

**STATE OF ILLINOIS
OFFICE OF THE AUDITOR GENERAL**

Compliance Examination

For the Two Years Ended June 30, 2017

**State of Illinois
Office of the Auditor General
Compliance Examination
For the Two Years Ended June 30, 2017**

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**State of Illinois
Office of the Auditor General
Compliance Examination
For the Two Years Ended June 30, 2017**

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**State of Illinois
Office of the Auditor General
Compliance Examination
For the Two Years Ended June 30, 2017**

Agency Officials

Auditor General	Mr. Frank J. Mautino (effective 1/1/16) Mr. William G. Holland (7/1/15-12/31/15)
Chief Legal Counsel	Ms. Rebecca Patton
Fiscal Officer	Ms. Teresa Davis (effective 1/1/16) Ms. Roberta Pape (7/1/15-12/31/15)

Agency Offices are located at:

Iles Park Plaza
740 East Ash
Springfield, Illinois 62703

Michael A. Bilandic Building
160 North LaSalle Street, Suite S-900
Chicago, Illinois 60601

SPRINGFIELD OFFICE:

ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046

FAX: 217/785-8222 • TTY: 888/261-2887
FRAUD HOTLINE: 1-855-217-1895



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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

December 15, 2017

Management Assertion Letter

Mr. Michael Canny, CPA
Canny Accounting, LLC
342 Williams Lane
Chatham, IL 62629

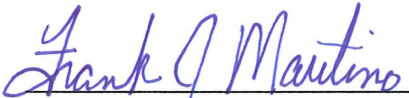
Dear Mr. Canny:

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 Office of the Auditor General. 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 Office of the Auditor General's 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 Office of the Auditor General has materially complied with the assertions below.

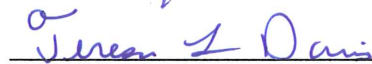
- A. The Office has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Office has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Office 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 Office 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 Office on behalf of the State or held in trust by the Office have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.


Yours truly,



Frank J. Mautino, Auditor General



Teresa Davis, Fiscal Officer



Rebecca Patton, Legal Counsel

**State of Illinois
Office of the Auditor General
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, 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	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

Exit Conference

The Office waived an exit conference in communication dated December 14, 2017.

**Independent Accountant's Report on State Compliance, on Internal
Control Over Compliance, and on Supplementary Information for
State Compliance Purposes**

Legislative Audit Commission
State of Illinois
Springfield, Illinois

Compliance

We have examined the Illinois Office of the Auditor General's 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 Illinois Office of the Auditor General is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Illinois Office of the Auditor General's compliance based on our examination.

- A. The Illinois Office of the Auditor General 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 Office of the Auditor General 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 Office of the Auditor General 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 Office of the Auditor General 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 Office of the Auditor General on behalf of the State or held in trust by Illinois Office of the Auditor General 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. Those standards, the Act and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the Illinois Office of the Auditor General complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the Illinois Office of the Auditor General 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 Illinois Office of the Auditor General's compliance with specified requirements.

In our opinion, the Illinois Office of the Auditor General 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.

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 Illinois Office of the Auditor General 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 Illinois Office of the Auditor General's 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 Illinois Office of the Auditor General's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Illinois Office of the Auditor General's 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

There were no immaterial findings that have been excluded from this report.

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 10 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 10. 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 8, Schedule 10 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management and is not intended to be and should not be used by anyone other than these specified parties.

Canny Accounting, LLC

Canny Accounting, LLC
December 15, 2017

State of Illinois
Office of the Auditor General
Supplementary Information for State Compliance Purposes
Summary
For the Two Years Ended June 30, 2017

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

Schedule of Appropriations, Expenditures and Lapsed Balances – Fiscal Year 2016

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances

Comparative Schedule of Receipts, Disbursements, and Fund Balance (Cash Basis) – Audit Expense Fund

Schedule of Changes in State Property

Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller

Analysis of Significant Variations in Expenditures

Analysis of Significant Variations in Receipts

Analysis of Significant Lapse Period Spending

Analysis of Accounts Receivable

Analysis of Operations (Not Examined)

