

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2007

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

TABLE OF CONTENTS

	<u>Page</u>
Agency Officials	1
Management Assertion Letter	2
Compliance Report	
Summary	4
Accountants' Report	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	6
Schedule of Findings	
Prior Findings Not Repeated	9
Supplementary Information for State Compliance Purposes	
Summary	10
Fiscal Schedules and Analysis	
Schedule of Appropriations, Expenditures and Lapsed Balances	11
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	13
Schedule of Changes in State Property	14
Comparative Schedule of Cash Receipts	15
Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller	15
Analysis of Significant Variations in Expenditures	16
Analysis of Significant Variations in Receipts	20
Analysis of Significant Lapse Period Spending	21
Analysis of Operations	
Agency Functions and Planning Program	23
Average Number of Employees	25
Service Efforts and Accomplishments (Not Examined)	26

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

AGENCY OFFICIALS

Executive Inspector General	Mr. James Wright
First Deputy Inspector General (8/1/05 to current)	Ms. Sydney Roberts
First Deputy Inspector General (until 7/31/05)	Ms. Deborah Steiner
Chief Fiscal Officer (8/29/05 to current)	Mr. Stan Ryniewski
Chief Fiscal Officer (until 7/31/05)	Mr. Robert O'Toole
Legal Counsel (2/27/06 to current)	Mr. Patrick S. Ginty
Legal Counsel (until 10/25/05)	Mr. Theodor J. Hengesbach

Agency offices are located at:

32 West Randolph Street, Suite 1900
Chicago, IL 60601

607 East Adams Street, 14th Floor
Springfield, IL 62701



OFFICE OF EXECUTIVE INSPECTOR GENERAL
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR

ROD R. BLAGOJEVICH
GOVERNOR

32 WEST RANDOLPH STREET, SUITE 1900
CHICAGO, ILLINOIS 60601
(312) 814-5600

JAMES A. WRIGHT
EXECUTIVE INSPECTOR GENERAL

January 28, 2008

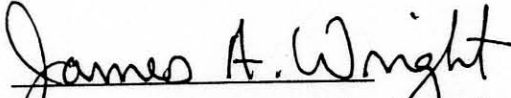
Honorable William G. Holland
Auditor General
State of Illinois
lles Park Plaza
740 East Ash
Springfield, IL 62703-3154

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Office of Executive Inspector General (OEIG). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the OEIG's compliance with the following assertions during the two-year period ended June 30, 2007. Based on this evaluation, we assert that during the years ended June 30, 2007 and June 30, 2006, the OEIG has materially complied with the assertions below.


- A. The OEIG has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The OEIG has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The OEIG has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the OEIG are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the OEIG on behalf of the State or held in trust by the OEIG have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois Office of Executive Inspector General


James A. Wright

(James A. Wright, Executive Inspector General)


Stan J. Ryniewski

(Stan J. Ryniewski, Chief Fiscal Officer)


Patrick S. Ginty

(Patrick S. Ginty, Legal Counsel)

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Compliance</u>	<u>Prior Compliance</u>
<u>Findings</u>	<u>Report</u>	<u>Report</u>
Repeated Findings	0	1
Prior recommendations implemented or not repeated	0	N/A
	1	N/A

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
-----------------	-------------	--------------------

FINDINGS (STATE COMPLIANCE)

The Office of Executive Inspector General did not have any current year findings.

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

07-1	12	Lack of timekeeping procedures
------	----	--------------------------------

EXIT CONFERENCE

The information appearing in this report was discussed with Office personnel at an exit conference on 1/08/08. Attending were:

Office of Executive Inspector General

James A. Wright, Executive Inspector General
Sydney Roberts, First Deputy Inspector General
Stan Ryniewski, Chief Fiscal Officer
Patrick S. Ginty, Legal Counsel

Office of the Auditor General

Gayla Rudd, Audit Manager
Jose G. Roa, Audit Supervisor
Christa Zekany, Staff Auditor

SPRINGFIELD OFFICE:
ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046
FAX: 217/785-8222 • TTY: 888/261-2887



CHICAGO OFFICE:
MICHAEL A. BILANDIC BLDG. • SUITE S-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Office of Executive Inspector General's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2007. The management of the State of Illinois, Office of Executive Inspector General is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Office of Executive Inspector General's compliance based on our examination.

