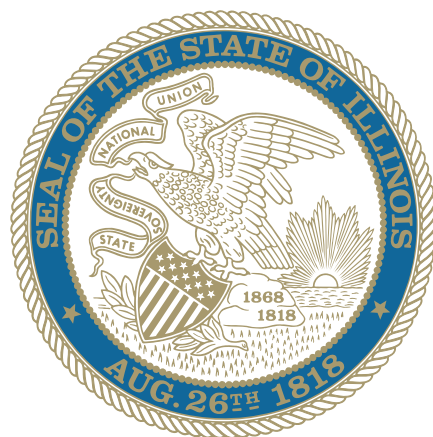


2017

ANNUAL REPORT

STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL



Frank J. Mautino, Auditor General

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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

March 1, 2018

The Honorable Members of the General Assembly
The Legislative Audit Commission
The Honorable Bruce Rauner, Governor
Citizens of Illinois

Ladies and Gentlemen:

Enclosed is the Annual Report of the Auditor General's Office, submitted in compliance with Section 3-15 of the Illinois State Auditing Act.

The mission of the Auditor General's Office has been, and will continue to be, to present objective, balanced and independent audits. I believe this Annual Report reflects the Office's success in fulfilling that goal during calendar year 2017.

I would like to thank the members of the General Assembly, members and staff of the Legislative Audit Commission, and the staff of the Auditor General's Office, through whose efforts the reported accomplishments were made possible.

Yours truly,

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO

Auditor General



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OVERVIEW

Frank J. Mautino became Auditor General of the State of Illinois on January 1, 2016. Prior to his appointment as Auditor General, Mr. Mautino was a member of the Illinois House of Representatives, and served as a co-chairman of the Legislative Audit Commission.

As a constitutional officer, the Auditor General audits public funds of the State and reports findings and recommendations to the General Assembly and to the Governor. The establishment of the Auditor General under the Legislature is important. It ensures that the Legislature, which grants funds and sets program goals, will ultimately review program expenditures and results. Thus, agencies are accountable to the people through their elected representatives.

The Auditor General's Office performs several types of audits to review State agencies. Financial audits and Compliance examinations are mandated by law. They disclose the obligation, expenditure, receipt, and use of public funds. They also provide agencies with specific recommendations to help ensure compliance with State and federal statutes, rules and regulations.

Performance audits are conducted at the request of legislators to assist them in overseeing government. Programs, functions, and activities are reviewed according to the direction of the audit resolution or law directing the audit. The General Assembly

may then use the audit recommendations to develop legislation for the improvement of government.



Information Systems audits are performed on the State's computer networks. They determine whether appropriate controls and recovery procedures exist to manage and protect the State's financial and confidential information.

Copies of all audits are made available to members of the Legislature, the Governor, the media, and the public. Findings include areas such as accounts receivable, computer security, contracts, expenditure control, leases, misappropriation of funds, personnel and payroll, property control, purchasing, reimbursements, telecommunications, and travel.

Audit reports are reviewed by the Legislative Audit Commission in a public hearing attended by agency officials. Testimony is taken from the agency regarding the audit findings and the plans the agency has for corrective action. In some cases, the Commission may decide to sponsor legislation to correct troublesome fiscal problems brought to light by an audit. All outstanding recommendations are reviewed during the next regularly scheduled audit of an agency or, if the Commission requests, a special interim audit may be conducted. ❖

OVERVIEW

PUBLIC INFORMATION

An audit and its supporting workpapers, unless confidential by, or pursuant to, law or regulation, are public documents once the report has been officially released to the Legislature, the public, and the press. These documents are available for review in our Springfield and Chicago offices.



The following information is also available by request:

- Late Filing Affidavits
- Emergency Purchase Affidavits

Information about the Auditor General is available on the Internet. This information includes report summaries and full report texts.

PUBLIC INFORMATION IS AVAILABLE BY WRITING:

**FOIA Officer
Office of the Auditor General
Iles Park Plaza
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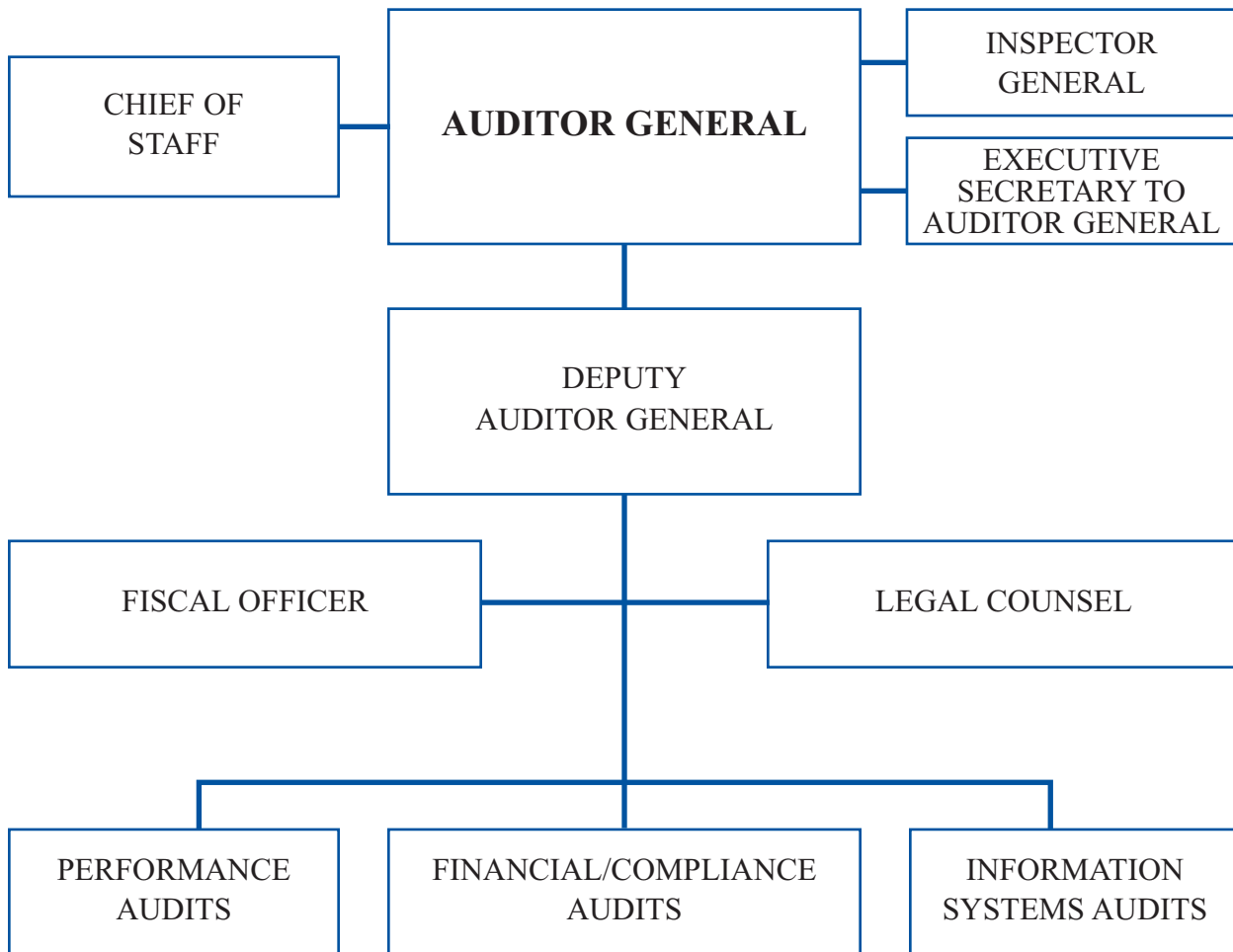
Visit our web site at www.auditor.illinois.gov for full details or for an on-line reporting form.

TTY: (888) 261-2887

PUBLIC INFO.

ORGANIZATIONAL CHART

As of December 31, 2017, there were 86 employees. Eighty-one were located in the Springfield Office and five in the Chicago Office. ❖



ORGANIZATION

THE COMPLIANCE EXAMINATION PROGRAM

The Auditor General is required by the Illinois State Auditing Act to conduct, as is appropriate to the agency’s operations, a financial audit and/or compliance examination of every State agency at least once every two years. These audits and examinations inform the public, the Legislature, and State officers about the obligation, expenditure, receipt, and use of public funds, and provide State agencies with specific recommendations to help ensure compliance with State and federal statutes, rules, and regulations.