Agency Functions and Planning Program (Not Examined)

Average Number of Employees (Not Examined)

Emergency Purchases (Not Examined)

Annual Cost Statistics (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 10. 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
Office of the Auditor General
Schedule of Appropriations, Expenditures and Lapsed Balances
Appropriations for Fiscal Year 2017
Fourteen Months Ended August 31, 2017

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2017	Lapse Period Expenditures July 1, 2017 to August 31, 2017	Total Expenditures Through August 31, 2017	Appropriation Balances Lapsed
Continuing Appropriation					
<u>GENERAL REVENUE FUND (001):</u>					
Personal Services	\$ 5,573,500	\$ 5,568,138	\$ -	\$ 5,568,138	\$ 5,362
State Contributions to Social Security	412,500	403,372	-	403,372	9,128
Contractual Services	626,000	580,506	6,243	586,749	39,251
Commodities	20,000	1,793	76	1,869	18,131
Printing	10,500	1,791	9	1,800	8,700
Equipment	25,000	12,680	62	12,742	12,258
Electronic Data Processing	69,500	57,422	7,894	65,316	4,184
Telecommunications	65,000	48,499	4,405	52,904	12,096
Operation of Automotive Equipment	5,000	214	1,425	1,639	3,361
TOTAL GENERAL REVENUE FUND (001)	6,807,000	6,674,415	20,114	6,694,529	112,471
<u>AUDIT EXPENSE FUND (342):</u>					
Administrative and Operations Expenses and Audits, Studies, Investigations, and Expenses Related to Actuarial Services	23,947,191	16,656,637	4,564,501	21,221,138	2,726,053
TOTAL AUDIT EXPENSE FUND (342)	23,947,191	16,656,637	4,564,501	21,221,138	2,726,053
<u>TOTAL ALL FUNDS</u>	\$ 30,754,191	\$ 23,331,052	\$ 4,584,615	\$ 27,915,667	\$ 2,838,524

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the Office of the Auditor General's records and have been reconciled to the State Comptroller's records.

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

Note 3: Total expenditures include interest payments approved for payment by the Office of the Auditor General and submitted to the State Comptroller for payment.

State of Illinois
Office of the Auditor General
Schedule of Appropriations, Expenditures and Lapsed Balances
Appropriations for Fiscal Year 2016
Fourteen Months Ended August 31, 2016

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2016	Lapse Period Expenditures July 1, 2016 to August 31, 2016	Total Expenditures Through August 31, 2016	Appropriation Balances Lapsed
Continuing Appropriation					
<u>GENERAL REVENUE FUND (001):</u>					
Personal Services	\$ 5,644,500	\$ 5,643,092	\$ -	\$ 5,643,092	\$ 1,408
State Contributions to Social Security	404,500	403,234	-	403,234	1,266
Contractual Services	613,500	604,599	5,848	610,447	3,053
Commodities	7,500	5,000	50	5,050	2,450
Printing	7,500	6,867	-	6,867	633
Equipment	16,500	13,740	86	13,826	2,674
Electronic Data Processing	54,000	45,934	-	45,934	8,066
Telecommunications	58,000	52,584	4,746	57,330	670
Operation of Automotive Equipment	1,000	480	50	530	470
TOTAL GENERAL REVENUE FUND (001)	6,807,000	6,775,530	10,780	6,786,310	20,690
<u>AUDIT EXPENSE FUND (342):</u>					
Administrative and Operations Expenses and Audits, Studies, Investigations, and Expenses Related to Actuarial Services	23,947,191	17,033,065	4,911,306	21,944,371	2,002,820
TOTAL AUDIT EXPENSE FUND (342)	23,947,191	17,033,065	4,911,306	21,944,371	2,002,820
<u>TOTAL ALL FUNDS</u>	\$ 30,754,191	\$ 23,808,595	\$ 4,922,086	\$ 28,730,681	\$ 2,023,510

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the Office of the Auditor General's records and have been reconciled to the State Comptroller's records.

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

Note 3: Total expenditures include interest payments approved for payment by the Office of the Auditor General and submitted to the State Comptroller for payment.

