

2018 ANNUAL REPORT



**LEGISLATIVE
AUDIT
COMMISSION**

**SIXTIETH ANNUAL REPORT
of the
LEGISLATIVE AUDIT COMMISSION**

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



**2018 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

Legislative Audit Commission



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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 2018. 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 157 financial/compliance reports, parts of three statewide single audit reports, and six performance audits during 2018.

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,

A handwritten signature in black ink that reads "Jason A. Barickman". The signature is written in a cursive style with a large initial "J".

Jason A. Barickman, State Senator
Co-Chair

A handwritten signature in black ink that reads "Robert A. Rita". The signature is written in a cursive style with a large initial "R".

Robert Rita, State Representative
Co-Chair

LEGISLATIVE AUDIT COMMISSION SIXTIETH ANNUAL REPORT CONTENTS

	Page
Overview.....	2
Commission’s Home Page.....	3
Commission Membership.....	3
Audit Review Program.....	5
Compliance Examinations.....	6
Audit Review Highlights.....	8
Performance Audits.....	15
Legislative Program.....	21
Other Duties and Responsibilities.....	22
Office of the Legislative Audit Commission.....	26
Appendix A.....	28
Appendix B.....	32
Appendix C.....	34
Appendix D.....	35

60th 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 157 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 meetings 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 meetings.
- 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 150/1 and 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, 2018**

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 meetings 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.

Adelfia

Jennifer Roan
Stella Santos

CliftonLarsen & Allen

Chuck Kozlik
Kent Sorenson

E.C. Ortiz

Leliani Rodrigo

KPMG

Cathy Bauman

Milliman, Inc,

Robert Damler

RSM

Linda Abernathy

Sikich

Tom Leach
Ryan Randolph
Amy Sherwood

West & Co.

Janice Romack

Winkel, Parker & Foster

Clair Buyert
Kristyl McDaniel

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 157 financial and compliance reports during 2018 ranging from reports disclosing no material findings to reports containing as many as 43 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 28-31.

Prior to a Commission meeting, 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 2018.

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, 43 State agencies expended about \$27.2 billion in federal financial assistance in FY16. 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 73 findings with 49 repeat findings. The audit noted for the fifteenth 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-eight 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 including inadequate control over the Integrated Eligibility System (IES) which led to the auditors qualifying their opinion on the SNAP, TANF, CHIP, and Medicaid Cluster program. Additionally, agencies had inadequate control over case file records, had inaccurate reports on federal expenditures or maintenance of effort expenditures. IDES failed to improve program integrity and reduce overpayments of Unemployment Insurance. At least ten of the audit report's 73 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 2018, the Legislative Audit Commission reviewed 157 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 is concerned with the timely review of compliance, financial, and performance audits. As a post-facto examination, there is 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 FY17 audit cycle, there were a total of 591 findings and 339 repeat findings (57.3%). By comparison, there were a total of 728 findings and 312 repeat findings (42.8%) in the FY07 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 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.

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 continue working on 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 2018, Illinois unemployment was at 4.3%, compared to a national average of 3.9%. The State's general funds increased \$2.9 billion in 2018 compared to calendar 2017. A new law went into effect on January 1, 2018 requiring agencies to report on the amount of

outstanding bills held at the agency. The State had a backlog of \$6.04 billion in unpaid bills at the end of 2018. That backlog topped \$16 billion in June 2017.

The Grant Accountability and Transparency Act (GATA), passed in 2014, is addressing 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. Other bills passed subsequently address the recovery of improper payments and the ability to stop payments to recipients.

Appendix B, appearing on pages 32-33, summarizes the audits considered at Legislative Audit Commission hearings during 2018, the number of audit recommendations, and the number of recommendations that were repeated from prior audits.

During 2018, 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 FY15, FY16, or FY17.

Failure of Internal Controls

The following agencies did not properly prepare reconciliations; had accounting errors, dormant accounts, stale checks, or uncollected fees; had inaccurate calculations, accounts payable, expenditures, liabilities, receipts, locally held funds, dormant accounts, stale checks, drawdowns, petty cash, cash drawers, interest income, revenue or deposits; did not pursue collections timely; or did not track overpayments:

Capitol Development Board
Chicago State University
Civil Service Commission
Department on Aging
Department of Agriculture
Department of Children & Family Services
Department of Corrections
Department of Human Services
Department of Juvenile Justice
Department of Military Affairs
Department of Natural Resources
Department of Secretary of State
Department of Transportation
Department of Veterans' Affairs
Educational Labor Relations Board

Environmental Protection Agency
Executive Ethics Commission
Governor's Office of Management & Budget
Illinois Arts Council Foundation
Illinois Community College Board
Illinois Finance Authority
Illinois Gaming Board
Illinois Housing Development Authority
Illinois Racing Board
Illinois State Fire Marshal
Illinois State Police
Illinois State University
Law Enforcement Training & Standards Bd
Northern Illinois University
Western Illinois University

The following agencies had improper or untimely financial reporting; had inaccurate financial statements, tax remittance, note disclosures, bond activity, or transfer between State funds; or did not comply with bond covenants:

Chicago State University
Department on Aging
Department of Agriculture
Dept of Central Management Services
Department of Corrections
Department of Human Services
Department of Military Affairs
Department of Natural Resources
Department of Secretary of State
Eastern Illinois University
Illinois Community College Board
Illinois Conversation Foundation
Illinois Finance Authority

Illinois Housing Development Authority
Illinois Literacy Foundation
Illinois Office of the Comptroller
Illinois Racing Board
Illinois State Board of Investment
Illinois State Fire Marshal
Illinois State University
Northern Illinois University
Office of the Comptroller,
Fiscal Officer Responsibilities
Office of the State Treasurer,
Fiscal Officer Responsibilities

The following agencies had inadequate controls over voucher processing; did not have timely voucher processing; or improper voucher approval, supervisory review, or charges for legal services:

Capitol Development Board
Dept of Central Management Services
Department of Corrections
Dept of Financial & Professional Regulation
Department of Human Services
Department of Natural Resources

Illinois Racing Board
Illinois State Police
Law Enforcement Training & Standards Bd
Northern Illinois University
Prisoner Review Board

The following agencies had improper control over refunds, distributions, or excess funds:

College Savings Program
Dept of Central Management Systems
Department of Human Services

Northern Illinois University
Western Illinois University

The following agencies did not submit various reports timely or accurately such as Agency Workforce Reports, EEOC Reports, or TA-2 Reports:

Chicago State University
Department of Agriculture
Dept of Central Management Services
Dept of Children and Family Services
Department of Human Rights
Department of Human Services
Department of Insurance
Department of Military Affairs

Department of Natural Resources
Department of Veterans' Affairs
Eastern Illinois University
Illinois Board of Higher Education
Illinois State Board of Education
Illinois Community College Board
Illinois Housing Development Authority
Illinois State University

The following agencies had inaccurate reporting of federal expenditures; excessive student loan defaults or did not follow regulations resulting in improper approval of student loans; did not require grant applications; did not pass along grant information, properly post grant awards, require grant applications, or prohibit expenditures for unallowable costs:

Chicago State University
 Department of Agriculture
 Department of Veterans' Affairs
 Illinois Community College Board

Illinois Housing Development Authority
 Illinois Racing Board
 Western Illinois University

The following agencies had inadequate controls over timesheets, employee evaluations, the payroll process, overtime calculations, overtime requests, employee training, leaves of absence, leave time, ethics training, travel policies, personnel policies, the automated timekeeping system, or insufficient bilingual personnel:

Capitol Development Board
 Chicago State University
 Department on Aging
 Department of Agriculture
 Department of Central Management Services
 Department of Children and Family Services
 Department of Corrections
 Dept of Financial & Professional Regulation
 Department of Human Services
 Department of Juvenile Justice
 Department of Natural Resources
 Department of Transportation

Department of Veterans' Affairs
 Eastern Illinois University
 General Assembly Retirement System
 Illinois Community College Board
 Illinois Finance Authority
 Illinois Gaming Board
 Illinois Labor Relations Board
 Illinois Racing Board
 Illinois State University
 Northern Illinois University
 Prisoner Review Board

The following agencies had inadequate control over property, inventory, commodities, records, recordkeeping, reports, or fixed asset reporting; did not investigate unlocated items; or had inadequate control over vehicles:

Capitol Development Board
 Department on Aging
 Department of Agriculture
 Dept of Central Management Systems
 Dept of Children & Family Services
 Department of Corrections
 Department of Human Rights
 Department of Human Services
 Department of Juvenile Justice
 Department of Military Affairs
 Department of Natural Resources

Department of Transportation
 Department of Veterans' Affairs
 Educational Labor Relations Board
 Environmental Protection Agency
 Illinois Board of Higher Education
 Illinois Community College Board
 Illinois Racing Board
 Law Enforcement Training & Standards Bd
 Northern Illinois University
 Prisoner Review Board
 Western Illinois University

The following agencies did not follow rules, policies, procedures, or regulations, or update the same or make notification of changes related to the agency, emergency purchases, lab procedures, or procurement information; or provide timely approval or denial of application for benefits:

Capitol Development Board
Department on Aging
Dept of Financial & Professional Regulation
Department of Human Services

Department of Insurance
Department of Veterans' Affairs
Illinois Racing Board
Illinois State Police

The Performance Audit of the **College of DuPage** contained findings concerning trustee fiduciary responsibilities, general obligation bonds, construction activities, and presidential compensation and severance. The College used the audit process and recommendations to strengthen its controls. Since the audit period, only one of the elected trustees from that time period remains and the College has been served by a new President since 2016.

The **Illinois Racing Board** inadequately secured their offices at the racetracks.

The **Department of Juvenile Justice** did not segregate books and records from the **Department of Corrections**.

The **Department of Natural Resources** lacked control over the World Shooting and Recreational Complex in the areas of operations, cash receipts documentation, listing of events, use agreements, and retention of records.

