings on all major audits of State agencies to review problems, assess agency stewardship, and secure remedial action.
- Initiate and review management and program audits and investigations.
- Make recommendations to the General Assembly and agency management for corrective legislation and other measures to remedy weaknesses disclosed through audits or at Commission hearings.
- Monitor agency progress in implementing corrective action.

The statutory direction is made clear in this excerpt from the Commission's enabling legislation from 25 ILCS 150/3:

The Commission shall ascertain facts, review reports and take action thereon, and make recommendations and reports to the General Assembly and to the houses thereof concerning the audit, revenue and expenditures of the State....The Commission shall receive the reports of the Auditor General and other financial statements and shall determine what remedial measures, if any, are needed, and whether special studies and investigations are necessary.

The Commission works closely with the Office of the Auditor General. Although separate agencies, the two have many common interests. The Commission makes use of the Auditor General's specialized staff to minimize unnecessary duplication of effort and expenditure of tax funds. Nevertheless, the Commission also recognizes the specific separation of responsibilities between the conduct and the review of audits.

This report is one means used to inform the General Assembly, State agencies, the accounting profession, and the public of the Commission's activities and concerns. In addition, the Commission's membership and staff maintain open and active communication with the legislature and its staff and service agencies through personal contact and other means.

Information about the Commission's work and findings is supplied to individual members of the General Assembly upon request. This service can include supplying available information, reviewing proposed legislation, or assisting in the analysis of fiscal matters.

A final and important means of communicating with the members of the General Assembly is the sponsorship of legislation. The Legislative Audit Commission has a structured process for identifying and acting upon matters requiring new or amendatory legislation.

Commission's Home Page

Information about the Legislative Audit Commission is also available on a home page on the Internet. The information includes Commission authority and membership, the agenda of the Commission's next scheduled meeting, reviews of audits for the next scheduled meeting, a list of audit reports passed on the Commission's Consent Calendar since January 2006, the most recent Annual Report, the Purchasing Laws Publication, the University Guidelines publication, and the Headquarters designation (TA-2) form. Reviews of all audit reports heard by the Commission in the current audit cycle are also available. The home page enhances public access to information concerning the Commission's activities.

To reach the Commission's home page, go to **www.ilga.gov** and click on "Legislative Support Services" then follow the link to the Legislative Audit Commission.

Commission Membership

The Commission consists of 12 members who are appointed by the legislative leadership. Membership is equally apportioned between the two chambers and the two political parties. Finally, the co-chairs may not be members of the same political party, nor may they serve in the same chamber of the General Assembly.

The members receive no compensation for the substantial amount of time devoted to Legislative Audit Commission activities, but are reimbursed for travel expenses incurred.

The Commission maintains a full-time staff of three persons in the William G. Stratton Building in Springfield.

Appearing on the next page are lists of legislators now serving and those who have served on the Legislative Audit Commission.

**Commission Membership and
Date of Appointment
at December 31, 2017**

Senate Members

Senator Jason Barickman	January 2013
Senator Thomas Cullerton	December 2015
Senator Linda Holmes	February 2017
Senator Iris Martinez	February 2005
Senator Jim Oberweis	March 2013
Senator Dale Righter	September 2015

House Members

Representative Mark Batinick	January 2017
Representative Fred Crespo	February 2013
Representative Barbara Flynn Currie	July 2015
Representative Sheri Jesiel	February 2015
Representative Bob Rita	February 2011
Representative Joe Sosnowski	November 2015

Former Members

Raymond E. Anderson	Vince Demuzio	Eileen Lyons	Calvin W. Schuneman
Victor Arrigo	Kirk Dillard	Andy Manar	Penny Severns
W. Russell Arrington	Brian B. Duff	Lynn Martin	George P. Shadid
Louis E. Beckman	Dan Duffy	Sidney Mathias	W. Timothy Simms
Robert A. Biggins	Thomas Dunn	Frank J. Mautino	Cal Skinner, Jr.
Kenneth Boyle	George W. Dunne	Jeffrey D. Mays	Fred J. Smith
Bill Brady	Paul F. Elward	David B McAfee	Arthur W. Sprague
Michael I. Brady	Dwight P. Friedrich	Edward McBroom	George F. Stastny
Rich Brauer	Zeke Giorgi	Dean McCulley	Celeste M. Stiehl
Richard H. Brummer	John S. Graham	Andrew J. McGann	Arthur Tenhouse
George M. Burditt	Harber H. Hall	Robert F. McPartlin	Judy Baar Topinka
Linda Chapa LaVita	Kenneth Hall	Robert Mitchler	Donne E. Trotter
Robert E. Cherry	Julie Hamos	John Mulroe	Sam Vadalabene
Clyde L. Choate	Gary Hannig	Edward A. Nedza	Louis S. Viverito
Terrel E. Clarke	Dennis Hastert	Clarence E. Neff	Thomas J. Walsh
Earlean Collins	Jay Hoffman	Dawn Clark Netsch	Frank Watson
Jacqueline Collins	Gene Johns	Daniel J. O'Brien	Jerry Weller
Philip W. Collins	Timothy V. Johnson	Mary K. O'Brien	Rick Winkel
Marlow H. Colvin	Nancy Kaszak	John T. O'Connell	Anne Zickus
John Connolly	James F. Keane	Frank M. Ozinga	
Michael D. Curran	Dan Kotowski	Margaret R. Parcels	
Julie A. Curry	Jack L. Kubick	Sandra Pihos	
John M. Daley	Bob Kustra	Glenn Poshard	
Richard M. Daley	Leo D. LaFleur	Paul Powell	
C.D. Davidsmeyer	Darin LaHood	Kwame Raoul	
Corneal A. Davis	John J. Lanigan	Dennis Reboletti	
Jack Davis	Richard R. Larson	David Reis	
Aldo A. DeAngelis	Chris Lauzen	Walter J. Reum	
Terry W. Deering	Ted E. Leverenz	Dale A. Righter	
Miguel A. Del Valle	Ellis B. Levin	Dale E. Risinger	
Deanna Demuzio	James P. Loukas	Ron Sandack	

Audit Review Program

Audits are, by their nature, a look at the past. Transactions are reviewed, statistical and compliance tests are performed, and an evaluation is made of conditions during the period covered by the report. The Commission's audit review activities seek to change this focus by involving legislators, agency directors and managers, and members of the audit team in a structured process, which emphasizes implementation of corrective action to remedy existing weaknesses and to prevent lapses of control in the future. While the audit report cites deficiencies at the time of the examination, the Commission looks forward, seeking to view the audit report as a blueprint for improved agency service and accountability. In this way, the Commission maximizes the value of these reports as management tools.

Two important benefits result from frequent hearings on major audits:

1. Legislators are directly involved in the audit process, increasing communication within government and supplying feedback to the legislative and appropriations processes; and
2. Opportunities are increased for both administrative and legislative action to correct weaknesses and deficiencies disclosed in the audit reports.

Basic elements of the Commission's review include:

- Disclosure and public scrutiny of weaknesses and illegal or improper conduct in the use of public funds and the management of public business.
- Study, development, and introduction of legislation to correct weaknesses and improve the statutory framework of Illinois government.
- Initiate management and program audits and other studies as required.
- Review of the delivery of State services, based both on audit findings and on members' contact with their constituents and the various agencies.