- A. The State of Illinois, Office of Executive Inspector General has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Office of Executive Inspector General has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Office of Executive Inspector General has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Office of Executive Inspector General are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois, Office of Executive Inspector General on behalf of the State or held in trust by the State of Illinois, Office of Executive Inspector General have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Office of Executive Inspector General's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Office of Executive Inspector General's compliance with specified requirements.

In our opinion, the State of Illinois, Office of Executive Inspector General complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2007.

As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter.

Internal Control

The management of the State of Illinois, Office of Executive Inspector General is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Office of Executive Inspector General's internal control over compliance with the requirements listed in the first paragraph of this report in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Office of Executive Inspector General's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Office of Executive Inspector General's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance with the requirements listed in the first paragraph of this report was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2007 and the 2006 Supplementary Information for State Compliance Purposes, except for Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2005 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

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


BRUCE L. BULLARD, CPA
Director of Financial and Compliance Audits

January 28, 2008

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2007

07-1. **PRIOR FINDING** (Lack of timekeeping procedures)

During the prior period, the Office of Executive Inspector General (Office) did not comply with the State Officials and Employees Ethics Act (5 ILCS 430/5-5) regarding employee timekeeping requirements.

During the current period, the Office implemented a policy that requires all employees to periodically submit timesheets documenting the time spent each day on official State business to the nearest quarter hour in accordance with the State Officials and Employees Ethics Act. (Finding Code No. 05-1)

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the
State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending

- Analysis of Operations:

- Agency Functions and Planning Program
- Average Number of Employees
- Service Efforts and Accomplishments (Not Examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on the Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2007

P. A. 94-0798 FISCAL YEAR 2007	Appropriations (Net of Transfers)	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
General Revenue Fund - 001				
Ordinary and Contingent Expenses of the Office of Executive Inspector General	\$ 6,705,100	\$ 142,026	\$ 6,018,773	\$ 686,327
Total Fiscal Year 2007	<u>\$ 6,705,100</u>	<u>\$ 142,026</u>	<u>\$ 6,018,773</u>	<u>\$ 686,327</u>

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2006

P. A. 94-0015 FISCAL YEAR 2006	Appropriations (Net of Transfers)	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
General Revenue Fund - 001				
Ordinary and Contingent Expenses of the Office of Executive Inspector General	\$ 6,630,200	\$ 180,397	\$ 4,860,833	\$ 1,769,367
Ordinary and Contingent Expenses of the Office of Executive Inspector General related to investigations at, or related to institutes of higher learning	450,000	0	301,596	148,404
Total Fiscal Year 2006	<u>\$ 7,080,200</u>	<u>\$ 180,397</u>	<u>\$ 5,162,429</u>	<u>\$ 1,917,771</u>

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES,
AND LAPSED BALANCES**

For the Fiscal Years Ended June 30,

	Fiscal Year		
	2007	2006	2005
General Revenue Fund - 001	P.A. 94-798	P.A. 94-0015	P.A. 93-0842
<hr/>			
Appropriations (Net After Transfers)			
Ordinary and Contigent Expenses of the Office of Executive Inspector General	\$ 6,705,100	\$ 6,630,200	\$ 5,737,700
Ordinary and Contigent Expenses of the Office of Executive Inspector General related to investigations at, or related to institutes of higher learning	0	450,000	0
Total Appropriations	\$ 6,705,100	\$ 7,080,200	\$ 5,737,700
Expenditures			
Ordinary and Contigent Expenses of the Office of Executive Inspector General	\$ 6,018,773	\$ 4,860,833	\$ 4,699,985
Ordinary and Contigent Expenses of the Office of Executive Inspector General related to investigations at, or related to institutes of higher learning	0	301,596	0
Total Expenditures	\$ 6,018,773	\$ 5,162,429	\$ 4,699,985
Lapsed Balances	\$ 686,327	\$ 1,917,771	\$ 1,037,715