Failure to Monitor Computer Systems

The following agencies had inadequate security over their IT environments or had inadequate disaster recovery planning or testing:

Department on Aging
Department of Agriculture
Department of Corrections
Department of Human Services
Department of Juvenile Justice

Department of Natural Resources
Illinois Gaming Board
Illinois State Police
Northern Illinois University

The following agencies did not protect confidential information, install encryption software, or comply with payment card data security standards:

Department of Agriculture
Dept of Children & Family Services
Department of Corrections
Department of Human Services

Department of Juvenile Justice
Department of Natural Resources
Illinois Gaming Board
Illinois State Police

The following agencies had inadequate controls over system development activities, project management, change procedures, change management, access rights, system changes and security controls, reconciliation between systems, data accuracy, and data understanding:

Chicago State University
Department of Agriculture
Dept of Central Management Services
Department of Corrections
Department of Human Services
State Employees' Retirement System

Department of Juvenile Justice
General Assembly Retirement System
Illinois Gaming Board
Illinois State Police
Judges' Retirement System

The **Department of Human Services** and the **Department of Healthcare and Family Services** lacked controls over the operation of the Integrated Eligibility System (IES) to sufficiently prevent the inaccurate determination of eligibility.

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

The following agencies had improper or untimely contract approval, contract procedures, contract enforcement, or disclosures:

Chicago State University
Dept of Children & Family Services
Department of Human Services
Department of Natural Resources
Illinois State Board of Investment

Illinois State Fair
Illinois State Police
Northern Illinois University
Teachers' Retirement System
Western Illinois University

The following agencies had inadequate monitoring of contracts for individuals, service organizations, simulcast wagering, CILA providers, interagency agreements, subcontractor agreements, Section 8, or external service providers:

Achieving a Better Life Experience, Treasurer
Chicago State University
College Savings Program
Department on Aging
Dept of Central Management Systems
Department of Corrections
Dept of Financial & Professional Regulation
Department of Human Services
Department of Secretary of State

Department of Juvenile Justice
Governor's Office of Mgmt & Budget
Illinois Funds – State Treasurer
Illinois Gaming Board
Illinois Housing Development Authority
Illinois Racing Board
Judges' Retirement System
Prisoner Review Board
State Employees' Retirement System

Failure to Operate Within Statutory Authority

The following agencies did not comply with all statutes required for the operation of those agencies, or did not seek legislative remedy to correct inadequate agency statutes:

Chicago State University	Department of Transportation
Department on Aging	Department of Veterans' Affairs
Department of Agriculture	Illinois Gaming Board
Dept. of Central Management Services	Illinois Racing Board
Dept of Children and Family Services	Illinois State Board of Education
Department of Corrections	Illinois State Police
Dept. Financial & Prof Regulation	Illinois State University
Department of Human Services	Northern Illinois University
Department of Insurance	Office of the Architect of the Capitol
Department of Juvenile Justice	Western Illinois University
Department of Natural Resources	

The following agencies did not make timely appointments to boards, commissions, task forces, or the entities did not meet as required:

Dept Financial & Professional Regulation	Environmental Protection Agency
Department of Human Services	Illinois Arts Council Foundation
Department of Veterans' Affairs	Mid-Illinois Medical District Commission
Drycleaner Environmental Response	State Employees' Retirement System

The following agencies did not comply with the Fiscal Control and Internal Auditing Act, did not perform internal audits timely, did not have a chief internal auditor as required, or did not certify review of internal controls:

Chicago State University	Department of Military Affairs
Department on Aging	Department of Natural Resources
Department of Agriculture	Environmental Protection Agency
Department of Children & Family Services	Illinois Finance Authority
Department of Corrections	Illinois Gaming Board
Department of Human Rights	

Failure to Protect the State's Interest

The **Department of Children and Family Services'** case files lacked all required information and case procedures were not performed timely. Also, reports of abuse and neglect were not always investigated or determined timely.

The **Department of Corrections** did not review offenders' records to ensure information complies with the Sex Offender Registration Act.

The **Departments of Corrections, Juvenile Justice, Military Affairs, and Financial and Professional Regulation** did not establish fraud prevention, deterrence, and detection programs.

The **Department of Human Services** failed to finalize and implement certain community integrated living arrangement (CILA) rules.

There was insufficient monitoring of case files by the **Department of Human Services** to ensure program objectives were being met for clients of the Home Service Program.

The **Department of Transportation** did not perform all bridge inspections timely.

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, 2018 Receivables Report, the gross receivables balance was \$18.928 billion, an increase of \$856 million (4.7%) from the \$18.072 billion reported at December 31, 2017. Of this amount, \$5.745 billion was deferred/installment receivables and \$8.641 billion was estimated to be uncollectible. Thus, \$4.542 billion (24%) 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 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 Medicaid Managed Care Organizations

On May 31, 2017, House Resolution No. 100 was adopted and directed the Office of the Auditor General to conduct an audit of Medicaid Managed Care Organizations (MCOs), which included a comparison of State expenditures between MCOs and the Medicaid fee-for-service program for FY16. The outcome of each of the nine determinations in the Resolution can be found in the audit report.