The participation of the Office of the Auditor General and accounting profession enhances discussion of accountability issues by both the agency and the Commission. In many instances, their comments help to clarify complex accounting issues. The Commission extends its appreciation to the accounting professionals who have participated during the past year. Hopefully they have found their association with the audit program rewarding, and have gained an appreciation of legislative oversight concerns as the result of their participation in Commission meetings. A listing of these individuals, by accounting firm name, appears on the following page.

Borschneck, Pelletier & Co.
Bob Sickma

CliftonLarsen & Allen
Jeff Bonick
Barb DuBois

E. C. Ortiz
Gilda Priebe
Marites Sy

KPMG
Cathy Bauman
Kurt Gabouer
Elvin Lay

Sikich
Tom Leach
Amy Sherwood

Compliance Examinations

Compliance audits, or compliance examinations, stress the fundamentals of governmental accountability—compliance with statutes and regulations, sound business practices, safeguarding of assets and property, and proper expenditure of State funds. The Commission took action on 120 financial and compliance reports during 2017 ranging from reports disclosing no material findings to reports containing as many as 20 recommendations. Obviously, this large number of reports represents the foundation of the Commission’s workload. A listing of these audits is included in Appendix A on pages 27-29.

Prior to a Commission hearing, an audit review is prepared by Commission staff, summarizing all of the recommendations made by the auditors and pertinent financial data. The recommendations are classified as to implementation and acceptance status based on current information requested from the agency involved.

The Commission’s public hearings stress implementation of corrective action, review of disputed findings, and an assessment of the fiscal and programmatic achievements of the agency. Corrective action is stressed to minimize the repetition of adverse findings in future reports. The Commission expects that each recommendation accepted by an agency will be implemented within a reasonable time. Priority attention is devoted to correcting past problems so that they will not recur. The Commission considers no audit recommendation fully disposed of until:

- it has been accepted by the agency;
- equally acceptable procedures have been implemented; and
- the Commission members are convinced that the position taken by the agency in not accepting a given recommendation is proper in the circumstances involved.

If implementation is not feasible, the Legislative Audit Commission may urge elimination of the recommendation in future reports.

Although infrequent, the Commission may be dissatisfied with an agency's lack of progress implementing audit recommendations and require the State agency to return to the Commission to report on the status of implementing audit report recommendations. As well, the Commission may notify the Governor if an executive agency or department refuses to comply with an audit recommendation. The Audit Commission may request an opinion from the Attorney General for the interpretation of statute, and whether an agency is operating within statutory requirements. The Audit Commission requested no opinions from the Attorney General during 2017.

The Office of the Auditor General contracts with an independent auditor to perform a Statewide Single Audit of federal funds. This Statewide Single Audit fulfills the mandate for accepting federal funding. It includes all State agencies that are part of the primary government and expend federal awards. In total, 41 State agencies expended about \$29.5 billion in federal financial assistance in FY15. The various universities, the bonding authorities, and the Conservation Foundation are not included in the Statewide Single Audit. Federal findings are noted in the State compliance audit reports of these agencies.

The Statewide Single Audit for FY15 contained 75 findings with 51 repeat findings. The audit noted for the fourteenth time that the State does not have an adequate process in place to permit the timely preparation of a complete and accurate Schedule of Expenditures of Federal Awards (SEFA).

Forty-nine findings in the Statewide Single Audit were characterized as material weaknesses in internal control or a qualification on compliance with laws and regulations. These findings focused on deficiencies within agencies that fail to adequately perform determinations of eligibility, have inaccurate financial reports or inaccurate reports on federal expenditures, or have unallowable costs for various federal programs such as TANF, CHIP, Medicaid, adoption assistance, unemployment insurance, and highway planning. IDES failed to improve program integrity and reduce overpayments of Unemployment Insurance. At least ten of the audit report's 75 findings related to agencies' deficiencies in monitoring subrecipients such as inadequate review of subrecipient audit reports or inadequate monitoring of programs.

The auditors disclaimed an opinion on the Foster Care program as a result of an inability to evaluate and perform sufficient audit procedures to satisfy themselves that DCFS complied with related laws and regulations.

Audit Review Highlights

During 2017, the Legislative Audit Commission reviewed 120 compliance examinations and financial audit reports. Obviously, this statistic is of limited significance because there are wide variations in the reports regarding length, complexity of agency operations, and other factors. This figure, however, is not without meaning because it does reflect the wide range of the State's fiscal activities subjected to review by the General Assembly during this period.

The Commission continues to be concerned with the timely review of compliance, financial and performance audits. As a post-facto examination, there is, of necessity, a certain delay in the completion and review of audits. However, it is important that the process be concluded in a timely fashion to maximize the benefits of the audit program.

The Commission attempts to reach a satisfactory agreement regarding the disposal of each audit recommendation. However, many findings contained in the audit reports are not addressed in a timely manner by agency officials and thus repeat in subsequent audits. For the FY16 audit cycle, there were a total of 595 findings and 349 repeat findings (58.6%). By comparison, there were a total of 711 findings and 318 repeat findings (44.7%) in the FY06 audit cycle. So while the number of findings has decreased, the percentage of repeat findings has increased. Agencies identified various reasons for repeated findings. The most common causes of repeat findings in the audit reports were a lack of effective oversight/poor internal controls or lack of staffing and/or funding to implement the corrective action. Occasionally a finding may repeat in the same category such as property control or grant monitoring. The agency works to remedy that specific finding only to have another issue appear as a finding in the same category.

Whenever the State agencies work to implement the recommendations in the audit reports the overall number of findings decreases which may lead to better managed and more accountable agencies. Since FY08 when the total number of material findings reached a high of 821, the number of findings has decreased. Compared to FY08, the number of material findings for FY16 was reduced by 28% to 595.

The processes followed by State agencies in preparing individual financial reports, by the State Comptroller in compiling the Statewide financial statements, and by the Office of the Auditor General in auditing the Statewide financial statements are complicated and time-consuming. Due to well-documented negative implications of delayed financial reporting over the years, the Auditor General has stressed the need to improve the timeliness of the State's annual financial reports. The Governor's Office and the Office of the State Comptroller have begun a multi-year implementation of an Enterprise Resource Planning (ERP) system to develop an integrated enterprise-wide application system for financials, which will improve the State's control environment and processes to produce accurate financial statements in a timely manner.

At the end of 2017, Illinois unemployment was at 5.4%, compared to a national average of 4.1%. The State's general funds increased \$4.7 billion in 2017 compared to calendar 2016, and the State had about \$9.2 billion in delayed payments for goods and services to vendors and others. The figure included \$1 billion in interest owed on outstanding accounts. The Audit Commission continues to be concerned about the imbalance between revenues and expenditures, and the effects the deficit is having on schools, universities, cities, towns, infrastructure, the various pension systems, and the State's overall credit rating. The Commission is hopeful that a new law requiring agencies to report on the amount of outstanding bills every month will provide a clearer picture of what Illinois owes to small businesses, universities, community colleges, social service providers and others.

A new law passed in 2014, the Grant Accountability and Transparency Act (GATA), is beginning to address the Commission's concerns about the deficiencies that agencies demonstrate in monitoring the wide variety of grants and programs utilized to provide the services of State government. The purpose of GATA is to develop a coordinated, non-redundant process for the effective and efficient oversight of the selection and monitoring of grant recipients, ensure quality programs, limit fraud, waste and abuse, and define the purpose, scope, applicability and responsibilities in the life cycle of a grant. However, the Commission still has concerns which have yet to be fully addressed related to the recovery of improper payments and the ability to stop payments to recipients.