For the 2016 audit cycle, the Compliance Audit Division conducted engagements at 71 different agencies. These engagements encompassed compliance examinations, financial audits, and/or federal audits. Staff auditors conducted 24 of these engagements. The remainder were performed by public accounting firms under the general direction and management of the Auditor General’s audit managers.

The Illinois Constitution of 1970 revised and expanded the traditional financial audits conducted of State agencies to focus on compliance with legislative intent and proper performance of governmental operations, as well as financial accountability.

The compliance program has a positive impact on the operations of State government because agencies implement many of the recommendations made in these reports. Compliance reports are also reviewed by the Legislative Audit Commission, where legislators question agency directors about audit findings and the corrective action they plan to take. Legislators and their staffs also use compliance reports during appropriation hearings in the spring legislative session. To maximize the usefulness of audit information, the Office attempts to deliver audits as early as possible in the legislative session. ❖

COMPLIANCE

ACCOUNTABILITY

A number of reports issued for FY2016 had findings that were critically important from an accountability standpoint. A brief summary of some of these findings follows:

INADEQUATE FINANCIAL REPORTING PROCESS

The State of Illinois' current financial reporting process does not allow the State to prepare a complete and accurate Comprehensive Annual Financial Report (CAFR) in a timely manner. Reporting issues at various individual agencies caused delays in finalizing the financial statements. The lack of timely financial reporting limits effective oversight of State finances and may adversely affect the State's bond rating.

Accurate and timely financial reporting problems continue to exist even though the auditors have: 1) continuously reported numerous findings on the internal controls (material weaknesses and significant deficiencies), 2) commented on the inadequacy of the financial reporting process of the State, and 3) regularly proposed adjustments to financial statements year after year. These findings have been directed primarily towards major State agencies under the organizational structure of the **Office of the Governor** and towards the **Office of the State Comptroller**.

The Office of the State Comptroller has made significant changes to the system used to compile financial information; however, the State has not solved all the problems to effectively remediate these financial reporting weaknesses. The process is overly dependent on the post audit program, even though the Illinois Office of the Auditor General has repeatedly informed State agency officials that the post audit function **is not** a substitute for appropriate internal controls at State agencies.

The State of Illinois has a highly decentralized financial reporting process. It was reported that 88 of 90 primary units of government had 263 different financial reporting systems that are used by primary government agencies and only 16 percent of these

financial reporting systems are compliant with Generally Accepted Accounting Principles (GAAP), which drastically increases the amount of time spent by agencies during the year-end GAAP conversion process. In addition, 53 percent of the financial reporting systems are not interrelated which, consequently, requires manual intervention to convert data, increasing the likelihood of errors and is time consuming.

The financial reporting to the Office of the State Comptroller requires State agencies to prepare a series of financial reporting forms (SCO forms) designed by the Office of the State Comptroller which are utilized to prepare the CAFR. Although these SCO forms are subject to review by the Office of the State Comptroller's financial reporting staff during the CAFR preparation process, and the Financial Reporting Standards Board has adopted minimum qualifications for all new GAAP Coordinators who oversee the preparation of the SCO Forms, the current process still lacks sufficient internal controls at individual agencies.

We recommended the Office of the Governor and the Office of the State Comptroller continue to work together to resolve the State's inability to produce timely and accurate Generally Accepted Accounting Principles basis financial information.

The Governor's Office agreed with our recommendation and stated that the Governor's Office and the Office of the State Comptroller will continue to work together to address the core issues of the State's inability to produce timely and accurate GAAP basis financial information. Both offices have begun 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.

The Comptroller's Office agreed with our recommendation and stated that they will continue to work with the Governor's Office, the Auditor General's Office, and agency GAAP Coordinators to improve the timeliness, quality, and processing of financial reporting for the State.

ACCOUNTABILITY (CONT.)

INACCURATE DETERMINATION OF ELIGIBILITY

The **Department of Healthcare and Family Services** and the **Department of Human Services** (Departments) lacked internal controls over the operation of the State of Illinois' Integrated Eligibility System (IES) to sufficiently prevent or detect defects that caused inaccurate determinations of eligibility.

In order to obtain social services, individuals are evaluated on many financial and non-financial criteria. To test the accuracy of IES' determination of eligibility for benefits, we selected a sample of a subset of non-financial eligibility criteria (residency, citizenship, and social security information). After testing all individuals approved within IES from July 1, 2015 to June 30, 2016, we noted multiple defects which resulted in individuals being improperly approved for certain programs. The defects identified resulted in inappropriate expenditures being made to or on-behalf-of individuals. During Fiscal Year 2016, the inappropriate expenditures paid by the Departments totaled \$8,003,585 for 2,198 distinct cases.

We recommended the Departments implement adequate controls over the operations of IES to provide a high level of assurance that all defects are rectified in a timely manner. We also recommended the Departments evaluate all eligibility criteria within IES so that cases are properly approved and caseworkers are properly trained to obtain and retain documentation in support of case eligibility determination.

The Departments accepted the recommendation and stated they have taken steps to address issues noted by the auditors.

NONCOMPLIANCE WITH THE ILLINOIS STATE COLLECTION ACT OF 1986

Governors State University (University) did not comply with the requirements of the Illinois State Collection Act of 1986 (Act).

As of December 31, 2015, the University's accounts receivable aging report had 2,464 accounts – totaling \$6,812,026 – with receivable balances greater than \$1,000 and in excess of 90 days past due. We tested a sample of 30 such accounts and determined that 20 of those accounts, totaling \$90,507, had not been submitted by the University for placement with the Comptroller's Offset System.

We recommended the University improve its procedures to ensure that all debts owed to the University are placed in the Comptroller's Offset System once they exceed \$1,000 and are 90 days past due.

University officials agreed with the finding and stated current collection practices are in place which include turning accounts over to the Comptroller's Offset System.

PROPERTY CONTROL WEAKNESSES

The **Department of Military Affairs** (Department) did not maintain sufficient controls over its property and related fiscal records.

During testing, the accountants noted the Department did not maintain detailed supporting documentation for its quarterly Agency Report of State Property (Form C-15) submitted to the Office of the State Comptroller (Comptroller). Due to the lack of detailed documentation, the following compliance examination procedures could not be performed:

- Annual addition and deletion reports provided by the Department could not be agreed to activity reported in the quarterly Form C-15 reports submitted to the Comptroller.
- Property additions during the examination period could not be reconciled to the Comptroller's records reflected on the Object Expense/Expenditures by Quarter Report.

Due to these conditions, the accountants were unable to conclude whether the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the

ACCOUNTABILITY (CONT.)

American Institute of Certified Public Accountants (AT-C § 205.35) to test the Department's equipment.

Even given the population limitations noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, the accountants performed testing of what records were available.

Some of the more significant issues noted by the accountants included the following:

- Four of eight (50%) permanent improvements tested, totaling \$119,785, were not added to the Department's property records. In addition, one transfer from the Capital Development Board (CDB), totaling \$19,572, was not added to the Department's property records.
- During voucher testing, the accountants identified 40 items, totaling \$22,000, which were not added to the Department's property listing.
- Freight costs for 19 of 60 (32%) equipment additions tested, totaling \$5,590, were not capitalized.
- Seven of 60 (12%) equipment items selected from the Department's property listing, totaling \$54,910, were unable to be located at the Department.
- The Department was unable to provide sufficient supporting documentation for its Fiscal Year 2016 Capital Asset Summary (Form SCO-538) submitted to the Comptroller during the annual financial reporting process. As a result, the accountants were unable to determine whether five of seven (71%) CDB transfers, totaling \$296,895, were properly reported.
- One of 10 (10%) historical artifacts tested was not listed on the Department's historical artifacts listing.

We recommended the Department take action to strengthen its internal controls over recording and reporting its State property and equipment transactions. Further, the Department should implement a corrective action plan to complete a full inventory to identify and correct its accumulated property and equipment errors.

Department officials agreed with the finding, but

indicated the overall effects of the details of the finding are minimal.

In an accountant's comment, we noted it is critical for accountants conducting an examination to reach a conclusion that a given population is sufficiently complete and detailed to ensure all items may be sampled. It is only after this conclusion has been reached that the accountants' selection of an appropriate, representative sample of items for testing enables the accountants to reach conclusions about the population as a whole.