Traditionally, Illinois has paid medical providers (physicians, hospitals, dentists, etc.) directly on a fee-for-services basis. On January 25, 2011 Public Act 96-1501 amended the Illinois Public Aid Code and mandated that HFS increase the percentage of Medicaid clients whose Medicaid services are paid through Managed Care Organizations (MCOs) using monthly capitation rates.

Report Conclusions

Auditors determined that the Department of Healthcare and Family Services (HFS) did not maintain the complete and accurate information needed to adequately monitor \$7.11 billion in payments made to and by the 12 MCOs during FY16.

Specifically, HFS could not provide auditors with the following information:

- all paid claims to Medicaid providers by the MCOs in FY16;
- Medicaid provider claims denied by MCOs in FY16;
- the administrative costs incurred by MCOs in FY16;
- the coordinated care costs incurred by MCOs in FY16; and
- Medical Loss Ratio (MLR) calculations since calendar year 2012.

In FY16, HFS made multiple monthly capitation payments to MCOs for the same months for the same individuals totaling \$590,237.

The audit report contained six recommendations directed to the Department of Healthcare and Family Services concerning:

- 1—Administrative costs not provided;
- 2—No medical loss ratio calculation of MCOs since 2012;
- 3—Paid claims data not provided and no on-site reviews;
- 4—Denied claim data not provided;
- 5—Duplicate payments; and

- 6—Monitor new MCO contracts.

The Departments generally agreed with all of the recommendations except DHS did not agree with that part of Recommendation No. 3 stating that on-site reviews by HFS of MCO financial data systems are necessary. The Department stated that it has implemented the first three recommendations, while the other three are being implemented.

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.

Since 1988, DCFS has been working to resolve the issue of children remaining in these placements longer than necessary.

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 could 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 it has difficulty finding adequate placement anywhere for children with very challenging and unusually severe problems.

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.

According to updated responses, the Department of Human Services has partially implemented both recommendations to properly monitor grant programs and recoup funds for unallowable expenditures.

Program Audit of the Office of Inspector General, Department of Human Services

The Department of Human Services Act directs the Auditor General to conduct a program audit of the Department of Human Services (DHS), Office of the Inspector General (OIG) on an as-needed basis. The previous audit of the OIG was released in December 2010. The Act requires the OIG to investigate allegations of abuse and neglect that occur in mental health and developmental disability facilities operated by DHS and in community agencies licensed, certified, or funded by DHS to provide mental health and developmental disability services. This is the 12th audit of the OIG conducted since 1990.

In FY17, DHS operated 14 State facilities. There was also a total of 421 community agencies with 4,552 program sites (i.e., CILAs, group homes, day programs, etc.) that were under the investigative jurisdiction of the OIG. This represents an increase of 1,079 program sites, or 31%, since the FY10 audit. In the FY10 audit there were 376 agencies operating 3,473 programs.

Total allegations of abuse and neglect reported to the OIG have increased since the 2010 audit. In FY10, 2,468 allegations were reported. Of the 2,468 allegations reported, 967 allegations

were reported at State-operated facilities and 1,501 allegations were reported at community agencies. In FY17, allegations of abuse and neglect increased 50% to 3,698.

Report Conclusions

The audit report contained a total of 13 recommendations to the Office of the Inspector General and the Department of Human Services as follows:

- The timeliness of completion for OIG investigations has deteriorated significantly since the FY10 audit. For FY10, 85 percent of closed cases were completed within the 60 working day requirement. For FY17, 50 percent of closed cases were completed within 60 working days.
- OIG case reports reviewed generally were thorough, comprehensive, and addressed the allegation.
- The number of abuse and neglect investigations closed has increased substantially since FY10 (from 2,162 in FY10 to 3,601 in FY17); however, the substantiation rate has remained consistent. The substantiation rate for abuse and neglect investigations closed for FY10 was 12%, while it was 13% for FY17.
- DHS, in some cases, still takes an extended amount of time to receive and approve the actions taken by community agencies or State-operated facilities. For 4 of 20 investigations sampled (20%), the OIG could not provide an approved written response. These four investigations had been completed for an average of 180 days as of September 1, 2017, with a range of between 106 days to 289 days since the case was completed.
- The Quality Care Board did not have seven members during FY16 and FY17 as is required by the Act. In September 2017, a board member resigned leaving the Board with only three members. Four members are needed for a quorum.
- The OIG could not provide documentation to show that investigators had received the required initial training courses delineated in OIG Directives.

Of the 13 recommendations, seven had been implemented by the Departments and the remaining recommendations concerning investigations, facility responses, Quality Control Board, training, and database accuracy were accepted and partially implemented.

Regional Offices of Education

The Commission reviewed 32 annual financial audits from the 35 **Regional Offices of Education** and two of the three **Intermediate Service Centers**. The most common finding concerned financial reporting and preparation of financial reports. Most responded that they would seek additional training.

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 2018.