Appendix B, appearing on page 30, summarizes the audits considered at Legislative Audit Commission hearings during 2017, the number of audit recommendations, and the number of recommendations that were repeated from prior audits.

During 2017, the Commission gave special attention in its review activity to the topics which follow. The various departments and agencies listed usually agreed to implement specific audit recommendations or other changes, so that these weaknesses would no longer exist. In most instances, the findings were for FY14, FY15, or FY16.

Failure of Internal Controls

The following agencies had inadequate control over property, reports, records, commodities, telecommunication, computer equipment, vehicles, leased property, assets, property maintenance, or could not locate computer equipment items:

Department of Children and Family Services	Illinois Violence Prevention Authority
Department of Commerce & Economic Opportunity	Independent Tax Tribunal
Department of Employment Security	Northeastern Illinois University
Department of Labor	Office of the Comptroller
Department of Lottery	Office of the State Fire Marshal
Department of Revenue	Office of the State's Attorney Appellate
Governors State University	Prosecutor
Illinois Commerce Commission	Southern Illinois University

The following agencies had inadequate controls over the payroll process, administration of personnel, personnel files, personal services, job application information, background checks, employee leave requests, overtime, vacation pay, compensatory time, timesheets, performance evaluations, position training, ethics training, compensated absences, case load monitoring, number of bilingual staff, background checks, segregation of duties, ensuring new employees met certain minimum eligibility requirements, or protecting confidential information:

Department of Children and Family Services	Department of Labor
Department of Commerce & Economic Opportunity	Department of Revenue
Department of Employment Security	Northeastern Illinois University
Eastern Illinois University	Illinois Commerce Commission
General Assembly Retirement System	Illinois State Police Merit Board
Governors State University	Illinois State University

Illinois Student Assistance Commission
Independent Tax Tribunal
Judicial Inquiry Board
Legislative Ethics Commission
Illinois Mathematics and Science Academy

Office of the Comptroller
Office of the State Fire Marshal
Office of the State's Attorney Public Prosecutor
Southern Illinois University
University of Illinois

The following agencies had inadequate controls over voucher processing, voucher approval, expenditures, accounts payable reporting, refunds, disbursements, fund transfers, documentation of cost transfers, charges for legal services, financial reporting, separation dates, accrued liability, or travel cards, or had weaknesses in accounting, disbursements, deferred expense transactions, or fund allocation:

Conservation Foundation
Department of Children and Family Services
Department of Commerce & Economic Opportunity
Department of Employment Security
Department of Labor
Department of Lottery
Department of Revenue
DuQuoin State Fair
Governors State University
Illinois State University

Illinois Student Assistance Commission
Illinois Violence Prevention Authority
Independent Tax Tribunal
Office of the Comptroller
Office of the State's Attorney Appellate Prosecutor
Office of the Treasurer
Southern Illinois University
University of Illinois

The following agencies had improper reconciling or collecting of revenues or receipts; had inaccurate or untimely reports, reconciliations, deposits, receivables, records, fees, reimbursements, transfers, transactions, payments, refunds, disbursements, deposits, tuition and fees waivers, capital assets, accounts receivable, or calculations, had debt covenant violations, excessive federal cash draws, returned checks, weaknesses regarding the allocation of income and sales, inadequate reporting of liabilities and capital assets, untimely financial reports, delayed draft financial statements, errors in year-end financial statements, or did not perform audits of major systems:

Department of Children and Family Services
Department of Commerce & Economic Opportunity
Department of Employment Security
Department of Labor
Department of Lottery
Department of Revenue
DuQuoin State Fair
Eastern Illinois University
Environmental Protection Trust Fund Commission
General Assembly Retirement System
Governors State University

Illinois Commerce Commission
Illinois State Police Merit Board
Illinois State University
Illinois Student Assistance Commission
Independent Tax Tribunal
Judicial Inquiry Board
Judges' Retirement System
Northeastern Illinois University
State Employees' Retirement System
University of Illinois

The following agencies did not timely file reports, ensure accuracy of reports, obtain reports, document reports, follow up on reports, did not file reports, or had deficiencies with the agency's annual report:

Department of Children and Family Services
Department of Employment Security
Department of Labor

Department of Lottery
Department of Revenue
Eastern Illinois University

Governors State University
Illinois Commerce Commission
Illinois Mathematics and Science Academy
Illinois Student Assistance Commission
Independent Tax Tribunal
Judicial Inquiry Board

Northeastern Illinois University
Southern Illinois University
State University Retirement System
Teacher Retirement System
University of Illinois

The following agencies did not comply with grant agreements, had inadequate controls over the administration of grant programs, grant awards processes, grant program planning and management, or Title IV calculations, did not verify student financial aid, had inadequate loan monitoring and counseling, did not meet enrollment requirements, lacked adequate controls over funds for awards and grants, or had weaknesses in compliance and reporting requirements:

Department of Commerce & Economic Opportunity
Department of Labor
Eastern Illinois University
Governors State University
Illinois Commerce Commission

Illinois State University
Illinois Violence Prevention Authority
Northeastern Illinois University
Southern Illinois University
University of Illinois

The following agencies did not establish or follow policies, procedures, rules and regulations, did not adequately update policy manuals, handbooks, methodologies, rules, administrative directives, or internal control procedures, had inadequate review, verification procedures, or eligibility requirements, lacked required documentation in files, interagency agreements, or did not properly monitor travel card transactions:

Department of Children and Family Services
Department of Commerce & Economic
Opportunity
Department of Employment Security
Department of Labor
Department of Lottery
Department of Revenue

Governors State University
Illinois Student Assistance Commission
Independent Tax Tribunal
Legislative Ethics Commission
Northeastern Illinois University
Southern Illinois University
University of Illinois

The **Department of Lottery** inappropriately prepaid amounts from their FY15 appropriation to the Multi-State Lottery Association to fund FY16 Multi-State Lottery Association payment obligations.

Southern Illinois University was unable to locate 103 computer equipment items (90 from Carbondale and 13 from Edwardsville) during their annual inventory. **Governors State University** was unable to locate numerous computers during their annual inventory.

Failure to Monitor Computer Systems

The following agencies had inadequate security controls over computer systems, had inadequate disaster recovery plan or plan testing, did not follow policies and procedures related to password settings, or had inadequate data security standards:

Department of Labor	Governors State University
Department of Lottery	Northeastern Illinois University
Department of Revenue	Southern Illinois University

The following agencies had inadequate controls over system development activities, change procedures, or change management, had inadequate controls over computing environment, had inadequate access controls, had weaknesses in controls over project management, lacked data base establishment, had outdated computer programs, or did not monitor and maintain the accounts payable master vendor file:

Department of Children and Family Services	Judges' Retirement System
Department of Labor	Office of the State Fire Marshal
Department of Revenue	State Employees' Retirement System
General Assembly Retirement System	University of Illinois
Governors State University	

Failure to Adequately Monitor Subrecipients, Contractors, Licensees, Members, or Vendors

The following agencies lacked documentation to ensure billed services were necessary and provided at reasonable cost, did not enforce contracts, or have contracts approved prior to commencement of services, did not monitor subrecipients or licensees or members as required, did not use proper fees to determine patient financial assistance, did not close accounts, did not calculate federal expenditure correctly, or improperly awarded student financial aid:

Department of Children and Family Services	Northeastern Illinois University
Department of Labor	Southern Illinois University
Governors State University	University of Illinois

The **Department of Children and Family Services** did not obtain Service Organization Control (SOC) reports or conduct independent internal control reviews of outsourced information systems controlled by external parties.