In the Department's case, its property records were in such **poor condition** that the accountants **could not conclude** that the property records were sufficiently precise and detailed to enable testing to reach conclusions about the population as a whole. While accountants would normally simply report this condition as a material weakness and not perform any further testing, the constitutional mission of the Auditor General to assist the General Assembly in achieving oversight of State government calls for testing of available records. Even the results of this testing (which cannot be used to reach conclusions about the population as a whole) revealed **serious deficiencies** in the Department's property control functions. As this finding has been repeated since 2004, we continue to recommend the Department implement a corrective action plan to complete a full inventory to identify and correct its accumulated errors and address this population issue.

INADEQUATE CONTROLS AND MONITORING OVER ENHANCED RATE PAYMENTS MADE TO COMMUNITY CARE PROGRAM SERVICE PROVIDERS

The **Department on Aging** (Department) lacked adequate controls and monitoring over eligibility determinations and payments made to service provider agencies (providers) that applied for and received a special hourly rate under the Community Care Program.

Public Act 095-0713, effective July 1, 2008,

ACCOUNTABILITY (CONT.)

authorized the Department to pay vendors providing homemaker, chore, and housekeeping services an additional \$1.61 per hour (enhanced rate) for the purpose of providing health insurance coverage to their employees and to those employees' dependents. For the two fiscal years under examination, the Department has paid providers approximately \$90 million for the enhanced rate payments.

During testing, the following was noted:

- Six of fourteen (43%) providers tested did not submit required annual eligibility documentation or financial reports to the Department during the examination period even though they continued to receive the enhanced rate payments from the Department.
- One of fourteen (7%) providers tested submitted a Direct Service Worker Health Insurance Certification (DSWHIC) form to the Department that did not satisfy the requirement of at least one quarter of total direct service workers accepting the health insurance offered.

We recommended the Department strengthen controls to ensure that initial and ongoing reviews of eligibility and annual reporting for the enhanced reimbursement rate are conducted properly, in a timely manner, and in accordance with the Illinois Administrative Code. We also recommended the Department ensure required information is obtained from providers and maintained to support agency determinations.

The Department concurred with the recommendation and stated discussions within the Department regarding controls that are currently in place for monitoring of the enhanced rate need to be reviewed for improved efficiency. The Department also responded they have strengthened their efforts to ensure compliance by the providers to submit the necessary verification documents. Additionally, the Department responded they will continue their efforts to obtain documentation even after termination of the provider contract to close out the final allowable expenditures payable to the providers.

INTERNAL CONTROLS OVER CONTRACTS NEED IMPROVEMENT

Northern Illinois University (University) has not established adequate internal controls over contracts to ensure they are approved prior to performance and comply with all applicable state requirements.

During our review of 84 contracts in effect during the year ended June 30, 2016, we noted the following:

- 27 contracts (32%) were missing one or more of the required certifications or clauses.
- 11 contracts (13%) did not have a contract obligation document filed with the Illinois State Comptroller's Office. Each contract contained an order for delivery that exceeded \$20,000.
- 8 contracts (10%) were not approved prior to goods or services being provided.
- The public procurement files for 5 contracts (6%) did not contain all the evaluation material used to determine the vendor to whom the contract was awarded. Each contract was awarded under qualified based selection procurement rules.
- 2 contracts (2%) exceeding \$50,000 each were approved without obtaining the vendors' disclosure of financial interest form.

Additionally, we noted the University gave a vendor two orders for tree trimming services on July 1, 2015. One order was for \$55,400 while the other was for \$50,000. If combined these orders would have exceeded the small purchasing threshold of \$55,800 and would have been required to be put out to bid. University officials stated that these orders were not combined as two different departments requested the service and had different funding sources. We note the University has a centralized procurement function and a benefit of a centralized purchasing function is that different departments' needs can be combined when obtaining goods and services.

We recommended the University implement appropriate procedures to ensure contracts are complete, properly approved prior to performance, and supported with complete public procurement files.

University officials accepted the recommendation.

WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

The **Department of Central Management Services**' year-end financial reporting in accordance with generally accepted accounting principles (GAAP) to the Illinois Office of the State Comptroller contained significant errors in the determination of certain year-end account balances.

During the audit of the June 30, 2016 financial statements, we noted the following errors for which the Department revised their financial statements:

- The Department failed to eliminate the interfund activity related to the allocation of the net loss in the Health Insurance Reserve Fund (0907) of \$1.890 billion. This error resulted in the overstatement of combined revenues and expenses in the Department-wide financial statements.
- The Department improperly allocated expenses to the various functions of the primary government related to the recognition of the net other post-employment benefit obligation in the Department-wide financial statements. The errors resulted in an overstatement of FY2016 Education expenses (\$1.780 billion) and understatements of General government (\$291.874 million), Employment and economic development (\$60.050 million), Health and social services (\$625.682 million), Transportation (\$51.497 million), Public protection and justice (\$619.796 million) and Environment and business regulation (\$131.271 million).
- The Department misclassified \$38.801 million of cash equivalents as investments in the State Employee's Deferred Compensation Fund (0775).
- The Department understated accrued liabilities in the Health Insurance Reserve Fund (0907) by \$27.019 million due to the exclusion of certain premiums liabilities. This misstatement also resulted in an understatement of the amounts due to Fund 0907 from the General Revenue Fund (0001) and Road Fund (0011) of \$25.630 million and \$1.389 million, respectively.
- In the prior fiscal year, the Department overstated both interfund receivables and interfund payables by \$24.796 million. The Department restated its

financial statements as of July 1, 2015, to correct for these errors.

- The Department failed to properly account for the reversing effects of a prior year audit adjustment in the Health Insurance Reserve Fund (0907). This error resulted in the understatement of both revenues and expenses by \$16.964 million.
- The Department improperly reported current year depreciation expense of \$15.634 million related to permanently idled real property transferred to the Department as surplus property in fiscal year 2014. The Department restated its financial statements as of July 1, 2015, to correct for these errors.
- The Department failed to capitalize Enterprise Resource Planning (ERP) system development costs totaling \$12.816 million.
- The Department overstated accounts payable in the Workers' Compensation Revolving Fund (0332) by \$9.020 million due to the improper addition of vouchers in transit to the actuarially determined liability.
- The Department understated accounts receivable in the Community College Health Insurance Security Fund (0577) by \$370 thousand due to failure to record employer and member SURS contributions receivable.

We recommended the Department implement procedures and cross-training measures to ensure required financial information is prepared in a timely, accurate, and complete manner. This should include allocating sufficient staff resources and the implementation of formal procedures to ensure adequate and reliable financial information is prepared and submitted to the Office of the State Comptroller. These procedures should address all elements of the Department's financial reporting process including, but not limited to, accruals for liabilities and receivables, maintenance of capital asset and inventory records, supervisory review of supporting spreadsheets for data accumulation, and the preparation of management estimates.

The Department agreed with the finding and stated they experienced major transitions during the financial reporting period including changes in personnel, the shared services de-consolidation, and the

ACCOUNTABILITY (CONT.)

creation of the Illinois Department of Innovation and Technology as its own agency. Additionally, the Department continues to work through issues created by the budget impasse. The Department will continue to work toward more comprehensive cross-training among staff and will continue to work to improve communications from Bureau staff to Financial Reporting staff. Lastly, the Department will continue to update its financial reporting procedures to help ensure accurate and reliable financial information is prepared and submitted to the Office of the Comptroller.

WEAKNESSES IN CONTROLS OVER GRANT ADMINISTRATION

The **Department of Commerce and Economic Opportunity** (Department) did not ensure adequate controls were established in the administration of grant programs.

The Department expended \$1,305,778,270 for awards and grants during the examination period. Expenditures for awards and grants accounted for 87% of the Department's total expenditures of \$1,507,773,053. We tested 60 grant agreements spread across the various bureaus within the Department. During the examination of 60 awards and grants, the following issues were noted:

- Seven (12%) awards tested disclosed the Department did not ensure payments to grantees were only made after required reports were received and approved by the Department as required in the grant agreement. The Department disbursed funds totaling \$31,247,325 of these awards prior to approving required reports that would allow for the disbursement of funds.
- Four (7%) awards tested disclosed certain grant records were not properly maintained. The grant application evaluations completed by the Department for 3 awards tested were not found on file. One award had incomplete grantee application evaluation documentation.
- Two (3%) awards tested disclosed grantees were not adequately monitored during the audit period. The Department did not perform the required onsite review/visits on 2 awards with funds

disbursed totaling \$12.5 million during Fiscal Years 2015 and 2016.

