



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF THE GOVERNOR

**COMPLIANCE EXAMINATION
For the Two Years Ended: June 30, 2013**

Release Date: February 20, 2014

Summary of Findings:

Total this audit:	4
Total last audit:	4
Repeated from last audit:	4

SYNOPSIS

- The Office of the Governor did not exercise adequate control over the recording and reporting of State Property.
- The Office of the Governor failed to make all required appointments to various boards and commissions.

{Expenditures are summarized on the reverse page.}

**OFFICE OF THE GOVERNOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013**

EXPENDITURE STATISTICS	2013	2012	2011
Total Expenditures.....	\$ 5,315,532	\$ 5,562,286	\$ 5,695,844
OPERATIONS TOTAL.....	\$ 5,286,374	\$ 5,510,892	\$ 5,670,599
% of Total Expenditures.....	99.5%	99.1%	99.6%
Personal Services.....	3,830,245	3,961,250	-
Other Payroll Costs (FICA, Retirement).....	278,368	289,563	-
All Other Operating Expenditures.....	1,177,761	1,260,079	5,670,599
NON- APPROPRIATED FUNDS TOTAL.....	\$ 29,158	\$ 51,394	\$ 25,245
% of Total Expenditures.....	0.5%	0.9%	0.4%
Total Receipts.....	\$ 1,816	\$ 700	\$ 6,448
Average Number of Employees.....	81	83	85

GOVERNOR	
During Examination Period:	Honorable Pat Quinn
Currently:	Honorable Pat Quinn

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

INADEQUATE CONTROLS OVER STATE PROPERTY

The Office of the Governor did not maintain adequate control over the recording and reporting of State property.

Some of the matters noted during our testing follow:

Errors on State Property Reports

- The Office incorrectly reported transfers as deletions on C-15 property reports. The Office transferred equipment items to other agencies totaling \$12,689 and \$18,870 in fiscal years 2012 and 2013, respectively.
- The Office did not correctly report transfers in from the Capital Development Board (CDB) totaling \$235,597 in fiscal year 2013.
- Sixteen equipment items totaling \$2,522 were transferred to CMS as surplus equipment in the 4th quarter of fiscal year 2013 but were not reported on the Office's C-15 property report.

Capital lease was reported twice

- A capital lease for a copy machine totaling \$10,900 was recorded twice in two C-15 property reports during 2012. This error was subsequently corrected in fiscal year 2013.

Office could not locate certain computer equipment

- The Office could not locate 7 pieces of computer equipment totaling \$4,308. Although some of the data contained on these devices was encrypted, the Office could not determine what type of information was stored on the other computer equipment. (Finding 1, pages 9-11)

We recommended the Office properly review and monitor the submission of required reports to the State Comptroller's Office to ensure compliance with the requirements of the Statewide Accounting Management System. We also recommended the Office evaluate the procedures and strengthen the controls over inventory of State property and perform an assessment whether unencrypted missing computers contained confidential information for proper disposition in compliance with the Personal Information Protection Act.

Office agrees with auditors

Officials in the Office of the Governor agreed with the recommendation and stated they will continue to exercise sound fiscal management, implement new strategies and increase internal controls to correct the circumstances which created these issues.

APPOINTMENTS OF MEMBERS TO BOARDS, COMMISSIONS, COUNCILS AND COMMITTEES

The Office of the Governor did not make all required appointments to the various boards, commissions, councils and committees.

Boards and Commissions lacked the required number of members.

Twenty of 55 (36%) of the Boards, Commissions, Councils and Committees tested did not have the required number of members. (Finding 2, pages 12-15) **This finding was first reported in 2007.**

We recommended the Office appoint qualified members to these Boards, Commissions, Councils, and Committees as required by the applicable statutory mandates and reappoint applicable members in a timely manner.

Office agrees with auditors

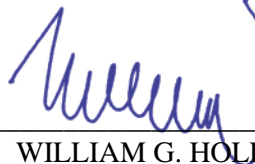
Officials in the Office of the Governor agreed with our recommendation and stated the Governor's Office of Executive Appointments has strived to maintain compliance by making appointments, reappointments, and advancing legislation to officially repeal the act creating the entity for those that have been identified as duplicative or to have fulfilled their mission. The Office issued an Executive Order in 2013 (E.O. 13-05), eliminating dozens of boards and commissions, which the Illinois Senate rejected by approving Senate Resolution 357. (For previous Office response, see digest footnote #1)

OTHER FINDINGS

The remaining findings pertain to noncompliance with statutorily mandated responsibilities and inadequate monitoring of interagency agreements and are reportedly being given attention by the Office. We will review the Office's progress towards the implementation of all our recommendations during the next engagement.

AUDITORS' OPINION

We conducted a compliance examination of the Office of the Governor as required by the Illinois State Auditing Act. We have not audited any financial statements of the Office for the purpose of expressing an opinion because the Office does not, nor is it required to, prepare financial statements.



WILLIAM G. HOLLAND
Auditor General

WGH:CAE

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors on this examination were E.C. Ortiz & Co., LLP.

DIGEST FOOTNOTE

#1 Appointments of members to Boards, Commissions, Councils and Committees.

2011: Officials in the Office of the Governor agreed with our recommendation and stated the Governor's Office of Executive Appointments has taken dramatic steps to revamp the State's 300+ boards and commission's appointment process by increasing transparency and reducing the staggering number of vacancies and expired terms inherited from the previous administration.