Northeastern Illinois University awarded student financial aid to students at an unapproved location. Auditors noted that one location (El Centro) in which a student can complete more than 50% of a degree program and receive student financial aid, was not approved by the Department of Education.

Failure to Operate Within Statutory Authority

The following agencies did not comply with all statutes required for the operation of those agencies, did not seek legislative remedy to correct inadequate agency statutes, or did not timely file reports with all the information as required by law with proper supporting documentation:

Department of Children and Family Services	Illinois State University
Department of Commerce & Economic Opportunity	Illinois Violence Prevention Authority
Department of Employment Security	Independent Tax Tribunal
Department of Labor	Judicial Inquiry Board
Department of Lottery	Northeastern Illinois University
Department of Revenue	State Universities Retirement System
DuQuoin State Fair	University of Illinois
Governors State University	

The following agencies did not comply with federal regulations:

Department of Children and Family Services	Northeastern Illinois University
Department of Lottery	Southern Illinois University
Department of Revenue	University of Illinois
Governors State University	

The following agencies did not comply with the Fiscal Control and Internal Auditing Act, did not timely complete all internal audits as required by the Act, or did not perform certain examinations as required by statute:

Department of Children and Family Services	Governors State University
Department of Commerce & Economic Opportunity	Southern Illinois University
Department of Labor	University of Illinois
Department of Lottery	

The following agencies did not make timely appointments to boards, commissions, task forces or committees, did not timely establish committees, councils or panels, did not participate or attend meetings as required, did not create positions, or did not complete disclosure:

Department of Commerce & Economic Opportunity	Dry Cleaner Environmental Response Trust
Department of Employment Security	Fund Council
Department of Lottery	State Employees' Retirement System
	Southern Illinois University

Failure to Protect the State's Interest

The following agencies had weaknesses related to security and control of confidential or personal information, or did not have a formal fraud risk assessment program in place:

Department of Children and Family Services	Department of Revenue
Department of Commerce & Economic Opportunity	Governors State University
Department of Lottery	Northeastern Illinois University

Collection of Receivables

Accounts receivable are a valuable asset to the State, and as such, must be effectively accounted for and pursued for collection. Each agency must maintain an accounting system that enables them to establish, record, follow-up, collect, and possibly write off individual receivables.

According to the Comptroller's December 31, 2017 Receivables Report, the gross receivables balance was \$18.072 billion, an increase of \$1.001 billion (5.8%) from the \$17.071 billion reported at December 31, 2016. Of this amount, \$5.369 billion were deferred/installment receivables and \$8.562 billion was estimated to be uncollectible. Thus, \$4.141 billion (22.9%) was estimated to be collectible.

Performance Audits

Performance audits, a category that includes program, management, and efficiency audits, provide a more detailed and thorough examination of a topic than is possible in a compliance examination. The Auditor General is authorized to conduct performance audits when directed by either chamber of the Illinois General Assembly or by the Legislative Audit Commission. A performance audit means a post audit which determines:

- Whether the audited agency is managing or utilizing its resources in an economical and efficient manner;
- Causes of inefficiencies or uneconomical practices;
- Whether the objectives and intended benefits are being achieved, and whether efficiently and effectively;
- Whether the program is being performed or administered as authorized or required by law; and
- Whether the program duplicates, overlaps, or conflicts with another State program.

One of the methods by which performance audits may be initiated is through the adoption of a resolution by the Legislative Audit Commission. There were no resolutions adopted in 2017 by the Legislative Audit Commission requesting performance audits.

The following is a summary of the four performance audits reviewed by the Legislative Audit Commission during 2017. Auditors will follow-up on these recommendations with each agency and report on whether the recommendations were implemented in the agency's individual compliance examination.

Performance Audit of the Placement of Children, Department of Children and Family Services

Senate Resolution No. 140 directed the Auditor General to examine the number of children who remain in certain placements (psychiatric hospitals, emergency shelters, and detention facilities) longer than necessary and the reasons involved. Specifically, the resolution asks that the audit determine:

1. The number of children;
2. The reason they remain at the facility;
3. The length of time at the facility;
4. The type of recommended placement;
5. The barriers to timely placement; and
6. Whether the children were placed as recommended.

Children who remain in these placements longer than necessary has been an issue at DCFS and one it has worked to resolve since 1988.

Report Conclusions

The Department of Children and Family Services (DCFS or the Department) did not track and could not provide the majority of the information asked for in the audit resolution.

Of the information asked for in the audit resolution, auditors were only able to report on the number of children and length of stay for children in psychiatric hospitals and emergency shelters:

- The number of children who remained psychiatrically hospitalized beyond medical necessity was 75 in 2014 and 168 in 2015. The average length of stay beyond medical necessity was 28 days in 2014 and 40 days in 2015.
- The number of children who remained in emergency shelters beyond 30 days was 451 in 2014 and 380 in 2015. The average length of stay for these children, from the date of admission was 72 days in 2014 and 80 days in 2015.
- The number of children who remained in a detention facility solely because the Department could not locate a placement was not available from the Department.

However, even for the information auditors can report, they had issues with data and questions on its accuracy and completeness.

Children in the populations examined in this audit have issues in their past that can make placement difficult. These issues include a history of going on the run, multiple past placements, criminal histories, severe behavioral issues, and mental health issues.

The reasons that children remained in a facility (psychiatric hospital, shelter, detention facility) and the barriers to timely placement included:

- **Administrative – waiting while the matching process proceeded** (37 of 107 cases);
- **Timeliness of the initial planning meeting** (26 of 107 cases);
- **Lack of placement – wait list** (25 of 107 cases);
- **Lack of placement** (18 of 107 cases);

- **Lack of youth cooperation** (13 of 107 cases);
- **Lock-out** (12 of 107 cases); and
- **Administrative – delays** (10 of 107 cases).

The performance audit addressed all four recommendations to DCFS, and the Department accepted all of the recommendations as follows:

- #1—Review, revise, and possibly create policies on the placement of children.
- #2—Utilize required forms and maintain in case management system.
- #3—Implement policies and procedures for a timely matching process.
- #4—Track relevant data on a computer system.

The Department stated that the Department has difficulty finding adequate placement anywhere for children with very challenging and unusually severe problems.

Performance Audit of Department of Human Services’ Forensic Patient Transport Procedures

On May 14, 2015, the Illinois House of Representatives adopted Resolution No. 199 directing the Office of the Auditor General to conduct an investigation into circumstances surrounding the July 2014 escape during transport of an Elgin Mental Health Center forensic patient and to evaluate whether prisoner transport procedures need to be improved at Elgin Mental Health Center (MHC) or other State facilities. Subsequently, on July 29, 2015, the Legislative Audit Commission adopted Resolution No. 147 changing the language of House Resolution No. 199 from requiring an “investigation” to requiring an “audit.”

Prior to the July 2014 escape, Elgin MHC had few procedures with few specific instructions for handling a forensic patient during transport. Following the July 2014 escape, the Department of Human Services (DHS) and Elgin MHC improved the forensic patient transport process significantly. These improvements were made by strengthening policies, upgrading the security of vehicles, implementing a process to identify elopement (escape) risk before the transport, and conducting more training for employees.

The performance audit contained five findings, all directed to the Department of Human Services, concerning conflicting policies, trip information packets, entry officer, seating arrangements during transport, and transportation staff training. According to updated responses, the Department of Human Services implemented the recommendations.