State of Illinois
Office of the Auditor General
Comparative Schedule of Net Appropriations,
Expenditures and Lapsed Balances
For the Fiscal Years Ended June 30, 2017, 2016 and 2015

	2017 Continuing Appropriation	Fiscal Year 2016 Continuing Appropriation	2015 P.A. 98-0679
<u>GENERAL REVENUE FUND (001)</u>			
Appropriations (Net After Transfers)	\$ 6,807,000	\$ 6,807,000	\$ 6,807,000
Expenditures			
Personal Services	5,568,138	5,643,092	5,615,959
State Contributions to Social Security	403,372	403,234	404,160
Contractual Services	586,749	610,447	591,742
Commodities	1,869	5,050	4,593
Printing	1,800	6,867	5,758
Equipment	12,742	13,826	14,629
Electronic Data Processing	65,316	45,934	88,470
Telecommunications	52,904	57,330	59,171
Operation of Automotive Equipment	1,639	530	1,834
Total Expenditures	<u>6,694,529</u>	<u>6,786,310</u>	<u>6,786,316</u>
Lapsed Balances	<u>\$ 112,471</u>	<u>\$ 20,690</u>	<u>\$ 20,684</u>
<u>AUDIT EXPENSE FUND (342)</u>			
Appropriations	\$ 23,947,191	\$ 23,947,191	\$ 23,947,191
Expenditures			
Administrative and Operations Expenses and Audits, Studies, Investigations, and Expenses Related to Actuarial Services	<u>21,221,138</u>	<u>21,944,371</u>	<u>22,787,309</u>
Total Expenditures	<u>21,221,138</u>	<u>21,944,371</u>	<u>22,787,309</u>
Lapsed Balances	<u>\$ 2,726,053</u>	<u>\$ 2,002,820</u>	<u>\$ 1,159,882</u>
<u>TOTAL - ALL APPROPRIATED FUNDS</u>			
Appropriations (Net After Transfers)	\$ 30,754,191	\$ 30,754,191	\$ 30,754,191
Total Expenditures	<u>27,915,667</u>	<u>28,730,681</u>	<u>29,573,625</u>
Lapsed Balances	<u>\$ 2,838,524</u>	<u>\$ 2,023,510</u>	<u>\$ 1,180,566</u>
<u>STATE OFFICERS' SALARIES</u>			
General Revenue Fund - 001			
Expenditures			
Auditor General	\$ 159,883	\$ 157,210	\$ 154,128
Two Deputy Auditor Generals	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 159,883</u>	<u>\$ 157,210</u>	<u>\$ 154,128</u>

Note: State Officers' salaries are paid from the appropriation for the State Comptroller.

State of Illinois
Office of the Auditor General
Comparative Schedule of Receipts, Disbursements and
Fund Balance (Cash Basis) - Audit Expense Fund
For the Two Years Ended June 30, 2017

Audit Expense Fund (342)	2017	2016
Receipts		
Deposits	\$ 3,161,263	\$ 3,117,839
Transfers-in	<u>24,176,408</u>	<u>23,641,860</u>
Total Receipts	27,337,671	26,759,699
Disbursements		
Expenses	21,567,943	21,779,300
Transfers-out	<u>424,136</u>	<u>301,868</u>
Total Disbursements	21,992,079	22,081,168
Net Increase in Fund Balance	5,345,592	4,678,531
Fund Balance - Beginning of the Year	<u>20,198,550</u>	<u>15,520,019</u>
Fund Balance - End of the Year	<u><u>\$ 25,544,142</u></u>	<u><u>\$ 20,198,550</u></u>

Note: This schedule has been prepared from the records of the Office of the Auditor General, which have been reconciled to those of the State Comptroller.