- The Department did not return 1 of 8 (13%) refund vouchers tested totaling \$24,606 to the contractor timely. The refund was returned to the contractor 316 days after the date the unspent funds were required to be returned to the contractor.

We recommended the Department strengthen its controls over the grant administration process including controls over disbursement of grant funds, maintaining grant documentation, grant monitoring and returning of unspent funds to grantors/contractors.

Department officials accepted our recommendation and stated they continue to assess the efficiency and effectiveness of their current controls over the grant administration process, and have already implemented new controls to ensure payments to grantees are only made after required reports are received and approved by the Department as required in the grant agreement. In addition, they indicated the Department's Office of Accountability will ensure that grant monitoring will occur per the conditions of the grant agreements for those programs that lack monitors.

CONTROLS OVER MONITORING THE ACCOUNTS PAYABLE MASTER VENDOR FILE NEED IMPROVEMENT

The **University of Illinois** has inadequate controls in place to monitor and maintain the accounts payable master vendor file.

During our review of the University's accounts payable master vendor file (with 144,071 total vendors), we noted there were 779 duplicate records representing 360 vendors. The vendors had the same name but were given different vendor identification numbers in the accounts payable system. In addition, we noted 3,115 vendors without an employer identification number (EIN) listed and 105,938 vendors with no activity within the 3 previous fiscal years.

ACCOUNTABILITY (CONT.)

University policies state that vendors should have an EIN on file when creating the vendor to ensure the vendor is not fraudulent, and vendors with no recent activity should be inactivated to ensure no inappropriate payments are made to outdated vendors.

We recommended the University review and implement stronger internal controls in order to monitor and maintain the accounts payable master vendor file.

University officials agreed with the finding.

WEAKNESSES IN PREPARATION OF YEAR-END DEPARTMENT FINANCIAL STATEMENTS

The **Department of Human Services'** year-end financial reporting in accordance with generally accepted accounting principles (GAAP) contained inaccurate information. The Department does not have a complete general ledger or adequate controls over the completeness and accuracy of monthly and year-end annual financial reporting which resulted in errors in the GAAP basis financial statements, GAAP schedules prepared for the State Comptroller's Office, and additional supporting schedules and analysis.

The Department does not perform a sufficient supervisory review of all amounts recorded in its GAAP packages and financial statements. Following are some of the issues identified with the year-end financial reporting process:

- The Department did not record an expenditure/expense or liability to be paid to the federal government of \$38.7 million until it was identified by the auditors. Additionally, SNAP debts that are collected through the Federal Offset program estimated at \$25 million were not considered in the Department's original determination of the allowance for doubtful accounts.
- The Department has recorded a \$50.7 million estimated liability for program costs that will be paid out of a future year appropriation. Based on

the testing performed, it was concluded that for one program, Early Intervention, the liability reported at \$16.7 million was overstated by approximately \$12 million.

- Monthly fund receipt reconciliations were not completed or reviewed in a timely manner and some reconciliations lacked documentation of proper review. During our testing, we obtained 16 reconciliations and noted that 2 did not document the date prepared, thirteen were not prepared within 30 days of month-end and ranged from 11 to 214 days late, and 8 did not contain documentation of the date reviewed. For one reconciliation, which did not document the prepared date, the review was documented as occurring 171 days after the respective month-end.
- During our testing of a sample of 35 overpayment accounts receivable balances, we noted two cases that were not reported at the proper amount. With one of the case files, we noted the Department improperly included medical amounts in the total account receivable balance as of June 30, 2016. As a result, the receivable balance was overstated by \$20,133. With the second case, one of the case recipients died over 10 years ago and the receivable balance was not properly written off. The Department was not aware of the death and assigned the receivable balance to the wrong client as a result of the case ID number being reused by the local office. As a result, the receivable balance was overstated by \$11,046.
- The Department draws \$17.2 million every third month and remits it to the Department of Children and Family Services (DCFS), totaling \$68.8 million for the year. The Department stated that the amount paid was based on the Illinois Public Aid Code (Code) (305 ILCS 5/12-5) which states that eighty percent of the federal financial participation funds received by the Department under the Title IV-A Emergency Assistance program as reimbursement for expenditures made from the DCFS appropriations for the costs of providing services on behalf of DCFS clients shall be deposited into the DCFS Children's Services Fund. However, the Department was not able to provide an analysis or reconciliation to indicate

ACCOUNTABILITY (CONT.)

the amount paid complied with the language in the statute.

- The Department could not provide documentation of the preparation or the Department's review of expenditure reconciliations for federal Medical Assistance Program (MAP) funds between amounts reported in the Departments Consolidated Accounting and Reporting System (CARS), and amounts reported in the Comptroller's Grant / Contract Analysis Forms (SCO 563) which support the receivable calculation for financial reporting. Additionally, there is no documentation maintained by the Department to support the calculation and methodology used by HFS in preparing the federal receivable amount.
- The federal grant accounts receivable amount for the DHS Special Purpose Trust Fund (Fund 0408) was understated by \$2 million.
- During testing of expenditures, the auditors determined that the Department is not monitoring or reviewing the payments submitted by HFS on behalf of the Department. An employee in the Department's Fiscal Services reconciles the payments between CARS and the Comptroller's office before accepting them into CARS; however, the Department has not obtained and documented a detailed understanding of how its transactions are being processed within HFS, the controls in place over those transaction, monitoring performed by HFS, exceptions noted by HFS through its monitoring activities and how exceptions and control deficiencies are addressed by HFS and communicated to the Department.

We recommended management perform a thorough assessment of the year-end financial reporting to: determine the significant liability estimates that need to be re-evaluated, evaluate the sufficiency of the allowance for doubtful account methodology, work with management of HFS to gain a better understanding of the internal control system established over DHS transactions, enter into an interagency agreement with HFS and determine if the control system and related monitoring is sufficient to prevent and detect significant errors, reconcile expenditure amounts provided by HFS in connection with year-end reporting of federal Medical Assistance Program receivables recorded in

CARS, reconcile to the Comptroller's accounting system each month in a timely manner, ensure payments to DCFS are supported by documentation that demonstrates the amount paid complies with the Illinois Public Aid Code, and make the statutory transfer to the DHS Public Assistance Recoveries Trust Fund or obtain legislative relief.

Department officials agreed with the recommendation and stated they will perform another assessment of the year-end financial reporting process and continue to make improvements to ensure financial information is reported accurately. The Department further stated they will work with HFS to gain assurance that the data provided is complete and accurate and will continue its efforts to move draft legislation forward addressing statutory requirements.

TIMELINESS OF HEARINGS

The **Property Tax Appeal Board** (Board) did not allow for the speedy hearing of all appeals.

During testing, we noted the following:

- Twenty-five of 40 (63%) cases tested were not closed within one year. The Board took between 401 and 2,276 days to process and close the appeals.
- Twenty-one of 40 (53%) cases tested were pending for a period greater than a year. As of June 30, 2016, the cases had been open between 378 and 2,621 days.

Board management indicated it has received a combined 27% increase in cases from Cook County alone with no increases in staff and resources.

We recommended the Board provide for the speedy hearing of all appeals.

Board management accepted the recommendation and stated management has continued to make enhancements to its information technology and make more processes electronic.

IMPROPER ACCOUNTING FOR CAPITAL ASSET IMPAIRMENTS

Western Illinois University did not evaluate changes in circumstances affecting capital assets to determine whether impairment occurred and did not properly account for and report capital asset impairments in the financial statements. We noted:

- Buildings planned for demolition were still depreciated and maintained on the books, rather than evaluated for impairment and adjusted to reflect the decline in value when management chose to change the expected use.
- Deconstruction and demolition costs were capitalized instead of expensed as incurred.
- Notes to the financial statements did not disclose idle capital assets or impairment losses.

As a result, prior year net position balances were overstated by \$7,620,658 and current year expenses were understated by \$752,057. The financial statements and footnotes were corrected subsequent to audit testing.

We recommended the University establish procedures to ensure that transactions are carefully reviewed for proper accounting and disclosure and any necessary guidance should be obtained to ensure conformity with Generally Accepted Accounting Principles (GAAP).