Performance Audit of the State Moneys Provided to the Illinois Criminal Justice Information Authority for Community Based Violence Prevention Programs, The After-School Program, and the Chicago Area Project

On April 7, 2014, the Illinois House of Representatives adopted House Resolution No. 888, which directed the Auditor General to conduct a performance audit of the State moneys provided by or through the Illinois Criminal Justice Information Authority (ICJIA) to all community based violence

prevention programs, the After-School Program, and the Chicago Area Project under contracts or grant agreements in FY13 and in FY14 as follows:

1. The purposes for which State moneys were provided to ICJIA;
2. The nature and extent of monitoring by ICJIA;
3. The actual use of the State moneys by ICJIA, including the identity of any sub-recipients and the amounts and purposes for employment;
4. The number of positions paid through the programs by organizational unit, job title, function, and salary and whether employees completed and filled out appropriate timesheets;
5. The number of positions supervised or managed by each management position;
6. Whether the programs met or were meeting the purposes for which the State moneys were provided; and,
7. Whether the programs were in compliance with the applicable laws, regulations, contracts, and grant agreements.

Report Conclusions

Auditors found that there were many monitoring controls in place at ICJIA for the three grant programs. However, ICJIA did not enforce those controls.

Years 3 and 4 of the Neighborhood Recovery Initiative/Community Violence Prevention Program (NRI/CVPP) covered the period November 2012 through August 2014 during which ICJIA expended almost \$28.4 million on the Program (\$13.7 in Year 3 and \$14.7 million in Year 4). During years 3 and 4 of NRI/CVPP operations, 149 total agencies were involved in the Program and 28 were new to the Program in Year 3 or Year 4. Many of these same providers received an additional \$362 million in State funds from other activities in these years.

In FY14, ICJIA expended \$6.69 million on the After-School Program (ASP) initiative. Overall, 21 agencies were awarded funds with only 8 of 28 counties in “priority” areas being served by ASP funding.

In FY13, the Chicago Area Project (CAP) expended \$4.2 million in grants from ICJIA, and \$4.9 million in grants from ICJIA in FY14. CAP funded five violence prevention programs, outside of the NRI/CVPP activities for FY13-14 with budgets totaling \$3.6 million.

The issues revealed in the performance audit were as follows:

- **Selection Process Issues:** Auditors found that ICJIA:
 - Went outside its normal process and allowed an official from the Governor’s Office to select the communities, providers, and funding levels for NRI/CVPP in Year 3 of the Program.
 - Selected grantees from only eight of 28 “priority” counties in the State for the ASP.
- **Contract Issues:** Examination of the contracts for the three grant programs found:
 - Contracts in all three grant programs were not executed timely.
 - ICJIA allowed CAP to shorten the FY13 grant period without amending the agreement. Additionally, ICJIA and CAP failed to execute a budget for the FY14 funding.

- **Monitoring Issues:** Examination of program information found:
 - Quarterly reporting was not timely for all three grant programs.
 - ICJIA failed to conduct site visits to ASP providers and was not timely in visits to NRI/CVPP providers.
 - Salaries charged to NRI/CVPP and CAP grants were in excess of figures reported in filings with the Attorney General.
 - ICJIA allowed CAP to hold between \$1 million and \$2 million over the course of the grant.
 - \$1.53 million in CAP funding that could not be reconciled to documents we received from CAP due to inaccuracies and/or inconsistencies in the documentation.
 - Required background checks for the NRI/CVPP program were not always completed.
 - Ineligible clients received reentry services for NRI/CVPP Program.

- **Fund Recovery Issues:** Analysis of Payment documentation and claimed expenses found:
 - Over \$2.2 million not recovered from NRI/CVPP Program; and
 - Nearly \$427,000 not recovered from the CAP funding.

- **Questioned Cost Issues:** Auditors tested provider expenditures and questioned:
 - Over \$289,000 in the NRI/CVPP Program;
 - Over \$532,000 in the ASP Program; and
 - Over \$318,000 in the CAP funding.

The Audit contained 28 recommendations. According to updated responses, ICJIA implemented 13 recommendations and accepted 14 recommendations. The recommendation regarding program evaluation by UIC was partially accepted and under study. The Authority stated that the audit and the Grant Accountability and Transparency Act (GATA) led to a transformation in the agency's grant making. Those transformations include bolstering federal and State programs, conducting fiscal and programmatic risk assessments, and creating standard agreements and budget requirements. Also, making sure grantees have separate bank accounts, enforcing quarterly reporting, conducting timely site visits, reviewing expense testing, and finally, creating a grant recovery auditor.

Performance Audit of the State Moneys Provided by or through State Agencies to the Kenwood Oakland Community Organization (KOCO)

On April 17, 2015, the Illinois House of Representatives adopted House Resolution 324, which directed the Auditor General to conduct a performance audit of the State moneys provided by or through State agencies to the Kenwood Oakland Community Organization (KOCO) under contracts or grant agreements in fiscal years 2010 through 2015. Five State agencies provided money to KOCO.

The Resolution directed that this performance audit include the following determinations:

1. The purposes for which State moneys were provided to KOCO, the State agency involved and the amount transferred;

2. the nature and extent of monitoring by State agencies of how KOCO used State-provided moneys;
3. the actual use of State moneys by KOCO;
4. whether KOCO has met or is meeting the purposes for which State moneys were provided, with specific information concerning the Organization's staffing levels and its compensation of management employees; and
5. whether KOCO is in compliance with applicable laws, regulations, contracts, and grant agreements pertaining to the Organization's receipt of State moneys.

KOCO received \$1,439,674 in State moneys from FY10-FY15. DHS provided \$1.2 million or 84% of the funding, while about \$240,000 was provided by ISBE/BHE, DCEO, and the Illinois Violence Prevention Authority whose functions were transferred to ICJIA effective January 25, 2013.

Although auditors worked with KOCO officials for several months to acquire all documentation to support the expenditure of State funding received during fiscal years 2010 through 2015, only limited documentation necessary to support KOCO's financial management system was provided. Additionally, some of the documentation received from KOCO conflicted with or did not support the information reported to State agencies. Therefore, auditors could not determine whether KOCO's financial reporting system provided an accurate, current, and complete disclosure of all financial transactions.

As a result of these limitations, auditors could not determine whether information received from KOCO was accurate, current, or complete and therefore, could not address all aspects of House Resolution 324.

The audit report contained four recommendations: two recommendations were specifically for the Department of Human Services; one recommendation was to the Illinois Criminal Justice Information Authority; and one recommendation was to the Illinois Board of Higher Education. The agencies agreed with the recommendations.

The Illinois Criminal Justice Information Authority (ICJIA) was eventually responsible for a grant to KOCO for \$30,067 and stated that it would verify any undocumented expenses and initiate action to recover any verified unallowable or undocumented amount.

Regional Offices of Education

The Commission reviewed 37 annual financial audits from the 44 **Regional Offices of Education** and two of the three **Intermediate Service Centers**, and many received a finding concerning financial reporting. Most responded that they would seek additional training, but could not hire additional employees without taking funds from educational programs.

Special Inquiries

The State Auditing Act also provides for several different types of audits, including special reports and investigations. The Act defines an investigation as an inquiry into specified acts or allegations of impropriety, malfeasance, or nonfeasance in the obligation, expenditure, receipt, or use of public funds. Investigations are initiated by resolution of the General Assembly or by the Legislative Audit Commission. The Auditor General may also at any time make informal inquiries of a State agency. Such inquiries are not in the nature of an audit, and are usually initiated at the request of a member of the General Assembly. The Audit Commission requested no special audits in 2017.