State of Illinois
Office of the Auditor General
Schedule of Changes in State Property
For the Two Years Ended June 30, 2017

Balance - July 1, 2015	\$ 1,391,260
Additions:	
Purchases	28,877
Deductions:	
Deletions	(3,426)
Net transfers	(105,737)
	<hr/>
Balance - June 30, 2016	\$ 1,310,974
Additions:	
Purchases	17,659
Deductions:	
Deletions	(680)
Net transfers	(29,383)
	<hr/>
Balance - June 30, 2017	<u><u>\$ 1,298,570</u></u>

Note: This schedule has been prepared from the records of the Office of the Auditor General, which have been reconciled to property reports submitted to the State Comptroller.

State of Illinois
Office of the Auditor General
Comparative Schedule of Cash Receipts and
Reconciliation of Cash Receipts to
Deposits Remitted to the State Comptroller
For the Years Ended June 30,

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>GENERAL REVENUE FUND (001)</u>			
Reimbursements for Audits of Federal Programs	\$ 4,604,187	\$ 2,413,536	\$ 4,043,617
Miscellaneous receipts	<u>554</u>	<u>492</u>	<u>4,315</u>
Total cash receipts per Office	4,604,741	2,414,028	4,047,932
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Total cash receipts per State Comptroller's Records	<u>\$ 4,604,741</u>	<u>\$ 2,414,028</u>	<u>\$ 4,047,932</u>
<u>AUDIT EXPENSE FUND (342)</u>			
Reimbursement for Audits of State Trust Funds and other Local Funds	<u>\$ 3,161,263</u>	<u>\$ 3,117,839</u>	<u>\$ 3,350,147</u>
Total cash receipts per Office	3,161,263	3,117,839	3,350,147
Less - In transit at End of Year	199,941	835,082	-
Plus - In transit at Beginning of Year	<u>835,082</u>	<u>-</u>	<u>235,558</u>
Total cash receipts per State Comptroller's Records	<u>\$ 3,796,404</u>	<u>\$ 2,282,757</u>	<u>\$ 3,585,705</u>
<u>GRAND TOTAL - ALL FUNDS</u>			
Total cash receipts per Office	\$ 7,766,004	\$ 5,531,867	\$ 7,398,079
Less - In transit at End of Year	199,941	835,082	-
Plus - In transit at Beginning of Year	<u>835,082</u>	<u>-</u>	<u>235,558</u>
Total cash receipts per State Comptroller's Records	<u>\$ 8,401,145</u>	<u>\$ 4,696,785</u>	<u>\$ 7,633,637</u>

Note: This schedule has been prepared from the records of the Office of the Auditor General, which have been reconciled to those of the State Comptroller.

State of Illinois
Office of the Auditor General
**Analysis of Significant Variations in Expenditures
For the Two Years Ended June 30, 2017**

Schedule 7

The Analysis of significant variances in total expenditures by fund exceeding \$1,000 and 20% between fiscal years as presented in the "Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances, Schedule 3" is detailed below:

Analysis of Significant Variations in Expenditures between Fiscal Years 2017 and 2016

General Revenue Fund – 001

Commodities

The decrease in Commodities expenditures of \$3,181 was due to the Office purchasing Identification Badges, chair mats, and additional office supplies in Fiscal Year 2016. These same supplies were not needed in Fiscal Year 2017.

Printing

The decrease in Printing expenditures of \$5,067 was due to the Office purchasing paper in Fiscal Year 2016. The Office had a sufficient supply of paper in Fiscal Year 2017.

Electronic Data Processing

The increase in Electronic Data Processing expenditures of \$19,382 was due to the Office purchasing MS Office software and additional computers to update the Office's computers and the need for additional computers for staff that were hired during Fiscal Year 2017.

Operation of Automotive Equipment

The increase in Operation of Automotive Equipment expenditures of \$1,109 was due to the Office's Springfield car and van needing repairs.

Analysis of Significant Variations in Expenditures between Fiscal Years 2016 and 2015

General Revenue Fund – 001

Electronic Data Processing

The decrease in Electronic Data Processing expenditures of \$42,536 was due to the Office purchasing the following items in FY15 and not needing the same items in FY16: 1) MS Office software to update Office computers, 2) printer toner cartridges, 3) a backup appliance and support, and 5) additional laptops to replace outdated laptops.

Operation of Automotive Equipment

The decrease in Operation of Automotive Equipment of \$1,304 was due to the Office Chicago van and Springfield motorpool car needing repairs in Fiscal Year 2015.