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 5121—prohibits payment of Governor’s Office employees from any other State payroll. (PA100-655)

House Bill 5547—requires cybersecurity reviews as a component of the auditors’ compliance examination program. (PA100-914)

House Bill 5611—establishes the Department of Innovation and Technology and allows charges to user agencies. (PA100-611)

House Bill 5814—allows the Office of the Comptroller to hold vendor payments during an audit. Also requires separate line items for Prompt Pay interest. (PA100-1064)

Senate Bill 20—restructures the Human Rights Commission and specifies timeframes for publishing decisions and posting on the website. (PA100-1066)

Senate Bill 405—amends the Procurement Code to require bidders to have a sexual harassment prevention policy. (PA100-698)

Senate Bill 1851—establishes a process for the Managed Care Organization (MCO) capitation rate setting. (PA100-646)

Senate Bill 2540—requires grantees to hold funds separately and provides standards for paying for activities occurring before a grant is executed. Also provides for stop payment orders. (PA100-997)

Senate Bill 2638—amends local government auditing laws to set forth accounting and auditing standards. (PA100-837)

Senate Bill 3022—Separates the Liquor Control Commission from the Department of Revenue. (PA100-1050)

Other Duties and Responsibilities

The General Assembly has assigned the Legislative 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 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 three 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 a statement with the Procurement Policy Board and the Auditor General to set forth the circumstances requiring the emergency purchases. Agencies may also make Quick Purchases to procure items available at a discount for a limited period of time. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

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, 2018 appears on page 34 in Appendix C.

Each emergency transaction is reviewed to establish that:

- An “emergency,” as defined under Emergency Purchases in the Procurement Code, 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 125 statements for emergency purchases filed in 2018 totaling approximately \$81.0 million. Presented below is a compilation of 2018 emergency purchases in dollar categories.

\$10,000 or Less	3
\$10,001 to \$100,000	24
\$100,001 to \$500,000	62
\$ 500,001 to \$1,000,000	21
\$1,000,001 or More	16

Included in the above summary were 16 emergency purchases exceeding \$1,000,000 as follows:

\$3,503,200.00 to the **Department of Natural Resources** to pump cement grout into an abandoned mine underneath Wolf Branch School located in East St. Louis. Mine subsidence damaged the building making it unsafe for faculty and students.

\$1,447,645.30 to the **Department of Transportation** to repair I-57 in Iroquois County between mile posts 280 and 285. Extreme winter weather caused potholes and pavement deterioration which created a traffic hazard with tire blow-outs and traffic swerving into adjacent lanes trying to miss the potholes.

\$1,091,832.18 to the **Department of Transportation** for repairs to parts of US 51B and US 150 in Bloomington and McLean County. Extreme winter weather caused potholes and pavement deterioration which created a traffic hazard with tire blow-outs and traffic swerving into adjacent lanes trying to miss the potholes.

\$1,064,922.14 to the **Department of Transportation** for repairs on I-255 from Illinois Route 157 to Illinois Route 15 in St. Clair County near Centreville. Extreme winter weather caused potholes and pavement deterioration which created a traffic hazard with tire blow-outs and traffic swerving into adjacent lanes trying to miss the potholes.

\$1,982,399.08 to the **Department of Transportation** to repair I-57 north bound and south bound in Franklin County from Williamson County to Jefferson County. Extreme winter weather

caused potholes and pavement deterioration which created a traffic hazard with tire blow-outs and traffic swerving into adjacent lanes trying to miss the potholes.

\$2,554,532.15 to the **Department of Transportation** for patching on I-55/64 westbound from east of MLK Bridge Exit Ramp to east of the bridge over Riverpark Drive in St. Clair County. Extreme winter weather caused potholes and pavement deterioration which created a traffic hazard with tire blow-outs and traffic swerving into adjacent lanes trying to miss the potholes.

\$1,025,559.85 to the **Department of Transportation** to inspect and repair as needed all highway lighting poles along the I-255 alignment in the Metro-East area. An inspection of highway lighting poles along I-255 indicated serious concerns due to loose bolts and/or base fractures. The immediate expenditure was necessary to protect the motoring public.

\$6,000,000.00 to the **Capital Development Board** for renovations for a temporary site for residents of the Veterans' Home in Quincy. This temporary facility will house Quincy Veterans' Home residents and staff while further remedial efforts take place at the Home. Relocation of both the staff and the residents protects their health and prevents or minimizes disruption of critical State services. The Emergency Procurement process was used so that design and construction could be completed in six months.

\$1,672,000.00 to the **Capital Development Board** to provide electrical and plumbing work in order to install a water monitoring system along with some selective asbestos abatement in designated buildings at the Quincy Veterans Home in Quincy, IL. The installation of this water monitoring system is in response to the ongoing Legionnaires' disease outbreak and will enhance the capability to mitigate its continued affect.

\$6,638,000.00 to the **Capital Development Board** to replace the HVAC system for several buildings at Stateville Northern Reception and Classification Center. Lack of a proper cooling system put essential IT and security systems at risk of failure due to insufficient environmental cooling conditions.