Legislative Program

One of the purposes of the audit review program is to identify and act on problems requiring a legislative solution. The Governor signed the following bills changing the statutes as recommended by audit reports or Audit Commission members.

House Bill 2474—prohibits certain transfers from the DHS Recoveries Trust Fund. (PA100-0059)

House Bill 3649—Requires every State agency to submit a monthly report to the State Comptroller listing all current liabilities and interest penalties accrued. (PA100-0552)

House Bill 3658—Changes the reporting requirement imposed on agencies to the Property Control Division at CMS. Increases the property value that triggers the reporting requirement from \$500 to \$1,000. (PA100-0193)

SB 0008—Makes various changes to the Procurement Code including certain exemptions to the Code, raises small purchase threshold to \$100,000, and changes emergency purchase affidavit to statement. (PA100-0043)

SB1714—Requires consultants to disclose to pension boards information regarding searches for minority investment firms. (PA100-0542)

HR0063—Asks the Department of Central Management Services to defer action on new leases until the conclusion of an audit on space leased by CMS for the Department of Human Services.

Other Duties and Responsibilities

The General Assembly has assigned the Audit Commission a variety of duties and responsibilities in addition to its principal duty to review the post audit program in Illinois.

Review of Emergency Purchases

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the State that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts..." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State property, to prevent or minimize serious disruption in critical State services that affect health, safety, or collection of substantial State revenues, or to ensure the integrity of State records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than 3 business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing. A chief procurement officer making such emergency purchases is required to file an affidavit with the Procurement Policy Board and the Auditor General. The affidavit is to set forth the circumstance requiring the emergency purchase.

The LAC receives quarterly reports of all emergency purchases. A report on these purchases are distributed to all members and considered at regular Commission meetings. An annual analysis is also performed to detect trends and possible patterns of abuse. A comparative summary of emergency purchases reported during the period ended December 31, 2017 appears on page 31 in Appendix C.

Each emergency transaction is reviewed to establish that:

- An "emergency," as defined in the Illinois Purchasing Act, actually existed;
- The action taken by the agency was appropriate under the circumstances; and
- Steps were taken whenever possible to obtain bids or competitive quotations in order to obtain the most favorable terms for the State.

There were 90 affidavits/statements for emergency purchases filed in 2017 totaling approximately \$30.1 million. Presented below is a compilation of 2017 emergency purchases in dollar categories.

\$10,000 or Less	1
\$10,001 to \$100,000	23
\$100,001 to \$500,000	51

\$500,001 to \$1,000,000	8
\$1,000,001 or More	7

Included in the above summary were 15 emergency purchases exceeding \$500,000 as follows:

\$1,372,173.00 to the **Department of Corrections (General Office)** to obtain collagen casings used to make various meat products to fill orders from other agencies such as DHS. A vendor's supplier was unable to provide a product that met ICI's requirements.

\$1,674,840.00 to the **Department of Human Services** to replace the roof of the Forensic Treatment Program (FTP) building at Elgin Mental Health Center, which sustained major wind damage to approximately 60,000 square feet spread over the entire roof area of 187,000 square feet. The damage to the roof is affecting and causing damage to all interior areas of the building.

\$744,000.00 to the **Department of Human Services** to begin and run a Hotline service for opioid addiction until a contract is in place.

\$600,000.00 to the **Department of Human Services** to purchase meat for DHS' 15 facilities. Meat contracts were canceled and this emergency purchase will cover second and third quarter purchases until a new contract is in place.

\$611,475.37 to the **Capital Development Board** to construct a temporary enclosure with large doors, electrical, and HVAC to house the shows scheduled to be held at the Coliseum on the State Fairgrounds. The Coliseum has been closed for repairs, so the State will enclose a warm-up arena as a temporary venue until permanent repairs can be made to the Coliseum.

\$730,987.10 to the **Capital Development Board** to replace approximately 50,000 square feet of EPDM roofing and any necessary attendant accessories at the Illinois State Police Training Academy. The roof has experienced multiple water leaks as a result of the failed roofing system. Recent rains have caused the roof to further deteriorate, exposing furnishings, records and equipment to further damage. Immediate repairs will minimize serious disruption in critical State services.

\$2,177,533.26 to the **Capital Development Board** for the replacement of the roofs at the Pine Cottage and Mechanical Building at the Alton Mental Health Center. Recent rains have caused the roofs to deteriorate to the point where short-term repairs are no longer an option. The Pine Cottage houses State patient records from multiple mental health centers, and the Mechanical Building houses the fire alarm system, security equipment and other controls for the entire facility.

\$1,100,000.00 to the **Capital Development Board** to replace a leaking de-aerator tank at the Vienna Correctional Center. The tank feeds warmed water into two boilers that provide heat and hot water to the entire institution.

\$720,000.00 to the **Capital Development Board** to design and build a new cooling system at Elgin Mental Health Center's Dietary Building. The present cooling system is over 50 years old and has failed. It is not feasible to repair the obsolete system.

\$1,007,826.30 to **Chicago State University** to restore hot water to the Residence Hall and the Student Union Building and house, feed, and transport displaced students to and from four area motels. The lack of hot water was due to a leak in an underground pipe. The Residence Hall, the only dormitory on campus, was uninhabitable without hot water and the cafeteria, located in the Student Union Building, could not operate without hot water.

\$1,077,398.28 to **Southern Illinois University** to purchase three Piper Arrow III planes financed on a seven-year contract for use in University's Commercial Pilot and CFI curriculum. The retractable landing gear on the University's existing planes has experienced malfunction and is creating safety concerns. Without the planes, the Aviation Department will discontinue offering the Commercial Pilot and CFI certification.

\$800,000.00 to **University of Illinois** to extend a contract for the sterilization of surgical trays and implant devices while an RFP is designed that complies with industry standards.

\$821,273.00 to **University of Illinois** for a DeltaVision OMX (SR) microscope for the Department of Pharmacology at UIC. The purchase price represents a 15.65% discount on the instrument and the four-year service contract, and waived fees on installation and shipping of \$20,000. This instrument will strengthen multiple research programs and projects and enhance capability to obtain renewal of grants and publish journal articles.

\$2,100,000.00 to **University of Illinois** to acquire the newest surgical robotic technology for the University of Illinois Hospital at a discount of \$207,400. The price includes robot, supplies, four-year maintenance, and support. The robot provides access to areas of the anatomy not accessible by any current robotic device or through any surgeon performed minimally invasive procedures.

\$545,700.00 to **University of Illinois** to repair a graduate/family housing apartment building in Champaign, IL where a brick façade collapsed in its entirety. These repairs will protect against further damage and minimize disruption for students who reside there.

Travel Control

The Legislative Audit Commission has the responsibility to monitor the quarterly reports of the various travel control boards established pursuant to statute. There are 10 separate boards governing the employees of the legislative branch, each constitutional officer, the State Board of Education, and higher education institutions. The chairs of the 10 travel control boards together comprise the Travel Regulation Council. The Travel Regulation Council establishes the State travel regulations and reimbursement rates, which shall be applicable to all personnel subject to the jurisdiction of the various travel control boards. These 10 travel control boards

have the duty to establish the maximum rate permitted for the reimbursement of their respective employee travel expenses which may be more restrictive than those established by the Council.