State of Illinois
Office of the Auditor General
Analysis of Significant Variations in Receipts
For the Two Years Ended June 30, 2017

Schedule 8

The analysis of significant variances in cash receipts by fund exceeding \$1,000 and 20% between fiscal years as presented in the "Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller, Schedule 6" is detailed below:

Analysis of Significant Variations in Receipts between Fiscal Years 2017 and 2016

General Revenue Fund – 001

Reimbursements for Audits of Federal Programs

The increase in cash receipts is due to the Office billing entities during Fiscal Year 2016 for federal audit cost reimbursements; however, the Office was not reimbursed until Fiscal Year 2017.

Analysis of Significant Variations in Receipts between Fiscal Years 2016 and 2015

General Revenue Fund – 001

Reimbursements for Audits of Federal Programs

The decrease in cash receipts is due to entities reimbursing the Office for Fiscal Year 2015 federal program audit costs in the same year. However, a significant amount of the Fiscal Year 2016 federal program audit costs were not reimbursed until the next fiscal year.

Miscellaneous

The decrease in miscellaneous cash receipts was primarily due to funds received for costs associated with a Freedom of Information request in Fiscal Year 2015. There were no similar requests during Fiscal Year 2016.

State of Illinois
Office of the Auditor General
Analysis of Significant Lapse Period Spending
For the Two Years Ended June 30, 2017

Schedule 9

The analysis of significant lapse period spending exceeding \$1,000 and 20% in Fiscal Years 2016 and 2017 as reported in the "Schedule of Appropriations, Expenditures and Lapsed Balances, Schedules 1 and 2" is detailed below:

Fiscal Year 2017

General Revenue Fund – 001

Operation of Automotive Equipment

The lapse period spending was due to the Office needing repairs to the van and motor pool car at the end of the fiscal year. The invoice from Central Management Services for these repairs was not received by the Office until lapse period.

Audit Expense Fund - 342

Administrative and Operations Expenses and Audits, Studies, Investigations, and Expenses Related to Actuarial Services

The lapse period spending was due to contracts executed towards the end of the fiscal year to allow for special assistant auditors to start early work on audit services. These audit services are performed through June 30th and invoices are not received by the Office until lapse period.

Fiscal Year 2016

Audit Expense Fund - 342

Administrative and Operations Expenses and Audits, Studies, Investigations, and Expenses Related to Actuarial Services

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State of Illinois
Office of the Auditor General
Analysis of Accounts Receivable
For the Two Years Ended June 30, 2017

Schedule 10

	2017	2016	2015
General Revenue Fund - 001			
Gross Receivables:			
Not Past Due	\$ -	\$ -	\$ -
1 - 30 Days Outstanding	-	1,617,091	-
31 - 90 Days Outstanding	968,372	435,690	725,748
91 - 180 Days Outstanding	-	-	-
181 Days - 1 Year Outstanding	-	-	-
Over 1 Year Outstanding	-	-	-
Total Gross Receivables	968,372	2,052,781	725,748
Less: Allowance for Uncollectibles	-	-	-
Net Receivables	<u>\$ 968,372</u>	<u>\$ 2,052,781</u>	<u>\$ 725,748</u>

Audit Expense Fund - 342

Gross Receivables:			
Not Past Due	\$ 86,183	\$ 212,492	\$ 652,452
1 - 30 Days Outstanding	330,329	347,140	976,525
31 - 90 Days Outstanding	-	-	-
91 - 180 Days Outstanding	-	-	-
181 Days - 1 Year Outstanding	68,721	-	-
Over 1 Year Outstanding	-	12,448	-
Total Gross Receivables	485,233	572,080	1,628,977
Less: Allowance for Uncollectibles	-	-	-
Net Receivables	<u>\$ 485,233</u>	<u>\$ 572,080</u>	<u>\$ 1,628,977</u>

The accounts receivables generated by the Office of the Auditor General primarily represent billings to other State agencies for reimbursement of audit costs. Reimbursements for federal single audits are deposited into the General Revenue Fund. Reimbursements for audits not associated with federal single audits are deposited or transferred to the Audit Expense Fund. If normal collection methods fail, the Office requests assistance from the Office of the Attorney General. To date the Office has never used the services of a private collection agency.

