LEGISLATIVE
AUDIT
COMMISSION

Review of
Department of Financial and Professional Regulation
Two Years Ended June 30, 2014

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REVIEW: 4443
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
TWO YEARS ENDED JUNE 30, 2014

FINDINGS/RECOMMENDATIONS - 13

IMPLEMENTED - 9
PARTIALLY IMPLEMENTED - 3
UNDER STUDY - 1

REPEATED RECOMMENDATIONS - 9

PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 14

This review summarizes the auditors' report on the Department of Financial and Professional Regulation, for the two years ended June 30, 2014, filed with the Legislative Audit Commission February 26, 2015. The auditors performed a compliance examination in accordance with *Government Auditing Standards* and State statute. The Department was created on July 1, 2004 as a result of the consolidation of the Departments of Financial Institutions, Professional Regulation and the Office of Banks and Real Estate.

The Department oversees the regulation and licensure of banks and financial institutions, real estate businesses and professionals, and various licensed professions; enforces standards of professional practice; and protects the rights of Illinois residents in their transactions with regulated industries. DFPR regulates and oversees over one million professionals and licensed entities in nearly 100 industries. The Department also monitors most of the State's financial institutions, which have combined assets in excess of $4 trillion. The Department has four Operating Divisions: Professional Regulation, Financial Institutions, Banking, and Real Estate.

Mr. Manuel Flores was Acting Secretary of DFPR during most of the two-year audit period, serving from November 2012 until Bryan Schneider was appointed Acting Secretary on February 9, 2015. Mr. Schneider was not previously employed by the Department.

Appendix A is an overview of some of the Department's service efforts and accomplishments from FY14 through FY12.

The following table shows the average number of employees. By comparison, the legacy agencies that comprised DFPR in 2004 had 581 employees.

Division	FY14	FY13	FY12
Division of Banking	134	138	153
Division of Professional Regulation	199	189	207
Division of Financial Institutions	63	62	58

Division	FY14	FY13	FY12
Executive Office	6	6	7
Fiscal and Accounting Unit	4	4	5
Information Technology Unit	15	15	17
General Counsel	5	4	3
Legislative Affairs Unit	6	5	7
Administrative Services Unit	17	20	20
Shared Services—Fiscal	10	11	11
Shared Services—Human Resources	3	4	5
TOTAL	**462**	**458**	**493**

Expenditures From Appropriations

The General Assembly appropriated a total of $109,686,500 to DFPR from 26 different funds during FY14; costs associated with some of the professions regulated by the Department are paid from those respective professions' individual funds. Appendix B summarizes these appropriations and expenditures by fund for the period under review, while Appendix C indicates expenditures for FY14, FY13 and FY12 by major object code.

Total expenditures from appropriated funds were $78,396,992 in FY14 compared to $77,159,285 in FY13, an increase of $1.2 million, or 1.6%. The Department laid off eight Financial Institutions Examiner positions in FY13 and the layoff continued in FY14. Lapse period spending in FY12 was $5.7 million, or 7.3%.

Cash Receipts

The Department collects fees and taxes in connection with the licensing of various professions, occupations and activities. Cash receipts totaled $119.1 million in FY14 and $84.3 million in FY13, an increase of $34.8 million. The table in Appendix D summarizes the revenues recorded in the various funds.

The Division of Financial Institutions accounted for $13 million in receipts. Banking accounted for $29.4 million, and Professional Regulation accounted for $76.6 million of the $119.1 million in total receipts. Variances in receipts in the Division of Financial Institutions and the Division of Professional Regulation were generally due to fee changes, renewal periods, changes in number of licensees, and changes in profession titles and qualifications.

In the Division of Banking, receipts decreased by $4.1 million from FY13 to FY14. In FY13, the Savings and Residential Finance Regulatory Fund shared in the multi-state settlement with the country's five largest lenders over improper foreclosure practices. There was no similar receipt in FY14.

Locally Held Funds

Appendix E summarizes the locally held funds of the Department for the years under review. The Official Advance Fund is a Special Revenue Fund with the purpose of securing and preparing evidence and purchasing controlled substances, professional services, and equipment for enforcement activities.