Each State agency is required to file reports of all of its officers and employees for whom official headquarters have been designated at a location other than that at which official duties require them to spend the largest part of their working time. Such reports are to be filed semi-annually with the Legislative Audit Commission and the Commission is to comment on all such reports.

A summary of travel headquarter reports for 2016 and the number of individuals who spend the largest part of their working time away from their designated headquarters, appears in Appendix D on pages 32-34.

Bids Awarded to Other Than the Lowest Bidder

As a result of PA 96-795, the Legislative Audit Commission reviews information on the awarding of contracts to other than the lowest bidder. The statute states that a contract shall be awarded to the lowest responsible and responsive bidder except when a State purchasing officer determines it is not in the best interest of the State and by written explanation determines another bidder shall receive the award. The written explanation shall appear in the Illinois Procurement Bulletin and be filed with the Legislative Audit Commission and the Procurement Policy Board. The following agency awarded contracts to other than the lowest bidders:

- Illinois Housing Development Authority—awarded \$330,225.00 for offsite document storage and services to the most qualified offeror (22039328).
- Illinois Housing Development Authority—awarded \$2,500,000.00 for litigation, real estate, employment and labor, and special tax counsel to five firms that scored the highest on the evaluation criteria for their respective categories (22039889).
- Illinois Housing Development Authority—awarded \$13.8 million for bond, issuer's, and underwriter's counsel to 12 firms that scored highest on the evaluation criteria for their respective categories (22039891).

Audit of the Office of the Auditor General

The Legislative Audit Commission is responsible for the biennial compliance examination of the Office of the Auditor General, which is performed by independent certified public accountants under a contract with the Commission. The auditors follow the same instructions and standards applicable to all audits performed pursuant to the Illinois State Auditing Act. To assure the independence of the examination, the Commission requires that the contract auditor cannot participate in the audit program administered by the Auditor General. In addition, after the completion of three examinations, a different firm must be selected. The most recent

compliance examination covered the two years ended June 30, 2015. There were no material findings of noncompliance disclosed during the auditors' tests.

Rules and Regulations of the Office of the Auditor General

The Legislative Audit Commission has oversight responsibility for rulemakings of the Auditor General. The Commission is given an opportunity, by statutory authority, to comment on all proposed rules of the Office. The Auditor General's Office adopted new rulemakings in 2017 to mirror wherever possible for their Office statutory changes in procurement.

Office of the Legislative Audit Commission

Audit Commission members monitor all expenditures of the Audit Commission. On the following page is a summary of expenditures made from appropriations for Fiscal Year 2017 and an interim report as of January 1, 2018.

I. Financial Statement - Year Ended June 30, 2017

<u>Expenditure Object</u>	<u>Appropriation</u>	<u>Expended</u>	<u>Lapsed</u>
Personal Services		\$ 215,872	
Retirement, Employer		10,121	
Social Security		14,571	
Contractual Services		2,703	
Travel		394	
Commodities		307	
Printing		1,804	
Equipment		222	
Electronic Data Processing		-0-	
Telecommunications		534	
TOTAL	\$ 261,600	\$ 246,527	\$ 15,073

II. Status of FY18 Appropriation at January 1, 2018

<u>Expenditure Object</u>	<u>Appropriation</u>	<u>Expended</u>	<u>Balance</u>
Personal Services		\$ 98,607	
Retirement, Employer		3,674	
Social Security		7,386	
Contractual Services		1,299	
Travel		287	
Commodities		34	
Printing		-0-	
Equipment		170	
Electronic Data Processing		-0-	
Telecommunications		188	
*Interest Prompt Payment (included in above line items)		38	
TOTAL	\$ 414,300	\$ 111,645	\$ 302,655

There were no material findings of noncompliance disclosed in the compliance examination of the Legislative Audit Commission performed by the Office of the Auditor General for the two years ended June 30, 2017.

APPENDIX A
Financial Audits and Compliance Examinations
(For FY15-16 unless otherwise indicated)

CONSTITUTIONAL OFFICERS

Office of the Attorney General
Office of the Comptroller, Fiscal Officer Responsibilities
Office of the Comptroller, Non-Fiscal Responsibilities
Office of the State Treasurer, Fiscal Officer Responsibilities
Office of the State Treasurer, The Illinois Funds
Office of the State Treasurer, College Savings Program
Office of the State Treasurer, Securities Lending Schedule

CODE DEPARTMENTS

Department of Agriculture, DuQuoin State Fair, FY14-15
Department of Agriculture, Illinois State Fair, FY14-15
Department of Commerce and Economic Opportunity
Department of Children and Family Services, FY15-16
Department of Employment Security, FY14-15
Department of Labor, FY14-15
Department of Lottery, FY14-15
Department of State Police
 Statewide 9-1-1 Fund and Wireless Carrier Reimbursement Fund
Department of Revenue

LEGISLATIVE AGENCIES

Joint Committee on Administrative Rules
Legislative Ethics Commission

OTHER AGENCIES

Chicago Transit Authority Employees Retirement Plan
Chicago Transit Authority Retiree Health Care Trust
Decatur Metropolitan Exposition, Auditorium and Office Building Authority
DryCleaner Environmental Response Trust Fund Council
Environmental Protection Trust Fund Commission
Executive Ethics Commission
General Assembly Retirement System
Illinois Commerce Commission
Illinois Conservation Foundation
Illinois Independent Tax Tribunal, Nov 2013 through June 30, 2015
Illinois Mathematics and Science Academy
Illinois Power Agency
Illinois State Board of Investment
Illinois Violence Prevention Authority, FY12 & FY12-13
Judges' Retirement System
Judicial Inquiry Board

Office of the State Appellate Defender
Office of the State Fire Marshal
Office of the State's Attorneys Appellate Prosecutor
Pollution Control Board
Procurement Policy Board
Property Tax Appeal Board
Railsplitter Tobacco Settlement Authority
Sex Offender Management Board
Southwestern Illinois Development Authority
State Employees' Retirement System
State Police Merit Board
State Universities Retirement System
State Universities Retirement System, Report on Allocation of Pension Amounts
Teachers' Retirement System
Teachers' Retirement System, Report on Allocation of Pension Amounts

HIGHER EDUCATION

University of Illinois, FY16, FY15 & FY14
Eastern Illinois University
Governors State University
Illinois State University
Illinois Student Assistance Commission, FY15 & FY16
Illinois Designated Account Purchase Program
 Illinois Prepaid Tuition Program, FY15 & FY16
 Report of Golden Apple Scholars of Illinois, FY15 & FY16
Northeastern Illinois University
Southern Illinois University

REGIONAL OFFICES OF EDUCATION

Adams, Brown, Cass, Morgan, and Pike Counties, No. 1
Christian and Montgomery Counties, No. 10, FY15
Bond, Fayette, and Effingham Counties, No. 3
Carroll, Jo Daviess and Stephenson Counties, No. 8
Champaign and Ford Counties, No. 9
Clark, Coles, Cumberland, Douglas, Edgar, Moultrie, and Shelby Counties, No. 11
Clay, Crawford, Jasper, Lawrence, and Richland Counties, No. 12
DeKalb County, No. 16
DeWitt, Livingston, and McLean Counties, No. 17
DuPage County, No. 19
Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties, No. 20
Franklin, Johnson, Massac, and Williamson Counties, No. 21
Fulton and Schuyler Counties, No. 22
Grundy and Kendall Counties, No. 24
Fulton, Hancock McDonough and Schuyler Counties, No. 26, FY15
Bureau, Henry, and Stark Counties, No. 28, FY15
Kane County, No. 31