\$8,985,764.00 to the **Toll Highway Authority** to continue the implementation of the ERP system which was on-going for more than a year. The ERP system will streamline operations, replace aging technology infrastructure, improve access to information, and enhance automated reporting and compliance. The ERP system was scheduled for implementation in July 2018.

\$2,400,000.00 to multiple vendors to provide temporary staffing to the **University of Illinois Hospital & Health Sciences System** at UIC. New vendors were identified and presented to the board of trustees for approval at the end of September.

\$2,400,000.00 to multiple vendors to provide temporary staffing to the **University of Illinois Hospital & Health Sciences System** at UIC. This emergency procurement was for food sanitation laborers and medical insurance representatives.

\$2,400,000.00 to multiple vendors to provide temporary staffing to the **University of Illinois Hospital & Health Sciences System** at UIC. This emergency procurement was for 22 medical laboratory technicians and histotechnicians.

\$2,400,000.00 to multiple vendors to provide temporary staffing to the **University of Illinois Hospital & Health Sciences System** at UIC. This emergency procurement was for dental clinic clerks, dental assistants, and a significant number of accountants.

\$2,400,000.00 to multiple vendors to provide temporary staffing to the **University of Illinois Hospital & Health Sciences System** at UIC. New vendors were identified and presented to the board of trustees for approval at the end of September. This emergency procurement was for 24 customer service assistants.

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 2018 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 35-37.

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 Audit Commission received no notices that agencies awarded contracts to other than the lowest bidders in 2018.

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, 2017. There were no material findings of noncompliance disclosed during the auditors' tests.

Audit of the General Assembly

The Legislative Audit Commission is responsible for the biennial compliance examination of the Illinois General Assembly for two audit cycles beginning with the FY16/17 audit cycle. The Audit Commission is tasked with overseeing this audit due to the fact that the current Auditor General was a member of the General Assembly prior to his appointment as Auditor General. By law the Auditor General may not conduct or supervise a post audit of any agency for which he was responsible or by which he was employed or contracted during the preceding four years (30 ILCS 5/2-7(i)). The first of two biennial compliance examinations was completed and paid for by the Commission in 2018. It was performed by independent certified public accountants under contract with the Commission.

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 no new rulemakings in 2018.

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 2018 and an interim report as of January 1, 2019.

I. Financial Statement - Year Ended June 30, 2018

<u>Expenditure Object</u>	<u>Appropriation</u>	<u>Expended</u>	<u>Lapsed</u>
Personal Services		\$ 211,839	
Retirement, Employer		7,993	
Social Security		15,868	
Contractual Services		158,344	
Travel		287	
Commodities		121	
Printing		79	
Equipment		215	
Electronic Data Processing		944	
Telecommunications		468	
*Interest Prompt Payment (included in above line items)		<u>764</u>	
TOTAL	\$ 414,300	\$ 396,162	\$ 18,137

II. Status of FY19 Appropriation at January 1, 2019

<u>Expenditure Object</u>	<u>Appropriation</u>	<u>Expended</u>	<u>Balance</u>
Personal Services		\$ 107,457	
Retirement, Employer		4,255	
Social Security		8,022	
Contractual Services		2,021	
Travel		454	
Commodities		595	
Printing		-0-	
Equipment		-0-	
Electronic Data Processing		-0-	
Telecommunications		212	
*Interest Prompt Payment (included in above line items)		<u>-0-</u>	
TOTAL	\$ 273,000	\$ 123,020	\$ 149,979

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 FY16-17 unless otherwise indicated)

CONSTITUTIONAL OFFICERS

Office of the Comptroller, Fiscal Officer Responsibilities
Office of Lieutenant Governor
Office of the Secretary of State
Office of the State Treasurer
 Fiscal Officer Responsibilities
 Non-Fiscal Officer Responsibilities
 The Illinois Funds
 College Savings Program
 Illinois Achieving a Better Life Experience Program

CODE DEPARTMENTS

Department on Aging FY15-16
Department of Agriculture
 General Office
 Illinois State Fair
Department of Central Management Services, financial and compliance
 Community College Health Insurance Security Fund
 Deferred Compensation Plan
 Local Government Health Insurance Reserve Fund
 State Employees Group Insurance Program Report
 Teacher Health Insurance Security Fund
 University Benefits Schedule Examination
Department of Children and Family Services FY15-16
Department of Corrections FY15-16
Department of Financial and Professional Regulation, FY15-16
Department of Human Rights
Department of Insurance, FY15-16
Department of Juvenile Justice FY15-16
Department of Military Affairs, FY15-16
Department of Natural Resources FY15-16
Department of Healthcare and Family Services
Department of Human Services
Department of Natural Resources, FY15-16
Department of State Police
Department of Transportation FY15-16
Department of Veterans' Affairs FY15-16

LEGISLATIVE AGENCIES

Commission of Government Forecasting and Accountability
General Assembly, House of Representatives