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2007

	<u>Equipment</u>	<u>Capital Lease Equipment</u>	<u>Total</u>
Balance at July 1, 2005	\$ 300,975	\$ 18,750	\$ 319,725
Additions	125,795	0	125,795
Deletions	0	0	0
Net Transfers	<u>0</u>	<u>0</u>	<u>0</u>
Balance at June 30, 2006	<u>\$ 426,770</u>	<u>\$ 18,750</u>	<u>\$ 445,520</u>
Balance at July 1, 2006	\$ 426,770	\$ 18,750	\$ 445,520
Additions	193,968	0	193,968
Deletions	0	18,750	18,750
Net Transfers	<u>0</u>	<u>0</u>	<u>0</u>
Balance at June 30, 2007	<u>\$ 620,738</u>	<u>\$ 0</u>	<u>\$ 620,738</u>

Note: The above schedule has been derived from Agency records, which have been reconciled to property reports submitted to the Office of the Comptroller.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ended June 30,

<u>GENERAL REVENUE FUND - 001</u>	Fiscal Year		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Forfeited or Seized Property	\$ 0	\$ 0	\$ 500
Reimbursements for Jury Duty and Recoveries	134	185	156
Miscellaneous	79	254	0
Prior Year Refund	0	855	0
Total Receipts	<u>\$ 213</u>	<u>\$ 1,294</u>	<u>\$ 656</u>

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER**
For the Fiscal Years Ended June 30,

<u>GENERAL REVENUE FUND - 001</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Receipts per Office Records	\$ 213	\$ 1,294	\$ 656
Add: Deposits in Transit, Beginning of Year	0	17	0
Less: Deposits in Transit, End of Year	0	0	(17)
Deposits Remitted to the Comptroller	<u>\$ 213</u>	<u>\$ 1,311</u>	<u>\$ 639</u>

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2007

<u>GENERAL REVENUE FUND - 001</u>	<u>FISCAL YEAR</u>	
	<u>2007</u>	<u>2006</u>
Personal Services	\$ 3,579,586	\$ 3,068,914
Contractual Payroll Employees	38,794	12,980
State Contribution to State Employees' Retirement System	413,006	239,251
State Contribution to Social Security	261,893	225,539
State Contribution to Social Security and Medicare – Contractual Employees	2,968	993
Contractual Services	1,409,149	851,809
Travel	43,329	28,275
Commodities	54,827	35,352
Printing	3,892	1,450
Equipment	87,866	166,031
Telecommunications	104,752	201,117
Operation of Automotive Equipment	18,711	29,036
Interest Prompt Payment	0	86
Efficiency Initiative Payment	0	0
Ordinary and contingent expenses related to investigations at, or related to institutes of higher learning	0	301,596
Total General Revenue Fund Expenditures	\$ 6,018,773	\$ 5,162,429

Explanations of significant variations in expenditures for the year ended June 30, 2007 are presented below:

- (A), (C) The increase in expenditures for contractual payroll employees was due to the Office's legal interns working more hours than in fiscal year 2006. As a result, related Social Security and Medicare contributions also increased.
- (B) The increase in expenditures for State Contribution to State Employees' Retirement System was due to an increase in the contribution rate, an increase of four more full time employees, and an expansion in the eligibility for employee merit increases.
- (D) The increase in expenditures for contractual services was due to expenses for investigations at or related to institutions of higher education that were paid from its own appropriation line in fiscal year 2006. In addition, the contract related to the fiscal year 2008 annual ethics training began near the end of fiscal year 2007 requiring approximately \$390,000 in expenditures.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2007