Property and Equipment

Appendix F provides a summary of changes in property and equipment. Property and equipment decreased from $4,651,487 as of July 1, 2012 to $3,266,370 at June 30, 2014.

Accounts Receivable

As of June 30, 2014, the Department's net receivable balance was $11.7 million. Of the $26.2 million in gross receivable, $9.8 million is current. $14.4 million is estimated as uncollectible.

Status of Previous Audits

Program Audit of the Department's Disciplining of Physicians (August 2006)

The program audit contained 24 recommendations and the Department made progress in implementing 21 recommendations. The following is the status of the remaining recommendations:

7. Take the steps necessary to assist the Medical Coordinators with backlogs and improve case timeliness. Partially implemented—as of June 30, 2014, the Medical Coordinator had 255 cases in his possession, a decrease from 2012.

11. Develop and implement management controls to ensure that prosecution activities are timely and properly documented. Partially implemented.

19. Work to assure that all members, including public members, are appointed to the Medical Disciplinary Board as required by law. Not implemented.

Accountants' Findings and Recommendations

Condensed below are the 13 findings and recommendations included in the audit report. Nine recommendations were repeated from the FY12 audit. The following recommendations are classified on the basis of updated information provided by Bryan Schneider, Secretary of the Department of Financial and Profession Regulation, via electronic mail received June 23, 2015.

Under Study

9. Fill vacant positions to comply with the requirements or seek legislative remedy to amend the current language in the Act allowing for conformity with the Department's current practice and capability. (Repeated-2012)

Finding: The Department of Financial and Professional Regulation (Department) did not ensure compliance with the Pharmacy Practice Act. During testing, two Deputy Pharmacy Coordinator positions within the Pharmacy Unit of the Department were still vacant.

Department management stated these positions were not filled because there is insufficient work to occupy two Deputy Pharmacy Coordinators and it is in the best interest of the State that the agency is fiscally responsible.

Updated Response: Under Study. While the Department acknowledges that the Pharmacy Practice Act requires two Deputy Pharmacy Coordinator positions, the Department is studying the necessity of those positions. However, we have identified the need for additional Pharmacy investigators and have taken the necessary steps to hire new staff.

Implemented or Partially Implemented

1. Ensure all asset transfers are properly documented and signed by all parties to ensure accountability. Also, perform an assessment of whether missing computers contained confidential information for proper disposition in compliance with the Personal Information Protection Act. (Repeated-2008)

Finding: The Department was not able to locate four pieces of computer equipment during its annual inventories.

- Two of three missing CPUs were believed to be sent to the Department of Central Management Services (DCMS) surplus. However, the Department does not have proper documentation to confirm the transfer. The IT personnel provided documentation that these assets were already scrubbed and any sensitive information that may have been stored was wiped before the assets were lost. One of the 3 CPUs was subsequently found.

- The one missing desktop was transferred to DCMS surplus on January 2013 according to the Department personnel. However, the property change report was not signed by the Department and DCMS personnel. According to IT personnel, the asset was a network computer and all data should have been stored on the network server and not on local computer. The Department, however, could not provide documentation to prove that the asset was wiped of any sensitive information that may have been stored on this asset.

Department personnel stated the staff did not follow the Department's procedures with regard to documenting items to be surplused.

Response: Accepted. The Department has improved its controls over computer inventory and notes that it was unable to locate 3 pieces of equipment as 1 of the CPUs listed as missing was subsequently found. The Department will continue to improve its process to ensure compliance.
With respect to confidential information contained on missing computers, all laptops used by the Department are password protected. Only the person assigned the unit, Agency IT staff with administrative rights, or CMS IT personnel have the ability to override or change the password. The same password protocol is applied to the desktop computers. Confidential information accessed through a desktop computer resides on the network, not the resident hard drive.

Updated Response: Implemented. The Department will continue to follow the processes put in place requiring signatures acknowledging receipt of equipment by both the employee and a representative of the Department. The Department will also remind employees that these procedures should be followed at all times.