Iroquois and Kankakee Counties, No. 32
Lake County, No. 34
LaSalle, Marshall and Putnam Counties, No. 35
Logan and Mason Counties, No. 38, FY15
Macon and Piatt County, No. 39
Calhoun, Green, Jersey and Macoupin Counties, No. 40, FY15
Madison County, No. 41
McHenry County, No. 44
Monroe and Randolph Counties, No. 45, FY15
Peoria County, No. 48
Rock Island County, No. 49
St. Clair County, No. 50
Sangamon County, No. 51
Mason, Tazewell, and Woodford Counties, No. 53
Vermillion County, No. 54
Will County, No. 56, FY15
Intermediate Service Center No. 1, FY16 & FY15
Intermediate Service Center No. 2, West Cook

OTHER

Performance Audit of Department of Human Services' Forensic Patient Transport Procedures
Performance Audit of the Placement of Children, Department of Children and Family Services
Performance Audit of the State Moneys Provided to the Illinois Criminal Justice Information Authority for Community Based Violence Prevention Programs, the After-School Program, and the Chicago Area Project
Performance Audit of the State Moneys Provided by or through State Agencies to the Kenwood Oakland Community Organization (KOCO)
Statewide Single Audit, FY14, FY15, FY16

APPENDIX B

Agencies Appearing Before the Commission

	<u>Audit Recommendations</u>	
CODE DEPARTMENT	<u>Total</u>	<u>Repeated</u>
Department of Children and Family Services		
Financial & Compliance (FY15-16)	16	11
Statewide Single Audit (FY16)	10	4
Performance Audit on the Placement of Children	4	NA
Department of Commerce and Economic Opportunity		
Compliance (FY15-16)	12	9
Statewide Single Audit (FY16)	1	1
Department of Labor		
Compliance (FY14-15)	14	8
Department of Lottery		
Compliance (FY14-15)	8	6
Department of Revenue		
Financial & Compliance (FY15-16)	10	5
AGENCIES		
Illinois Criminal Justice Information Authority		
Performance Audit of State Moneys for Community Violence Prevention Program, After-School Program, and Chicago Area Project (FY13-14)	28	12
Performance Audit of State Moneys Provided to the Kenwood Oakland Community Organization	4	NA
HIGHER EDUCATION		
Governors State University		
Financial, Compliance, and Single Audit (FY16)	20	5
Northeastern Illinois University		
Financial, Compliance, and Single Audit (FY16)	17	10
University of Illinois		
Financial, Compliance, and Single Audit (FY16)	18	14
Southern Illinois University		
Financial, Compliance, and Single Audit (FY16)	12	8

APPENDIX C
Emergency Purchase Transactions
Calendar Year 2017

	Number	Anticipated Cost
CONSTITUTIONAL OFFICERS		
Auditor General	1	\$ 150,150
Comptroller	1	50,000
CODE DEPARTMENTS		
Agriculture	1	120,500
Central Management Services	7	1,701,170
Corrections	5	1,796,599
Innovation and Technology	3	720,600
Human Services	9	4,195,753
Juvenile Justice	2	162,519
Natural Resources	5	1,356,061
Transportation	12	2,608,440
Veterans' Affairs	1	409,146
OTHER AGENCIES		
Capital Development Board	12	5,831,911
Toll Highway Authority	1	300,000
UNIVERSITIES		
Chicago State University	2	1,307,826
Eastern Illinois University	1	95,800
Governors State University	3	426,281
Illinois State University	1	152,389
Northern Illinois University	1	45,990
Southern Illinois University	1	1,077,398
University of Illinois	<u>21</u>	<u>7,572,101</u>
 GRAND TOTAL	 <u>90</u>	 <u>\$ 30,080,635</u>

APPENDIX D
Travel Headquarter Reports
December 31, 2017

CONSTITUTIONAL OFFICERS	<u>Reported</u>
Attorney General	0
Auditor General	0
Comptroller	7
Office of the Governor	0
Executive Ethics Commission	1
Inspector General	0
Lieutenant Governor	0
Secretary of State	199
State Treasurer	0
JUDICIAL AGENCIES	
Administrative Office of the Illinois Courts	0
Judges' Retirement System	0
Judicial Inquiry Board	0
State Appellate Defender	0
State's Attorney Appellate Prosecutor	9
Supreme Court Historic Preservation Commission	0
Court of Claims	0
LEGISLATIVE AGENCIES	
Commission on Government Forecasting & Accountability	0
General Assembly	
House – Democratic Clerk/Fiscal	0
House Democrat Leadership	7
House – Republican	0
Senate	0
Retirement System	0
Joint Committee on Administrative Rules	0
Legislative Audit Commission	0
Legislative Ethics Commission	0
Legislative Information System	0
Legislative Inspector General	10
Legislative Printing Unit	0
Legislative Reference Bureau	0
Legislative Research Unit	*
Office of the Architect of the Capitol	0
CODE DEPARTMENTS	
Department on Aging	*
Department of Agriculture	*

Department of Central Management Services	12
Department of Children and Family Services	*
Department of Commerce and Economic Development	44
Department of Corrections	447
Department of Juvenile Justice	67
Department of Employment Security	4
Department of Financial and Professional Regulation	119
Department of Healthcare and Family Services	25
Department of Human Rights	0
Department of Human Services	498
Department of Insurance	52
Department of Labor	14
Department of Lottery	0
Department of Military Affairs	6
Department of Public Health	*
Department of Revenue	575
Department of State Police	18
Department of Transportation	821
Department of Veterans' Affairs	0

OTHER AGENCIES

Abraham Lincoln Library & Museum	0
Arts Council	0
Capital Development Board	15
Civil Service Commission	6
Commerce Commission	31
Criminal Justice Information Authority	0
Deaf and Hard of Hearing Commission	*
Educational Labor Relations Board	5
Emergency Management Agency	0
Environmental Protection Agency	0
Executive Ethics Commission	1
Gaming Board	0
Governor's Office of Management and Budget	0
Guardianship & Advocacy Commission	0
Historic Preservation Agency	0
Housing Development Authority	9
Human Rights Commission	0
Illinois Board of Examiners	10
Illinois Finance Authority	1
Illinois Gaming Board	0
Illinois Power Agency	10
Illinois Law Enforcement Training & Standards Board	4
Illinois Racing Board	*
Independent Tax Tribunal	0
Labor Relations Board	0

Math & Science Academy	0
Medical District Commission	*
Planning Council on Developmental Disabilities	*
Pollution Control Board	0
Prisoner Review Board	*
Procurement Policy Board	0
Property Tax Appeal Board	0
State Board of Education	28
State Board of Elections	8
State Board of Investment	0
State Fire Marshal	72
State Employees' Retirement System	5
State Police Merit Board	4
State Toll Highway Authority	0
Teachers' Retirement System	0
Workers' Compensation Commission	10

HIGHER EDUCATION

Board of Higher Education	0
Chicago State University	9
Eastern Illinois University	34
Governors State University	0
Illinois State University	179
Illinois Student Assistance Commission	0
Northern Illinois University	108
Northeastern Illinois University	0
Southern Illinois University	0
State Universities Civil Service System	0
State Universities Retirement System	0
University of Illinois	0
Western Illinois University	40

*No report submitted for the period ending December 31, 2017.