General Assembly, Illinois Senate
General Assembly Retirement System
Legislative Audit Commission
Legislative Reference Bureau
Legislative Research Unit
Legislative Printing Unit
Office of the Architect of the Capitol

OTHER AGENCIES

Attorney Registration and Disciplinary Commission
Board of Higher Education
Capital Development Board, FY15-16
Chicago Transit Authority Employees Retirement Plan, November 2017
Chicago Transit Authority's Retiree Health Care Trust, December 2017
Civil Service Commission
Environmental Protection Agency, FY15-16
Environmental Protections Agency, Fund 270 – Water Revolving Fund, FY15 & FY16
Executive Ethics Commission
DryCleaner Environmental Response Trust Fund Council
Governor's Office of Management and Budget
Illinois Arts Council Foundation
Illinois Board of Admission to the Bar
Illinois Community College Board
Illinois Conservation Foundation
Illinois Educational Labor Relations Board
Illinois Finance Authority, Financial and Compliance, FY16 & FY17
Illinois Gaming Board
Illinois Gaming Board, Fund 129 State Gaming Fund
Illinois Housing Development Authority
Illinois Literacy Foundation
Illinois Law Enforcement Training and Standards Board, FY15-16
Illinois Mathematics and Science Academy
Illinois Racing Board
Illinois State Board of Education, FY15-16
Illinois State Board of Investment
IMSA Fund for Advancement of Education
Judges' Retirement System
Labor Relations Board
Mid-Illinois Medical District Commission
Metropolitan Pier and Exposition Authority
Prisoner Review Board, FY15-16
Public School Teachers' Pension and Retirement Fund of Chicago
State Employees' Retirement System
State Actuary's Report, FY14, FY15, FY16, & FY17
Supreme Court
Supreme Court Historic Preservation Commission

Teachers' Retirement System
Teachers' Retirement System, Report on Allocation of Pension Amounts
Workers' Compensation Commission, FY14

HIGHER EDUCATION

Chicago State University
Eastern Illinois University
Illinois State University
Northern Illinois University, FY16
State Universities Civil Service System
State Universities Retirement System
Western Illinois University

REGIONAL OFFICES OF EDUCATION (for FY17 unless otherwise noted)

Adams, Brown, Cass, Morgan, and Pike Counties, No. 1
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
DeKalb County, No. 16
DeWitt, Livingston, and McLean Counties, No. 17
DuPage County, No. 19, FY16
Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, and White Counties, No. 20
Franklin, Johnson, Massac, and Williamson Counties, No. 21
Grundy and Kendall Counties, No. 24
Bureau, Henry, and Stark Counties, No. 28, FY16 and FY17
Kane County, No. 31
Iroquois and Kankakee Counties, No. 32
Henderson, Mercer, Knox, and Warren, No. 33, FY16 and FY17
LaSalle, Marshall and Putnam Counties, No. 35
Macon and Piatt County, No. 39
Calhoun, Green, Jersey and Macoupin Counties, No. 40, FY16
Madison County, No. 41
McHenry County, No. 44
Monroe and Randolph Counties, No. 45
Peoria County, No. 48
St. Clair County, No. 50
Mason, Tazewell, and Woodford Counties, No. 53
Vermillion County, No. 54
Will County, No. 56, FY16
Intermediate Service Center No. 1, North Cook
Intermediate Service Center No. 4

OTHER

Performance Audit on the College of DuPage
Performance Audit of the Placement of Children, DCFS

Performance Audit of Medicaid Managed Care Organizations, DHFS
Performance Audit of the Office of Inspector General, DHS
Performance Audit of the State Moneys Provided by or through State Agencies to the
Kenwood Oakland Community Organization (KOCO)
Program Audit, Covering ALL KIDS Health Insurance Program
State's Actuary Report FY14, FY16, FY17
Statewide Single Audit, FY15, FY16, FY17

APPENDIX B

Agencies Appearing Before the Commission

	<u>Audit Recommendations</u>	
	<u>Total</u>	<u>Repeated</u>
CODE DEPARTMENTS		
Department on Aging		
Compliance (FY15-16)	14	5
Statewide Single Audit (FY16)	5	0
Department of Agriculture		
Compliance (FY16-17)	22	8
Department of Children and Family Services		
Financial & Compliance (FY15-16)	16	11
Statewide Single Audit (FY16)	10	4
Performance Audit of DCFS Placement of Children	4	NA
Department of Corrections		
Financial & Compliance (FY15-16)	43	31
Department of Juvenile Justice		
Compliance (FY15-16)	17	10
Department of Healthcare and Family Services		
Statewide Single Audit (FY17)	7	4
Performance Audit of Medicaid Managed Care Organizations	6	NA
Department of Human Services		
Financial & Compliance (FY16-17)	42	20
Statewide Single Audit (FY17)	15	14
Program Audit - Office of the Inspector General	13	8
Performance Audit of the State Moneys Provided by or through State Agencies to the Kenwood Oakland Community Organization (KOCO)	4	NA
Department of Natural Resources		
Financial & Compliance (FY15-16)	17	13
Department of State Police		
Compliance (FY15-16)	13	7
Department of Transportation		
Financial & Compliance (FY15-16)	9	7
Statewide Single Audit (FY16)	3	2
Department of Veterans' Affairs		
Compliance (FY15-16)	12	4
AGENCIES		
Racing Board		
Compliance (FY15-16)	21	9