2. Comply with Enforcement Unit's internal guidelines and ensure that investigative, probation and prosecution activities are documented properly and performed within the established time frames. (Repeated-2005)

Finding: The Department's Division of Professional Regulation Enforcement Unit did not perform and/or document enforcement activities in a timely or sufficient manner. During a review of investigation files, auditors noted the following:

- In 4 of 40 case files reviewed, the investigator contacted the complainants 38 to 559 days after assignment of the case.

- In 2 of 40 case files reviewed, the Investigative Reports were not signed by the investigator and/or supervisor.

- In 6 of 40 case files reviewed, the Investigative Reports were not timely prepared. The completion of the investigative reports ranged from 135 to 678 days after the investigative activity.

During a review of prosecution files, auditors noted the following:

- In 3 of 40 case files reviewed, the Notice of Informal Conference, Notice of Complaint and Notice of Preliminary Hearing were sent to the licensee 65 to 80 days after the case was assigned to an attorney. All case files were prosecutions for non-medical related professions.

Implemented and Partially Implemented – continued

During a review of probation files, auditors noted the following:

- In 2 of 40 case files reviewed, the Department conducted the probation intake interview or made a contact with the licensee beyond 30 days of case assignment.

Department management stated the above delays in various investigation processes were due to heavy workload of existing investigators as a result of staff turnover.

Updated Response: Implemented. The Department has improved its performance and will continue to review internal guidelines and work with all employees to correct the identified deficiencies.

3. Continuously appoint qualified members to Boards and Committees as required by statute. Also, continue to work with the Governor's Office to ensure the Board and Committee vacancies are filled in a timely manner for those cases where the Governor's Office is required to appoint the Board and Committee members. (Repeated-2004)

Finding: The Department did not ensure the appointment of the required number of members to various Boards and Committees to fill vacancies.

- Three of 9 positions were vacant in the Real Estate Administration and Disciplinary Board.
- Five of 9 positions were held by individuals whose terms had expired for the State Board of Pharmacy.
- One of 13 positions was vacant for the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act.
- Two of 9 positions were held by individuals whose terms had exceeded the 8 year limit for the Respiratory Care Board.
- Three of 7 positions have been vacant and 3 positions were held by individuals whose terms had expired for the Physician Assistant Advisory Committee.
- One of 7 positions was filled late for the Professional Counselor Examining and Disciplinary Board.
- One of 8 positions was vacant for the Sex Offender Evaluation and Treatment Provider Licensing and Disciplinary Board.
- Two of 5 positions were vacant for the Board of Licensing for Perfusionists.
- Two of 7 positions were vacant for the Illinois Occupational Therapy Licensure Board.

Department management stated in some Boards, candidates are either identified or in the preliminary stages of application and vetting. However, there have been delays in scheduling interviews. There are also challenges inherent in recruiting volunteers willing to donate time to serve on various boards and committees. Regarding the Physician Assistant Advisory Committee, this Committee has not met since 1997. Previous attempts to abolish the

Committee legislatively were unsuccessful. Candidates are not recruited for appointment due to its inactivity.

Updated Response: Accepted and Partially Implemented. The Department continues to make substantial progress in filling board vacancies and reappointing statutorily eligible board members as terms expire.

4. Ensure all interagency agreements are signed by all parties prior to the effective date of the agreement. Also, revisit existing interagency agreements to ensure that salaries and benefit costs are appropriately allocated to agencies sharing the services of an employee. (Repeated-2006)

Finding: The Department's controls over interagency agreements were deficient. During testing of 14 interagency agreements during FY14 and FY13, the following deficiencies were noted:

- One interagency agreement tested was signed by all parties 73 days after the effective date of the agreement.

- Nine interagency agreements tested pertain to the sharing of administrative, legal and managerial services of employees between the Department, the Governor's Office of Management and Budget (GOMB), and the Office of the Governor. Two of the nine referenced agreements were between the Department and GOMB wherein the employees' full salaries including benefits were paid by GOMB, however the employees spent a majority of their time related to the Department activities. Seven of the 9 referenced agreements were between the Department and the Office of the Governor wherein the employees' full salary including benefits were paid by the Department but the shared employees' time was spent working on activities for both the Office of the Governor and the Department.