University officials agreed with the finding and stated they will modify its capital asset procedures to ensure proper capitalization and as necessary, obtain guidance to ensure conformity with GAAP.

NONCOMPLIANCE WITH THE SCHOOL CODE ON BULLYING PREVENTION

The **Illinois State Board of Education** (Agency) did not adequately monitor the implementation of bullying prevention policies. We noted:

- Forty-four of 62 charter schools (71%), and 248 of 300 non-public, non-sectarian schools (83%) did not file with the Agency their policy on bullying.
- Five of six (83%) bullying prevention policies we reviewed lacked the provisions required to be included in the policy.
- Four of the 853 (0.5%) school districts did not submit their revised policy.

The auditors recommended the Agency strengthen its processes and procedures to adequately monitor the implementation of bullying prevention policies by each school district, charter school, and non-public, non-sectarian schools to ensure compliance with the bullying prevention requirements of the School Code.

Agency management agreed with the finding and responded they would reinforce guidance on required components of a school's bullying policy and continue to strengthen the Agency's monitoring.



STATEWIDE SINGLE AUDIT UPDATE

The purpose of the Statewide Single Audit is to fulfill the State mandate in accepting federal funding. It includes all State agencies that are part of the primary government and expend federal awards. In total, 43 Illinois State agencies expended federal financial assistance in FY16.

The Schedule of Expenditures of Federal Awards (SEFA) reflects total expenditures of approximately \$28.8 billion for the year ended June 30, 2016. Overall, the State participated in 366 different federal programs; however, 10 of these programs or program clusters accounted for approximately 88.0% of the total federal award expenditures.

FEDERAL AGENCIES PROVIDING FEDERAL FUNDING <i>For the year ended June 30, 2016</i>	
<i>U.S. Department</i>	<i>Millions</i>
Health & Human Services	\$ 13,238.3
Education	6,448.2
Agriculture	4,303.0
Labor	2,209.3
Transportation	1,846.1
All Others	720.6
Total Federal Award Expenditures	\$ <u>28,765.5</u>

Source: FY 2016 State of Illinois Single Audit Report

Overall, 11 State agencies accounted for approximately 98.8% of all federal dollars spent during FY16.

Our audit testing focused primarily on the 28 major programs expending about \$27.17 billion in federal awards.

Our report contained 73 findings related to 14 State agencies.

SUMMARY OF FEDERAL SPENDING BY STATE AGENCY <i>For the year ended June 30, 2016</i>	
<i>Agency</i>	<i>Millions</i>
Healthcare and Family Services	\$ 11,017.0
Human Services	4,952.7
Student Assistance Commission	4,804.9
Board of Education	2,314.1
Employment Security	2,053.4
Transportation	1,839.7
Commerce & Economic Opportunity	421.5
Children & Family Services	399.8
Public Health	310.0
Environmental Protection Agency	202.5
Emergency Management Agency	118.3
All Others	331.6
Total Federal Spending	\$ <u>28,765.5</u>

Source: FY 2016 State of Illinois Supplemental Report of Federal Expenditures by Agency/Program Fund.



THE PERFORMANCE AUDIT PROGRAM

Performance audits are conducted at the request of legislators to assist them in their oversight function. Based on the scope specified in the resolution or the law requesting the audit, State agencies' programs, functions, and activities are reviewed. The audits determine if the services are provided as intended by the General Assembly and directly impact and improve agency operations.

The General Assembly uses performance audit information to develop legislation, to deal with budgetary issues, and to direct agencies to improve programs. Some audits produce immediate changes. For example, our 2015 audit of the Department of Children and Family Services' Search for Missing Children identified several problems with the Department's administration of its efforts to search for and locate missing children. Legislation was passed in the Spring of 2015 which addressed some issues raised in our audit.

In other instances, significant changes may not be seen for several years. The length of time it takes to see changes is due to the process of transforming the audit findings and recommendations into legislative bills and converting bills into law; additionally, once a law is implemented, the effects may not be apparent for some time.

The National State Auditors Association (NSAA) established the Excellence in Accountability Awards Program in 2003 to recognize outstanding performance audits and special projects. Performance audits performed by the Office of the Auditor General (OAG) have received four NSAA awards in past years:

- 2012 Management Audit of the Department of State Police's Administration of the Firearm Owner's Identification Act;
- 2007 Performance Audit of the Mass Transit Agencies of Northeastern Illinois: RTA, CTA, Metra, and Pace;
- 2004 Management and Program Audit of the Rend Lake Conservancy District; and
- 2003 Management Audit of the Illinois State Toll Highway Authority.

Another national organization, the National Legislative Program Evaluation Society (NLPES), also has an Impact Award which is given annually to audits that demonstrate significant dollar savings, program improvements, or impact from a legislative and public perspective. The OAG has received the NLPES award for many audits as well:

- 2016 Program Audit of the College of DuPage;
- 2014 Neighborhood Recovery Initiative audit;
- 2012 Management Audit of the College Illinois! Prepaid Tuition Program's Administrative Operations;
- 2012 Management Audit of the Department of State Police's Administration of the Firearm Owner's Identification Act;
- 2011 Management Audit of the State's Financial Reporting System;
- 2010 Program Audit of the Covering ALL KIDS Health Insurance Program;
- 2009 Management and Program Audit of the Illinois State Police's Division of Forensic Services;
- 2008 Performance Audit of the Department of Healthcare and Family Services' Prompt Payment Act Compliance and Medicaid Payment Process;
- 2007 Performance Audit of the Mass Transit Agencies of Northeastern Illinois;
- 2006 Management Audit of the Flu Vaccine Procurement and the I-SaveRx Program;
- 2004 Management and Program Audit of the Rend Lake Conservancy District;
- 2003 Management Audit of the Illinois State Toll Highway Authority;
- 2002 Management Audit of Agency Use of Internet User Tracking Technology;
- 2001 State Board of Education and Other State Agencies Providing Funding to Illinois' Regional Offices of Education;
- 2000 Management Audit of Child Support State Disbursement Unit;
- 1999 Management Audit of the Pilsen Little Village Community Mental Health Center; and
- 1998 Management Audit of Tuition and Fee Waivers.



THE PERFORMANCE AUDIT PROGRAM

The Auditor General released four performance audits and three reviews in 2017. The performance audits released are listed below. Performance audits released in 2017 included a total of 27 recommendations for improvement.

In addition, the Performance Audit Division had the responsibility for 35 audits of Regional Offices of Education (ROEs) and 3 Intermediate Service Centers (ISCs) which covered Fiscal Year 2016. The FY16 ROE audits released in 2017 contained a total of 49 recommendations for improvement. ❖

PERFORMANCE AUDITS COMPLETED IN 2017

KENWOOD OAKLAND COMMUNITY ORGANIZATION

On April 17, 2015, the Illinois House of Representatives adopted Resolution Number 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) in fiscal years 2010, 2011, 2012, 2013, 2014, and 2015. The audit found:

- Auditors determined that State agencies failed to adequately monitor the majority of moneys provided to KOCO during FY10 through FY15. KOCO and the Department of Human Services (DHS) provided limited documentation to support whether the goals and objectives were met for many of its programs or to support how State funds were used during the audit period.
- KOCO received \$1,439,674 in State moneys from FY10 through FY15. DHS provided \$1,214,010 (84%) of State moneys to KOCO during the audit period.
- Both DHS and KOCO had difficulty providing documentation for State moneys spent from FY10 through FY15. Often, many of the documents provided conflicted with other documents, which included KOCO's general ledgers not matching its budgets or its actual expenditure documentation. As a result, auditors could not determine whether KOCO's financial reporting system provided an

accurate, current, and complete disclosure of all financial transactions as required by the Community Services Agreements with DHS.

- For the \$500,325 in Community Youth Employment Program funding that DHS provided to KOCO in fiscal years 2013 through 2015, auditors could not determine how \$377,424 or 75 percent was expended.
- DHS did not adequately monitor the Supplemental Nutrition Assistance Program - Employment & Training funding that totaled \$474,801 from FY10 through FY15.
- Various performance and fiscal monitoring documents were missing for three other DHS grant programs (Teen REACH, the Illinois Violence Prevention - Special Project, and the American Recovery and Reinvestment Act Job Program), which provided \$238,883 to KOCO.
- KOCO's Grow Your Own Teacher program's general ledgers for FY14 and FY15 showed KOCO spent \$12,291 less than it invoiced to Northeastern Illinois University (which was the Illinois Board of Higher Education's fiscal agent).
- Auditors could not determine the actual use of all moneys provided to KOCO for the Safety Net Works program from the Illinois Violence Prevention Authority (IVPA) in FY12 due to conflicting documentation received. In January 2013, staff, functions and funds were transferred from IVPA to the Illinois Criminal Justice Information Authority.