HIGHER EDUCATION

Chicago State University		
Financial, Compliance & Single Audit (FY17)	18	8
Northern Illinois University		
Financial, Compliance & Single Audit (FY17)	14	5

APPENDIX C
Emergency Purchase Transactions
Calendar Year 2018

	Number	Anticipated Cost
CONSTITUTIONAL OFFICERS		
Secretary of State	5	\$ 610,458
CODE DEPARTMENTS		
Central Management Services	3	479,472
Corrections	2	267,036
Human Services	6	3,086,591
Innovation and Technology	2	1,242,588
Military Affairs	1	159,500
Natural Resources	8	4,229,124
Revenue	1	664,186
State Police	2	369,296
Transportation	29	17,253,782
Veterans' Affairs	3	800,000
OTHER AGENCIES		
Abraham Lincoln Library and Museum	1	19,724
Capital Development Board	19	18,092,623
Gaming Board*	2	0
Housing Development Board	1	800,000
State Fire Marshal	1	594,320
Toll Highway Authority	3	10,189,440
UNIVERSITIES		
Chicago State University	9	2,520,957
Northern Illinois University	2	266,547
University of Illinois	<u>25</u>	<u>19,347,594</u>
 GRAND TOTAL	 <u>125</u>	 <u>\$ 80,993,237</u>

*Two emergency purchases were at no cost to the State.

APPENDIX D
Travel Headquarter Reports
December 31, 2018

CONSTITUTIONAL OFFICERS	<u>Reported</u>
Attorney General	0
Auditor General	0
Comptroller	9
Office of the Governor	
Executive Ethics Commission	0
Inspector General	0
Lieutenant Governor	0
Secretary of State	238
State Treasurer	0
JUDICIAL AGENCIES	
Administrative Office of the Illinois Courts	0
Judges' Retirement System	0
Judicial Inquiry Board	0
State Appellate Defender	13
State's Attorney Appellate Prosecutor	11
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	0
House – Republican	0
Senate	0
Retirement System	0
Joint Committee on Administrative Rules	0
Legislative Audit Commission	0
Legislative Ethics Commission	1
Legislative Information System	0
Legislative Inspector General	1
Legislative Printing Unit	0
Legislative Reference Bureau	0
Office of the Architect of the Capitol	0
CODE DEPARTMENTS	
Department on Aging	0
Department of Agriculture	165
Department of Central Management Services	26

Department of Children and Family Services	2
Department of Commerce and Economic Opportunity	NA
Department of Corrections	484
Department of Juvenile Justice	55
Department of Employment Security	0
Department of Financial and Professional Regulation	129
Department of Healthcare and Family Services	4
Department of Human Rights	0
Department of Human Services	219
Department of Insurance	49
Department of Labor	14
Department of Lottery	0
Department of Military Affairs	0
Department of Natural Resources	NA
Department of Public Health	366
Department of Revenue	1
Department of State Police	26
Department of Transportation	901
Department of Veterans' Affairs	0

OTHER AGENCIES

Abraham Lincoln Presidential Library & Museum	NA
Arts Council	0
Capital Development Board	15
Civil Service Commission	6
Commerce Commission	19
Criminal Justice Information Authority	2
Deaf and Hard of Hearing Commission	0
Educational Labor Relations Board	4
Emergency Management Agency	0
Environmental Protection Agency	4
Executive Ethics Commission	0
Governor's Office of Management and Budget	0
Guardianship & Advocacy Commission	NA
Housing Development Authority	10
Human Rights Commission	0
Illinois Board of Examiners	11
Illinois Finance Authority	2
Illinois Gaming Board	0
Illinois Power Agency	0
Illinois Law Enforcement Training & Standards Board	4
Illinois Racing Board	0
Independent Tax Tribunal	0
Labor Relations Board	0
Math & Science Academy	0
Medical District Commission	NA

Planning Council on Developmental Disabilities	0
Pollution Control Board	0
Prisoner Review Board	15
Procurement Policy Board	0
Property Tax Appeal Board	0
State Board of Education	27
State Board of Elections	8
State Board of Investment	NA
State Fire Marshal	78
State Employees' Retirement System	4
State Police Merit Board	5
State Toll Highway Authority	0
Teachers' Retirement System	0
Workers' Compensation Commission	10

HIGHER EDUCATION

Board of Higher Education	0
Chicago State University	13
Eastern Illinois University	37
Governors State University	0
Illinois State University	179
Illinois Student Assistance Commission	0
Northern Illinois University	91
Northeastern Illinois University	0
Southern Illinois University	0
State Universities Civil Service System	2
State Universities Retirement System	0
University of Illinois	0
Western Illinois University	38

*NA = No report submitted for the period ending December 31, 2018.