- (E) The increase in expenditures for travel was due to an incorrect classification for the rental of fleet vehicles as travel expenditures when it should have been classified under contractual services.
- (F) The increase in expenditures for commodities was due to purchasing additional office supplies as the Office continues to add employees in the Chicago and Springfield offices.
- (G) The increase in expenditures for printing was due to the printing of the Office's fiscal year 2006 Annual Report in fiscal year 2007. There were no similar expenditures made in fiscal year 2006.
- (H) The decrease in expenditures for equipment was due to the upgrade and expansion of computer hardware required for the Office's Forensic Computer System and the purchase of two surveillance vans during fiscal year 2006.
- (I) The decrease in expenditures for telecommunication was due to the Office purchasing portable radios for investigative operations in fiscal year 2006. No similar expenditures were made in fiscal year 2007.
- (J) The decrease in expenditures for operation of automotive equipment was due to the need for major repairs to vehicles in addition to a repair cost for an automobile accident in fiscal year 2006. In fiscal year 2007, the Office incurred fewer major repair costs.
- (K) The decrease in ordinary and contingent expenses related to investigations at, or related to institutes of higher learning was due to the Office not receiving this appropriation in fiscal year 2007. These expenditures were paid out the ordinary and contingent expenses of the Office of Executive Inspector General appropriation in fiscal year 2007.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2007

<u>GENERAL REVENUE FUND - 001</u>	<u>FISCAL YEAR</u>	
	<u>2006</u>	<u>2005</u>
Personal Services	\$ 3,068,914	(A) \$ 2,463,375
Contractual Payroll Employees	12,980	(B) 9,580
State Contribution to State Employees' Retirement System	239,251	(C) 396,942
State Contribution to Social Security	225,539	(D) 179,580
State Contribution to Social Security and Medicare – Contractual Employees	993	733
Contractual Services	851,809	(E) 1,247,679
Travel	28,275	(F) 11,600
Commodities	35,352	36,425
Printing	1,450	(G) 17,348
Equipment	166,031	163,079
Telecommunications	201,117	(H) 154,575
Operation of Automotive Equipment	29,036	(I) 19,067
Interest Prompt Payment	86	0
Efficiency Initiative Payment	0	2
Ordinary and contingent expenses related to investigations at, or related to institutes of higher learning	301,596	(J) 0
 Total General Revenue Fund Expenditures	 <u>\$ 5,162,429</u>	 <u>\$ 4,699,985</u>

Explanations of significant variations in expenditures for the year ended June 30, 2006 are presented below:

- (A), (D) The increase in expenditures for personal services and State contributions to Social Security was due to the increased number of employees during fiscal year 2006.
- (B) The increase in expenditures for contractual payroll employees was due to the Office's legal interns and investigative interns working more hours than in fiscal year 2005.
- (C) The decrease in expenditures for State Contribution to State Employees' Retirement System was due to the rate decrease from fiscal year 2005 to fiscal year 2006.
- (E) The decrease in expenditures for contractual services was due to the fiscal year 2005 ethics training contract requiring two amendments for additional training courses and an increase in users to the system. The fiscal year 2006 did not require these amendments.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2007

- (F) The increase in expenditures for travel was due to more Office employees traveling for both work and training purposes. As a result, there was an increase in hotel and per diem expenses.
- (G) The decrease in expenditures for printing was due to costs that were incurred in fiscal year 2005 for printing brochures and the end of year report. Similar expenditures were not incurred in fiscal year 2006.
- (H) The increase in expenditures for telecommunications was due to the one time purchase of Motorola portable radios during fiscal year 2006.
- (I) The increase in expenditures for operation of automotive equipment was due to the need for repairs to vehicles in addition to a repair cost for an automobile accident in fiscal year 2006.
- (J) The increase in ordinary and contingent expenses related to investigations at, or related to institutes of higher learning was due to the Office receiving an appropriation for institutes of higher learning investigations in fiscal year 2006.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2007

Significant variations in receipts are considered to be those varying between years by more than 20% and \$200.

Fiscal Year 2006 to 2007

General Revenue Fund – 001

Prior Year Refund: Decreased \$855 (100%)

The decrease was due to the Office obtaining a salary refund for a separated employee during fiscal year 2006.

Fiscal Year 2005 to 2006

General Revenue Fund – 001

Forfeited or Seized Property: Decreased \$500 (100%)

The decrease was due to the Office not seizing any property in fiscal year 2006 during the course of investigations.

Miscellaneous: Increased \$254 (100%)

The increase was due to the Office obtaining reimbursements from employees for improper travel charges to State credit cards.