PERFORMANCE

PERFORMANCE AUDITS COMPLETED IN 2017 (CONT.)

HEALTH FACILITIES AND SERVICES REVIEW BOARD

The Illinois Health Facilities Planning Act at 20 ILCS 3960/19.5 (enacted by Public Act 96-031 and amended by Public Act 99-527) required the Office of the Auditor General to conduct a performance audit of the Health Facilities and Services Review Board (HFSRB or Board) and the Certificate of Need processes. Specifically, the audit was to determine:

- Whether changes to the Certificate of Need (CON) processes are being implemented effectively, as well as their impact, if any, on access to safety net services (i.e., services in low-income or rural areas); and
- Whether fines and settlements are fair, consistent, and in proportion to the degree of violations.

A performance audit was also conducted of the HFSRB as required by the Illinois Health Facilities Planning Act (Planning Act) and released in May 2014. The May 2014 performance audit contained seven recommendations and included, in addition to the above, an assessment of the Center for Comprehensive Health Planning (Center). However, in July 2016, Public Act 99-527 was signed into law which, effective January 1, 2017, repealed the requirement for the Illinois Department of Public Health to establish the Center; therefore, the two related recommendations from the May 2014 audit were not repeated. Two additional recommendations were not repeated and three were repeated as recommendations in the report.

The audit found:

- Board members were not reviewed annually by the Board Chairman as required by the Planning Act. Additionally, attendance records for Board members were not reported to the General Assembly as required by the Planning Act.
- In 9 of 39 projects, Board members did not provide rationale when voting on an item at a State Board meeting as required by a change to the Planning Act.
- All 30 projects in our sample which required a Safety Net Impact Statement submitted one;

however, 5 of the 30 statements did not contain all the required elements. Also, 4 of the legal notices published by the HFSRB did not include the required statement about the filing of a Safety Net Impact Statement.

- Ten fines and settlement agreements had starting fines which were not calculated correctly, likely due to not accounting for a 30-day period, or fraction thereof, as required by the Planning Act.

Generally, we found that changes made to the Planning Act and CON process since July 1, 2013, have been implemented effectively and the only changes that appear to potentially impact access to safety net services are limited to projects applying for exemptions as opposed to CON permits. While we found it difficult to make comparisons among projects due to the many factors influencing the size of the fine or settlement, we concluded that, with the exception of limited inconsistencies and given their respective circumstances, most settlements did not appear unreasonable.

COVERING ALL KIDS HEALTH INSURANCE PROGRAM

Public Act 95-985 amended the Covering ALL KIDS Health Insurance Act [215 ILCS 170/63] and directed the Auditor General to annually audit the ALL KIDS program. This was the eighth annual audit and covered FY16. The focus of this audit was on “EXPANDED ALL KIDS,” which is the portion of the ALL KIDS program that serves uninsured children not previously covered by KidCare (children whose family income was greater than 200% of the federal poverty level or who were undocumented immigrants).

This FY16 audit followed up on the Department of Healthcare and Family Services’ (HFS) and the Department of Human Services’ (DHS) actions to address prior audit findings. HFS and DHS agreed with all five audit recommendations. Our audit found:

- In FY16, there were 106,447 enrollees at any point in EXPANDED ALL KIDS and the total cost of services provided was \$97.2 million.

PERFORMANCE AUDITS COMPLETED IN 2017 (CONT.)

- The total number of recipients as of June 30th was 66,258 in FY15 and 67,776 in FY16. In FY16, the number of citizen/documentated immigrants slightly increased while the number of undocumented immigrants slightly decreased.
- Of the 28,588 EXPANDED ALL KIDS recipients that required an annual redetermination of eligibility in FY16, we found 2,104 (7%) were not redetermined annually as required.
- In FY16, 159 recipients received 793 services totaling \$111,029 after the month of their 19th birthday. Additionally, there were 437 individuals who were enrolled with more than one identification number.
- HFS and DHS did not identify the correct citizenship status for 4,521 recipients, and as a result, the State lost \$2.4 million in federal matching Medicaid funds in FY16. The State also lost \$2.8 million in federal reimbursement in FY15 – for a total of \$5.2 million lost in federal reimbursement over the last two fiscal years. This issue has been reported since the first ALL KIDS audit, which was for FY09.
- We tested 40 initial eligibility and 40 redetermined cases in FY16. We found 30 percent of initial cases and 20 percent of redetermined cases, were coded as “undocumented” even though we found evidence supporting citizenship or documented immigrant status. We also found the following documentation problems.
 - HFS and DHS were missing at least one piece of required documentation in 78 percent of the initial eligibility cases reviewed in FY16. Of these cases, 23 percent were missing documentation to verify residency, 40 percent were missing documentation to verify birth/age, and 10 percent were missing documentation to verify one month’s income.
 - HFS and DHS were missing at least one piece of required documentation in 100 percent of the redetermined cases reviewed in FY16. Of these cases, 33 percent were missing documentation to verify residency, 80 percent were missing documentation to verify birth/age, and 8 percent were missing documentation to verify one month’s income.
- We repeated the recommendation that HFS should review and monitor eligibility for orthodontic services more effectively. On January 19, 2017, HFS updated the Administrative Code related to orthodontics and the scoring tool. Since the updates occurred after FY16, follow-up will be completed during the next audit (FY17).

PROGRAM AUDIT OF THE DEPARTMENT OF HUMAN SERVICES OFFICE OF THE INSPECTOR GENERAL

The Department of Human Services Act (Act) requires the Office of the Inspector General (OIG) to investigate allegations of abuse and neglect that occur in mental health and developmental disability facilities operated by the Department of Human Services (DHS). The Act also requires the OIG to investigate allegations of abuse and neglect that occur in community agencies licensed, certified, or funded by DHS to provide mental health and developmental disability services.

In FY17, DHS operated 14 State facilities. For FY17, there were 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 since our FY10 audit or 31 percent.

In the audit we reported that:

- Total allegations of abuse and neglect reported to the OIG increased from 2,468 in FY10 to 3,698 in FY17 or 50 percent.
- The timeliness of completion for OIG

PERFORMANCE

PERFORMANCE AUDITS COMPLETED IN 2017 (CONT.)

investigations has deteriorated significantly since our 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 we 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 percent, while it was 13 percent 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.

The audit report contains a total of 13 recommendations to the OIG and DHS. The OIG and DHS generally agreed with the recommendations in the report.

REGIONAL OFFICES OF EDUCATION AUDITS

In addition to other duties, the Auditor General has the responsibility for annual audits of the financial statements of the regional superintendent of schools of each educational service region in the State.

There were a total of 38 Fiscal Year 2016 audits conducted: 35 of Regional Offices of Education (ROEs) and 3 of Intermediate Service Centers (ISCs). Our Office arranged for auditing firms to perform these audits under the general direction and management of the Auditor General's audit managers.

The FY16 ROE audits released in 2017 contained a total of 49 recommendations for improvement. Most of the recommendations dealt with the ROE not having sufficient internal controls including controls over their financial reporting processes. ❖

PERFORMANCE AUDITS IN PROGRESS

MEDICAID MANAGED CARE ORGANIZATIONS

On May 31, 2017, House Resolution Number 100 was adopted and directs 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 fiscal year 2016. The Resolution contained nine specific determinations:

- Compare the total dollar amount of all reported MCO encounter data submitted to the Illinois Department of Healthcare and Family Services (HFS) during State fiscal year 2016 to the total dollar amount of reported claims payments made on behalf of Illinois Medicaid individuals by MCOs as reported to HFS during State fiscal year 2016;
- Whether MCO encounter data is used by the Department of Healthcare and Family Services to set capitation rates;

PERFORMANCE AUDITS IN PROGRESS (CONT.)