Department management stated the agreement was not signed until September 2013 because the Department of Central Management Services, which oversees the Upward Mobility Program addressed in this interagency agreement, was negotiating the terms of this program within the statewide master collective bargaining agreement. Once the interagency agreement was received by the Department, the agreement was promptly signed. The Department entered into these interagency agreements in accordance with the Intergovernmental Cooperation Act to eliminate duplication and overlapping of functions among State agencies. Interagency Agreements are constructed in a manner chosen to increase the Department's efficiency and overall interagency cooperation.

Updated Response: Implemented. The Department ensures that all interagency agreements are signed by all parties prior to the effective date of the agreement and ensures that the salaries and benefit costs are appropriately allocated to agencies sharing the services of the employees.

Implemented and Partially Implemented – continued

5. Evaluate procedures for monitoring performance evaluations to ensure completion on a timely basis. (Repeated-1993)

Finding: The Department did not complete or timely complete employee performance evaluations. During testing of 53 employee performance evaluations, auditors noted the following:

- Eleven employees tested did not have performance evaluations completed, 6 for FY14 and 5 for FY13.
- Six employees' performance evaluations were completed 183 to 299 days after they were due.
- Four employees tested did not have performance evaluations during the employee probationary period.

Department management stated the delay in completion of performance evaluations or failure to complete performance evaluations for some employees was due to the failure of some supervisors to comply with the requirement of performing performance evaluations.

Updated Response: Implemented. The Department has evaluated its procedures for monitoring performance evaluations and now sends supervisors monthly reminders via e-mail on when employee performance evaluations are due.

6. Ensure all required vehicle reports are submitted and vehicle accidents are reported to DCMS within the required time frame. Strengthen procedures to enforce compliance with DCMS policies on maintenance of State vehicles. Update Vehicle Use Policy to include information as required by the State Vehicle Use Act. (Repeated-2003)

Finding: The Department did not maintain adequate controls over vehicle reporting, usage and maintenance. During testing of the Department's accident reports, pool vehicle records, vehicle maintenance records, vehicle reports, and vehicle use policy, auditors noted the following:

- Eight of nine Motorist's Report of Illinois Motor Vehicle Accident (Form SR-1) were not filed with the Department of Central Management Services (DCMS) Risk Management on a timely basis. The forms were filed 3 to 672 days late. In addition, 1 SR-1 was not signed by the driver as required.

- Four of 15 pool vehicle records tested had incomplete entries. On the pool vehicle records for certain months, (a) there were no indication that driver took out and returned the keys/credit card, (b) the user did not certify that the user was personally covered by liability insurance and had a valid Driver's License, (c) no signature on the log, or (d) the mileage was not logged.

- Six of seven vehicles tested were not in compliance with the DCMS oil change interval policy. One vehicle was not in compliance with DCMS annual inspection policy.

- The Department did not submit the FY13 vehicle reports to DCMS Division of Vehicles on a timely basis.

Auditors also noted the Department's vehicle use policy does not contain the following information as required:

a. A policy concerning take-home vehicles, including requirements for emergency use of take-home vehicles and restrictions on the use of take-home vehicles solely for commuting; and
b. Procedures regarding daily vehicle use logs and mileage recording.

In addition, the vehicle use policy was submitted to the DCMS Division of Vehicles on July 9, 2014, only after the auditors' inquiry.

Department management stated the above exceptions were due to staff changes. New staff did not immediately implement the DCMS and Department controls with regard to vehicle reporting and maintenance.

Updated Response: Implemented. The Department has ensured all required vehicle reports are submitted, strengthened oversight and reviewed the agency's vehicle use policy to include information as required by the State Vehicle Use Act.

7. Strengthen procedures over property and equipment to ensure proper safekeeping and accurate recordkeeping of all State assets. Properly monitor and document asset movements or transfers to prevent losses. Also, properly review the submission of required reports to the State Comptroller's Office to ensure compliance with the requirements of the SAMS. In addition, ensure the Annual Real Property Utilization Report is submitted to DCMS by the July 31 deadline.

Finding: The Department did not maintain adequate controls over property records. During testing, auditors noted the following:

- The Department was not able to locate a number of equipment items such as filing cabinets, chairs, tables, printers and computer monitors during its annual inventories. Eighty-three (83) equipment items from the Department's asset listing totaling $37,146 could not be physically located.