Prior Year Refund: Increased \$855 (100%)

The increase was due to the Office obtaining a salary refund for a separated employee during fiscal year 2006.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2007

<u>GENERAL REVENUE FUND - 001</u>	<u>FISCAL YEAR</u>	
	<u>2007</u>	<u>2006</u>
Personal Services	\$ (2,600)	\$ 0
Contractual Payroll Employees	2,977	1,350
State Contribution to State Employees' Retirement System	0	0
State Contribution to Social Security	0	0
State Contribution to Social Security and Medicare – Contractual Employees	228	103
Contractual Services	73,697	7,746
Travel	2,197	6,278 (C)
Commodities	14,374 (A)	4,592
Printing	188	902 (D)
Equipment	39,281 (B)	43,669 (E)
Telecommunications	9,554	110,865 (F)
Operation of Automotive Equipment	2,130	4,806
Interest Prompt Payment	0	86
Efficiency Initiative Payment	0	0
Total General Revenue Fund Expenditures	\$142,026	\$180,397

Explanations for significant lapse period spending (spending greater than 20% of expenditures) are presented below for the year ended June 30, 2007:

- (A) The lapse period expenditures for commodities in fiscal year 2007 were due to orders of printer toner cartridges and office supplies. Orders were made in June, yet the related invoice was not received and paid until the lapse period.
- (B) The lapse period expenditures for equipment in fiscal year 2007 were due to the purchase of two Ford Sport Utility Vehicles. The vehicles were ordered and received prior to June 30; however, the invoice was not received and paid until the lapse period.
- (C) The lapse period expenditures for travel in fiscal year 2006 were due to hotel and airfare charges which were incurred by the Office late in the fiscal year, but were not invoiced and paid until the lapse period.
- (D) The lapse period expenditures for printing in fiscal year 2006 were due to business cards which were ordered and received by June 30; however, the invoice was not received and paid until the lapse period.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2007

- (E) The lapse period expenditures for equipment in fiscal year 2006 were due to two surveillance vans, video equipment, a printer stand, and a printer being ordered by June 30, yet the related invoices were not received and paid until the lapse period.

- (F) The lapse period expenditures for telecommunications in fiscal year 2006 were due to phone charges, Motorola portable radios, and telecommunication parts that were ordered by June 30, yet the related invoices were not received and paid until the lapse period.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Fiscal Years Ended June 30, 2007

FUNCTIONS

The Office of Executive Inspector General (Office) was originally created by the Governor's Executive Order 3 in January 2003 and was funded through the Department of Central Management Services until the Office received a separate appropriation in fiscal year 2004. In December 2003, the State Officials and Employees Ethics Act (Act) (5 ILCS 430/et seq.) created the Office of the Executive Inspector General under the Governor as a fully independent office. The Executive Inspector General is appointed by the Governor with the advice and consent of the Senate.

By statute, the jurisdiction of the Executive Inspector General is to investigate allegations of fraud, waste, abuse, mismanagement, misconduct, nonfeasance, misfeasance, malfeasance, or violations of the Act or violations of other related laws and rules.

According to the Office, their jurisdiction extends to the Governor, Lieutenant Governor, and their staff, State agencies, departments, boards, commissions, 9 public universities, 10 community colleges, and any other entities appointed, employed, controlled, directed, or subject to the authority of the Governor.

The State Officials and Employees Ethics Act states the Executive Inspector General shall have the following duties:

- To receive and investigate allegations of violations of the Act. The Executive Inspector General may receive information through the Office of any Executive Inspector General or through an ethics commission. An investigation may be conducted only in response to information reported to the Executive Inspector General as provided in the Act and not upon his or her own prerogative. Allegations may not be made anonymously.
- To request information pertaining to an investigation from any person when the Executive Inspector General deems that information necessary in conducting an investigation.
- To issue subpoenas to compel the attendance of witnesses for the purposes of testimony and production of documents and other items for inspection and copying and to make service of those subpoenas and subpoenas issued by the Executive Ethics Commission.
- To submit reports as required by the Act.
- To file pleadings in the name of the Executive Inspector General with the Executive Ethics Commission through the Attorney General.
- To assist and coordinate the ethics officers for State agencies under the jurisdiction of the Executive Inspector General and to work with those ethics officers.
- To participate in or conduct, when appropriate, multi-jurisdictional investigations.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Fiscal Years Ended June 30, 2007

FUNCTIONS (continued)

- To request from ethics officers of State agencies under his or her jurisdiction, reports or information on:
 1. the content of a State Agency's ethics training program and
 2. the percentage of new officers and employees who have completed ethics training.