- Calculate the aggregate amount of MCO capitation payments made by HFS during SFY 2016 (exclude payments authorized under 305 ILCS Sections 5/5A-12.2, 5/5A-12.4, and 5/5A-12 from this calculation). Note: the excluded payments include: Hospital Access Payments and Hospital Access Improvement Payments;
- Determine the amount of payments made by HFS to reimburse for-profit MCOs for the Affordable Care Act (ACA) Health Insurance Fee (HIF); determine if reimbursement by the State to for-profit MCOs for this HIF payment is mandated by federal Centers for Medicare & Medicaid Services (CMS);
- Determine the amount of payments made by HFS to reimburse for-profit MCOs for “gross-ups” related to the HIF payment; determine the purpose of the “gross-up” payments;
- The incidence to which the MCO capitation rates contain supplemental, GRF-based payments to providers; for these payments, determine the amount of the supplemental, which providers received these payments, and whether these monies were directly tied to services actually provided (do not include payments authorized under 305 ILCS Sections 5/5A-12.2, 5/5A-12.4, and 5/5A-12). Note: the excluded payments include: Hospital Access Payments and Hospital Access Improvement Payments;
- What administrative costs are paid to MCOs in terms of total dollars and percent of overall MCO medical-based payments;
- What is the average payout ratio for all MCOs in aggregate and for each MCO individually; for the purposes of this audit, payout ratio is defined as all paid claims to Medicaid providers made by MCOs as reported to HFS for state fiscal year 2016 divided by aggregate MCO capitation payments made by HFS for state fiscal year 2016; and
- What the denial rates are for MCOs and for fee-for-service providers billing the DHFS; determine whether there is a higher denial rate for services paid by MCOs.

CILA PROGRAM AT DHS

On March 15, 2017, the Illinois House of Representatives adopted Resolution Number 34 which directs the Auditor General to conduct a performance audit of the oversight of the Community Integrated Living Arrangements (CILA) program at the Department of Human Services (DHS). The audit is to include the following determinations:

- A review the process for licensing community mental health or developmental services agencies and certifying community-integrated living arrangements for persons with mental illnesses or persons with developmental disabilities;
- A determination whether oversight and monitoring of licensed agencies and certified providers complies with statutory and regulatory requirements, including site visits, and inspections of records and premises;
- A review the extent and timing of follow-up and monitoring by DHS of individuals transitioned from State-operated developmental centers to CILAs, including its provision of follow-along services to support an individual’s transition into the new service arrangement;
- A review the role of Community Resource Alliance, Community Resource Associates, and any other principal providers in transition planning and support and whether those contracts were adequately managed by DHS;
- A review the status of the Money Follows the Person initiative, including individual budgets and reimbursements received from the federal government; and
- A review of DHS procedures for receiving and investigating complaints against licensees and providers, including any denial or revocation of licenses or actions taken against providers.

PERFORMANCE

PERFORMANCE AUDITS IN PROGRESS (CONT.)

MEDICAID LONG-TERM CARE ELIGIBILITY DETERMINATION AUDIT

On August 25, 2017, the Governor signed into law Public Act 100-380 which amended the Public Aid Code. This amendment to the Public Aid Code requires the Auditor General to report every three years to the General Assembly on the performance and compliance of the Department of Healthcare and Family Services (HFS), the Department of Human Services, and the Department on Aging in meeting the requirements placed upon them by Section 11-5.4 of the Public Aid Code and federal requirements concerning eligibility determinations for Medicaid long term care services and supports.

The audit is to, at a minimum, review, consider, and evaluate the following:

- Compliance with federal regulations on furnishing services as related to Medicaid long-term care services and supports as provided under 42 CFR 435.930 – i.e., furnish Medicaid promptly to beneficiaries without any delay caused by the agency’s administrative procedures;
- Compliance with federal regulations on the timely determination of eligibility as provided under 42 CFR 435.912 – i.e., the determination of eligibility for any applicant may not exceed: (i) Ninety days for applicants who apply for Medicaid on the basis of disability; and (ii) Forty-five days for all other applicants;
- The accuracy and completeness of the report required under paragraph (9) of subsection (e) – i.e., monthly reports posted to the DHS and HFS websites on the applications and redeterminations pending LTC eligibility determination and admission and the number of appeals of denials in given categories;
- The efficacy and efficiency of the task-based process used for making eligibility determinations in the centralized offices of the Department of Human Services for long-term care services, including the role of the State’s integrated eligibility system, as opposed to the traditional caseworker-specific process from which these central offices have converted; and
- Any issues affecting eligibility determinations

related to the Department of Human Services’ staff completing Medicaid eligibility determinations instead of the designated single-state Medicaid agency in Illinois, the Department of Healthcare and Family Services.

MORNEAU SHEPELL CONTRACT

On October 26, 2017, the Illinois House of Representatives adopted Resolution Number 522 which directs the Auditor General to conduct a performance audit of the procurement and administration of the contract with Morneau Shepell. The audit is to include the following determinations:

- Whether the scope of the Request for Proposals that was issued in November 2015 was adequate to meet the State’s needs and written in a manner to allow adequate competition on this multi-million dollar initiative;
- Whether the time frame for response to the RFP was adequate to allow for participation by potential vendors;
- The rationale for not including a business enterprise goal in the solicitation;
- The rationale for awarding the contract to Morneau Shepell rather than re-issuing the RFP in an attempt to obtain adequate competition;
- The cost of the procurement, including amounts paid to the State’s procurement consultant;
- Whether CMS has reviewed the vendor’s compliance with the Performance Standard Guarantees and, in particular, the standards applicable to the accuracy of participant transactions; and
- Whether there have been any reductions in the vendor’s administrative fee as a result of any failure to meet Performance Guarantees.

STATE’S LEASING DECISION

House Joint Resolution Number 63, adopted June 28, 2017, directed the Auditor General to conduct a performance audit of the State’s decision to enter into a five-year, \$2.4 million lease for property at 2410 South Grand Ave. East, Springfield, Illinois.

PERFORMANCE AUDITS IN PROGRESS (CONT.)

The audit is to include the following determinations:

- The justification for the space request by the Department of Human Services (DHS), including the location and condition of the premises where the records were previously stored and the functions were previously performed (“existing space”);
- Whether the Department of Central Management Services (CMS) or other appropriate State agencies considered renovating the existing space and, if so, what projections were made for the cost of renovating the existing space;
- Whether CMS considered the availability of other State-owned or leased space before the decision to enter into a new lease was made, including what specific State-owned or leased properties were reviewed prior to making the decision to enter into a new lease;
- Whether CMS conducted an analysis of the cost-benefit of purchasing instead of leasing the property at 2410 South Grand Ave. East, Springfield, Illinois, including costs associated with renovating and maintaining the property;
- Whether DHS or any other appropriate State agency has conducted a cost-benefit analysis comparing the costs of digitizing records as compared to maintaining records in hard copy form, including the costs of storage, access, and travel, if any, to retrieve hard copy records for various official purposes, as well as the security risks of confidential records in one form as compared to the other;
- The role of the Procurement Policy Board (“Board”) in reviewing the lease, including whether the Board has any conflict-of-interest procedures for members to recuse themselves because of personal, professional, or financial relationships;
- Identification of the persons involved in the procurement, and their respective roles and responsibilities;
- The process, time frame, and coordination followed by CMS in examining the lease

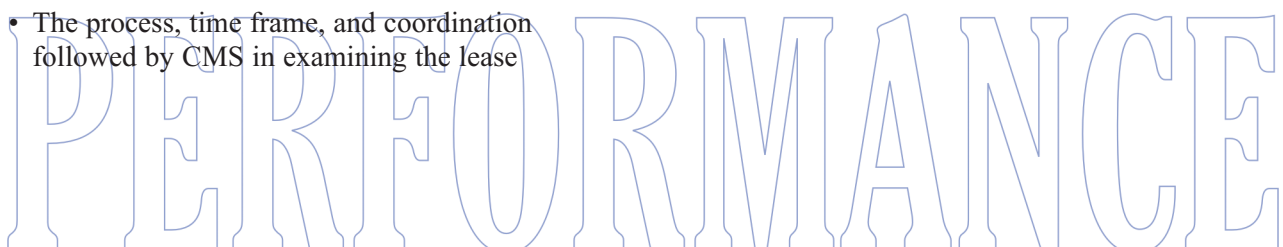
requirements and advertising the procurement opportunity, including any steps taken to ensure adequate competition;

- Whether any confidential information was shared between the CMS leasing agent and any of the bidders or potential bidders in the procurement process;
- The decision of CMS to proceed with the warehouse lease after receiving only one bid; and
- Whether relationships between the seller of the property (“Barney’s”), the buyer of the property, and the chairman of the Procurement Policy Board played a role in the warehouse lease.