- Physical inspection of properties showed 2 of 50 assets totaling $6,190 were obsolete and considered transferable properties. In addition, 2 of 50 assets tested totaling $11,587 were transferred to DCMS but not properly documented.

Implemented and Partially Implemented – continued

- Errors in the completion of the Agency Report of State Property (C-15) report were noted.
- The Department did not file the FY14 Annual Real Property Utilization Report to the Department of Central Management Services.

Department management stated the above exceptions were due to failure of designated employees to follow procedures in documenting movement of assets including transfers to DCMS. Errors in the C-15 were due to the misinterpretation of a procedure in the SAMS manual. The FY14 Annual Real Property Utilization Report was not filed due to oversight.

Updated Response: Implemented. The Department does not plan any movements or transfers at this time. If the Department does perform any moves or transfers, the Department will review procedures and strengthen any procedures that are deemed to have weaknesses.

8. Revisit close-out procedures and revise the Portable Equipment Acknowledgement Form to ensure return of portable devices is properly documented and all employees have returned State property prior to leaving the Department. (Repeated-2003)

Finding: The Department did not maintain adequate control over telecommunications services and expenditures.

During testing, auditors noted the Department did not consistently observe the standard closeout procedures to ensure all portable telecommunication devices were returned before an employee left the Department. Three of 15 and five of 15 cellphones of inactive employees were returned, disconnected, surplused, or reassigned 5 to 12 days and 67 to 317 days, respectively, after the employee left the Department. Two of 15 inactive employees tested did not have paperwork to show when the devices assigned to the employees were returned to the Division of Administrative Services.

Department management stated this was due to the current procedure in place wherein at separation, an employee could return telecommunication devices either to their supervisor, Administrative Services or to Information Technology (IT). The Portable Equipment Acknowledgement Form (Form) that was used in the testing documented the dates when the telecommunication device was returned by the supervisors to the IT or Administrative Services, not when the employee actually returned the devices to the supervisors. The Form has been updated to include the date of the return of the devices to the supervisors for proper accountability.

Updated Response: Implemented. The Department continues to ensure that employees return portable equipment in a timely fashion and the transaction is documented properly with the necessary signatures from the employee and a representative of the Department.

10. Report mortgage loan originator's violations of the law to National Mortgage Licensing System to increase public awareness and ensure compliance with the Residential Mortgage License Act. Also, coordinate with the Department of Housing and Urban Development in obtaining the default rate in order to comply with the requirements of the Act. (Repeated-2002)

Finding: The Department was not in compliance with provisions of the Residential Mortgage License Act of 1987 (Act). During testing, auditors noted the following:

- The Department has not reported any mortgage loan originator's violations or enforcement actions to the National Mortgage Licensing System and Registry (NMLS) during FY13 and FY14. The Department began reporting the violations in September 2014 upon auditor's inquiry.
- The Department did not monitor residential mortgage licensees with default rate equal to or greater than 5%. As such, the Department did not conduct an examination of licensees who might have met the 5% default rate.

Department management stated the non-reporting of mortgage loan originator's violation in NMLS was due to oversight. The Division of Banking maintains a public website where all loan originator disciplinary actions have been regularly posted from 2005 to the present. Because all information posted is readily available to the public, the Division did not post the same information to the NMLS. In addition, Department management stated the default rate was not available from the Housing and Urban Development website.

Updated Response: Accepted and Partially Implemented. The Department began reporting violations to the NMLS in September 2014 and currently is doing so in compliance with the Residential Mortgage License Act (RMLA). The Housing and Urban Development website only provides the delinquency rate, not the default rate as required by the RMLA. The Department is planning to amend the statute.

11. Ensure adequate monitoring of licensees of different professions to ensure only licensed or qualified licensees engage in the business for which they are licensed. Also, monitor the expiration dates of surety bonds submitted by all licensees to protect the Department from future liabilities.

Finding: The Department did not have adequate controls over monitoring licensees to ensure they continue to comply with the license requirements. During examination of license applications and supporting documentations for Consumer Installment Loan Providers, auditors noted the following:

- One of 25 license applications had an expired surety bond on file.