As a general rule, the Office does not become involved in cases involving private disputes, labor-management issues, or litigation. Matters investigated by the Office may also fall within the jurisdiction of other agencies. In such cases, the Office may make a referral to or work together with other agencies to investigate complaints.

Another responsibility of the Office is to oversee the ethics training for the agencies of the Illinois Governor and for those officials, employees and appointees of State agencies, boards and commissions that fall under its authority. The Office determines ethics training standards and the frequency of training necessary of each employee position or category of positions. The Office provides training materials to enable agencies, boards and commissions to administer training.

PLANNING PROGRAM

The Office is an investigative body with its powers and duties detailed in the State Officials and Employees Ethics Act. As a result, the Office does not have formal written goals and objectives, but instead operates to fulfill the statutory responsibilities in a timely and efficient manner.

The Office's upper management conducts strategic planning informally. The Executive Inspector General and the First Deputy Inspector General conduct monthly meetings with upper management to identify future programs, goals, and objectives for the Office. In addition, the Office's Investigations division conducts bi-weekly meetings to address ethical issues arising from current investigations. Oversight by upper management of daily operations along with employee training assists the Office with achieving their statutory responsibilities.

In addition, the Office's Policies and Procedures Manual and the Office's Personnel Manual help to implement and communicate the responsibilities set forth in the State Officials and Employees Ethics Act.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
AVERAGE NUMBER OF EMPLOYEES
For the Fiscal Years Ended June 30,

AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Office records, presents the average number of employees, by function, for the Fiscal Years ended June 30,

<u>Division</u>	<u>2007</u>	<u>2006</u>	<u>2005*</u>
Administration	9	11	9
Fiscal	3	2	2
Investigations	27	24	23
Legal	13	13	9
Ethics Training	4	3	3
 Total average full-time employees	 <u>56</u>	 <u>53</u>	 <u>46</u>

* Note – FY05 numbers were changed to reflect the number of employees in Legal.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
For the Two Fiscal Years Ended June 30, 2007

The Office of Executive Inspector General (Office) instituted a statewide, toll-free hotline to receive complaints regarding fraud, waste, abuse, and ethics violations made by State employees and those individuals doing business with the State. The hotline is open to Illinois citizens 24 hours a day, seven days a week, and is staffed by the Office. The Office received 2,920 and 2,635 calls in FY06 and FY07, respectively

The Office also established a website for State employees and the general public. This website outlines information about the Office, including its history, legislative authority, purpose, as well as information about the types of complaints accepted, how complaints are processed, and how investigations are completed. In addition, the website provides contact information for the Office and a link to complaint forms.

The Office provides annual ethics training for State employees. Training can be administer online and offline. The online training is an interactive program consisting of scenario-based lessons, self-assessment questions, resource references, as well as frequently asked questions and answers. The training is designed to be self-administered on a fully independent basis. The Office provides training guidelines to agencies to administer offline training. The Office provided 123,437 and 161,423 online training and 38,988 and 40,912 offline training in FY06 and FY07, respectively, for employees under the Office’s jurisdiction.

Listed below is a compilation of complaint and investigation information reported for fiscal year 2006 and 2007.

	<u>Fiscal Year 2006</u>	<u>Fiscal Year 2007*</u>
Complaints received	1,278	1,270
Cases referred	510	594
Cases declined	234	244
Investigations concluded	425	461
Cases founded	64	84
Cases unfounded	172	208
Administrative closings	189	169
Complaints referred to Attorney General	1	5
Actions filed with the Executive Ethics Commission	0	1

* Office provided tentative numbers for fiscal year 2007.