**State of Illinois
Office of the Auditor General
Agency Functions and Planning Program (Not Examined)
For the Two Years Ended June 30, 2017**

The Office of the Auditor General maintains offices in Springfield at 740 East Ash Street in Springfield and in the Michael A. Bilandic Building at 160 North LaSalle in Chicago. The Auditor General is Frank J. Mautino.

The function of the Office of the Auditor General is to assist the General Assembly in achieving oversight of State government and improvement in audited agency operations by:

- a) Performing objective audits and evaluations of agency programs and operations;
- b) Providing useful information generated by such audits and evaluations to the General Assembly and other concerned parties;
- c) Offering recommendations to bring governmental operations into conformity with applicable laws and regulations; and
- d) Providing information to the General Assembly for its use in evaluating agency and program performance and in making informed policy decisions.

The manner in which the Office is organized to accomplish the above functions is elaborated in the annual report of the Office of the Auditor General.

The Office maintains ongoing formal planning for internal operations and to meet the requirements of the State Auditing Act and the various specific directives given it by the General Assembly.

State of Illinois
Office of the Auditor General
Average Number of Employees (Not Examined)
For the Two Years Ended June 30, 2017

Personal Services

The following table, prepared from Office records, presents the average number of employees, by location, for the fiscal year ended June 30,

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Springfield	71	70	78
Chicago	<u>5</u>	<u>9</u>	<u>12</u>
Total Employees	<u><u>76</u></u>	<u><u>79</u></u>	<u><u>90</u></u>

**State of Illinois
Office of the Auditor General
Emergency Purchases (Not Examined)
For the Two Years Ended June 30, 2017**

The Office had the following emergency purchase during fiscal year 2017. The Office had no emergency purchases during fiscal year 2016.

<u>Vendor/Description</u>	<u>Cost</u>
Borschnack, Pelletier & Co. Compliance Examination of the Historic Preservation Agency for the year ended June 30, 2017.	\$ 150,150

State of Illinois
Office of the Auditor General
Annual Cost Statistics (Not Examined)
For the Two Years Ended June 30, 2017

Contractual Compliance Audits

Presented as follows is a schedule of compliance audit division contractual audit statistics, by fiscal year, compiled from information provided by the Office of the Auditor General. The statistics do not include data concerning audits performed by the staff of the office:

<u>Fiscal Year</u>	<u>Number of Contract Audits</u>	<u>Audit Hours Required</u>	<u>Average Rate Per Hour</u>
2017	57	200,437	\$ 98.18
2016	64	196,657	\$ 98.28
2015	58	203,450	\$ 95.49

Contractual Financial Audits of Regional Office of Education Audits

Presented as follows is a schedule of contractual financial audit statistics for audits of regional offices of education and intermediate service centers, by fiscal year, compiled by the Office of the Auditor General. For fiscal year 2015 and 2016 there were 44 regional offices of education and 3 intermediate service centers. However, for fiscal year 2017 there were only 35 regional offices of education and 3 intermediate service centers due to the merging of regional offices of education.

<u>Fiscal Year</u>	<u>Number of Contract Audits</u>	<u>Audit Hours Required</u>	<u>Average Rate Per Hour</u>
2017	38	14,460	\$ 82.10
2016	47	17,497	\$ 79.75
2015	47	17,061	\$ 78.72

Audit Expense Fund Disbursements

An analysis of the disbursement of funds from the appropriation for audits, studies and investigations for the two fiscal years of the audit are presented below:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Audit Fees and Expenses	\$ 21,149,297	\$ 21,566,689	\$ 21,979,012
Other Administrative Expenses	<u>71,841</u>	<u>377,681</u>	<u>808,297</u>
Total Audit Studies and Investigation Expenses	<u>\$ 21,221,138</u>	<u>\$ 21,944,370</u>	<u>\$ 22,787,309</u>