Implemented and Partially Implemented – concluded

- One of 25 license applications did not have an Attorney-in-Fact appointment on file.

- Three of 25 license applications were not approved or denied within 60 days from receipt of a complete application document.

- Four of 25 licensees did not pay the annual license fee on or before December 15.

Department management stated the expired bond on file for the Consumer Installment Loan Provider was a clerical error that was not identified and corrected at the time of license application while the expired bonds on the Appraisal Management registrants were due to oversight. The missing attorney-in-fact appointment and failure to approve or deny applications within 60 days were due to oversight. The failure to timely identify nonpayment of annual fees and revocation of licenses for nonpayment was due to human errors as a result of using a manual process of monitoring licensees.

<u>**Updated Response:**</u> Implemented. The Department will continue to review licensing application procedures.

12. Ensure investigators employed by the Department and licensed fingerprint vendors comply with the requirements of the law.

<u>**Finding:**</u> The Department did not comply with the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act. During testing, auditors noted the following:

- One of 4 full-time investigators employed by the Department did not meet the 2-year minimum investigative experience required by the Act.

- All 25 fingerprint vendor license applications examined do not have certification on file from the Department of State Police stating that the applicant's fingerprint equipment and software meets all specifications required by the Department of State Police.

Department management stated the Department of Central Management Services (DCMS) is solely responsible for reviewing the individual employee applications to determine if the applicant meets the qualifications required for the position. The Department received DCMS' decision and proceeded with the hiring process. Also, Department management stated the lack of certification from the Department of State Police was due to oversight.

<u>**Updated Response:**</u> Accepted and Partially Implemented. The Department of Central Management Services (CMS) is solely responsible for reviewing individual employee applications to determine if the applicant meets the qualifications required for the position. In this case, CMS reviewed the application and determined that the candidate met the qualifications. The Department is considering amending the statute. The Department has also ensured that moving forward all fingerprint vendor license applications examined will

have certification on file from the Department of State Police stating that the applicant's fingerprint equipment and software meet all specifications required by the Department of State Police.

13. Ensure an examination is conducted annually to comply with the provision of the Sales Finance Agency Act. Notify pharmacies seeking licensure in Illinois of their obligation to comply with the requirements of the Methamphetamine Precursor Tracking Act. Review process of maintaining and controlling application documents, and establish a recordkeeping system documenting receipt of the required application documents to ensure compliance with the Currency Exchange Act.

Finding: The Department did not ensure compliance with various statutory mandates. During testing, auditors noted the following:

- The Department did not conduct an annual examination for 1 of 2 sales finance agencies tested.
- The Department did not notify pharmacies seeking licensure in Illinois of their obligation to comply with the requirements of the Methamphetamine Precursor Tracking Act.
- The Department did not properly maintain application files of a licensee. During testing, auditors noted 1 of 25 applications for license to become a currency exchanger did not have the detailed statement of work for the past 10 years for one of the two owners of the currency exchange company. In addition, the same application did not have the credit bureau reports on file for the two owners of the currency exchange company.

Department management stated failure to conduct examination on one sales finance agency was due to a system database issue that is currently being investigated. The failure to notify pharmacies and missing statement of work experience was due to oversight while the missing credit bureau reports must have been misplaced as the Department does not process applications without the credit report.

Updated Response: Implemented. The Department has added a statement notifying pharmacies seeking licensure in Illinois of their obligation to comply with the requirements of the Methamphetamine Precursor Tracking Act. The Department is also implementing an I.T. upgrade in the Division of Financial Institutions that will help maintain and control application documents and establish a recordkeeping system document receipt of the required application documents to ensure compliance with the Acts it regulates. Finally, moving forward, the Department will examine each sales finance agency licensee in compliance with the Sales Finance Agency Act.

Emergency Purchases

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

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than 3 business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file an affidavit with the Procurement Policy Board and the Auditor General. The affidavit is to set forth the circumstance requiring the emergency purchase. The 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.

The Department filed no affidavits for emergency purchases in FY13 or FY14.

Headquarters Designations

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required to file reports of all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time.

The Department of Professional Regulation indicated as of July 2014, the Department had 132 employees assigned to locations other than official headquarters.