COVERING ALL KIDS HEALTH INSURANCE PROGRAM

Public Act 95-985 amended the Covering ALL KIDS Health Insurance Act [215 ILCS 170/63] and directed the Auditor General to annually audit the ALL KIDS program. This will be the ninth annual audit and will cover FY17. The focus of this audit will be on “EXPANDED ALL KIDS,” which is the portion of the ALL KIDS program that serves uninsured children not previously covered by KidCare (children whose family income was greater than 200% of the federal poverty level or who were undocumented immigrants).

This FY17 audit will follow up on the Department of Healthcare and Family Services’ (HFS) and the Department of Human Services’ (DHS) actions to address prior audit findings. There were five audit recommendations made in the FY16 audit report. The FY17 audit report will follow-up on all five recommendations – including the recommendation on the policies covering orthodontic treatment, which could not be followed-up on in FY15 or FY16.



PERFORMANCE AUDITS IN PROGRESS (CONT.)

DEPARTMENT OF CHILDREN AND FAMILY SERVICES ABUSE AND NEGLECT INVESTIGATIONS

House Resolution 418, adopted June 25, 2017, directs the Auditor General to conduct a performance audit on the Department of Children and Family Services to review and assess the Department's protocols for investigating reports of child abuse and neglect. The audit is to include a review of abuse and neglect investigations conducted by the Department of Children and Family Services in Fiscal Year 2015, Fiscal Year 2016, and Fiscal Year 2017.

The audit resolution contains the following determinations:

- The status of abuse and neglect investigations;
- The final determination or findings made by the Department for abuse and neglect investigations;
- The time frame within which the Department completed or closed abuse and neglect investigations;

- For sampled cases, recommendations made by the Department to families who were the subject of an abuse or neglect investigation, including any services provided by the Department to the child or family; and
- Demographic information on abuse and neglect investigations, including the age, race, and gender of children who were subjects of the abuse or neglect investigations, and, if available, the zip code and county where the abuse or neglect was alleged to have occurred.

REGIONAL OFFICES OF EDUCATION

Since 2002, the School Code (105 ILCS 5/2-3.17a) has required the Auditor General's Office to conduct annual audits of the financial statements of all accounts, funds, and other moneys in the care, custody, or control of the regional superintendent of schools of each educational service region in the State. For Fiscal Year 2017, a total of 38 audits are to be performed. ❖

PERFORMANCE

THE INFORMATION SYSTEMS AUDIT PROGRAM

Computers are an integral part of State government, processing billions of dollars in financial transactions each year and helping control the operations of State agencies. Since financial transactions and confidential information are processed using computers, audits of information system activities are necessary to ensure that computer processing is secure and accurate.



TESTING CONTROLS AND SYSTEMS

The Auditor General's office plans to continue to emphasize the review of information system controls at State agencies. In 2017, we reviewed the following agencies:

Capital Development Board, Department of Corrections, Department of Central Management Services, Department of Children and Family Services, Department of Juvenile Justice, Department of Healthcare and Family Services, Department of Human Services, Department of Natural Resources, Department of Revenue, Eastern Illinois University, Governors State University, Illinois Health Information Exchange Authority, Illinois Gaming Board, Illinois State Police, Illinois State University, Office of the Comptroller, State Employees' Retirement System, State Universities' Retirement System, University of Illinois, and Western Illinois University.

To enhance the control environment, the Auditor General has emphasized the review of networks and the security and control of confidential information. These reviews have focused on the necessity of establishing consistent and effective security policies and programs, performing comprehensive risk assessments, and implementing comprehensive security techniques on all computer systems. ❖

INFO. SYSTEMS

Seven agencies – **Department on Aging, Department of Corrections, Department of Juvenile Justice, Department of Natural Resources, Illinois Gaming Board, Illinois State Police, and Northeastern Illinois University** – had not adequately developed or tested recovery plans to provide for continuation of critical computer operations in the event of a disaster. We recommended that these agencies develop and test disaster contingency plans.

Four agencies – **Department of Corrections, Department of Financial and Professional Regulation, Department of Natural Resources, and Northeastern Illinois University** – had not completed all requirements to demonstrate full compliance with the Payment Card Industry Data Security Standards. We recommended that these agencies, at least annually, assess each program accepting credit card payments, review and validate its environment, and ensure agreements with service providers are current and maintained.

Four agencies – **Department of Corrections, Governors State University, Illinois Housing Development Authority, and Illinois State Police** – had not established adequate controls for securing their computer resources. We recommended that these agencies evaluate their computer environments and ensure adequate security controls and policies exist to safeguard computer resources.

Two agencies – **Department of Juvenile Justice and Department of Natural Resources** – had not ensured the adequate security and/or disposal of confidential information. Confidential and personally identifiable information collected and maintained by agencies should be adequately secured at all times. As such, it is an agency's responsibility to ensure adequate procedures for safeguarding all confidential information have been established, effectively communicated to

all personnel, and continually enforced. We recommended these agencies assess their procedures for safeguarding and disposing confidential information.

Three agencies – **Department of Children and Family Services, Department of Healthcare and Family Services, and Illinois Gaming Board** – did not perform and document internal control reviews of all external data processing related service providers. We recommended that these agencies obtain or perform independent reviews of internal controls associated with service providers at least annually.

Four agencies – **Department of Corrections, Department of Juvenile Justice, Department of Revenue, and Illinois State Police** – did not have an effective project management framework to effectively control information technology projects. We recommended that these agencies develop and implement a project management framework and tools to control and provide oversight over information technology projects.

Two agencies – **Department of Healthcare and Family Services and Department of Human Services** – failed to implement adequate controls over the State of Illinois' Integrated Eligibility System (IES). We recommended that these agencies establish and maintain adequate controls over the security, availability, integrity, and confidentiality of IES data.

Six agencies – **Department of Corrections, General Assembly Retirement System, Illinois Gaming Board, Illinois State Police, Judges Retirement System, and State Employees' Retirement System** – had not implemented an effective change management process to ensure changes to computer applications were properly approved, tested, and documented. We

INFO. SYSTEMS

ISA FINDINGS (CONT.)

recommended that these agencies develop and implement change management standards to ensure adequate oversight of all changes to computer applications.

The **Department of Central Management Services** had weaknesses in the security over its midrange computing environment. We recommended the Department ensure standards to secure and control the environment are implemented across the midrange environment.

The **Illinois Historic Preservation Agency** failed to implement the provisions of the Identity Protection Act. We recommended the Agency finalize and implement an identity protection policy as required by the Act.

Agency officials generally concurred with our recommendations concerning these issues.

The Information Systems Audit Division also maintains the computer system environment for the office. ❖

OAG FRAUD HOTLINE

The Auditor General's Office is required by law [30 ILCS 5/2-15, added by P.A. 97-261, effective August 5, 2011] to operate a toll-free fraud hotline for the public to report allegations of fraud in the executive branch of State government. The hotline went into operation at the beginning of January 2012.

The toll free number is 1-855-217-1895. The hotline is available 24 hours a day, 7 days a week. Live operators are generally available Monday-Friday from 8:00 a.m. to 4:00 p.m. (CST).

In addition to calling the toll-free number, other options have been established for the public to report allegations of fraud. The public may also:

- Complete the Fraud Reporting Form on-line located on the OAG web-site (www.auditor.illinois.gov);
- E-mail a description of the allegation to: OAG.Hotline@illinois.gov;
- Contact the Auditor General via telecommunications device for the disabled (TTY) at 1-888-261-2887; or

- Send a written report via the U.S. Postal Service to the following address:
Fraud Hotline, Auditor General's Office,
740 E. Ash St., Springfield, IL 62703.

Individuals reporting alleged fraud to the hotline may remain anonymous. However, if the individual chooses not to be identified, the Office's ability to follow up on the allegation may be limited.

More information regarding the reporting of fraud allegations can be found at the Fraud Hotline section of the OAG website. Jurisdiction of the Fraud Hotline does not include the legislative or judicial branches of government, nor units of local government. Other resources the public may use to report fraud if it is outside of the jurisdiction of the OAG can also be found on the website. Even if the Auditor General's Office does not have jurisdiction over the allegation, our hotline manager will try to direct the caller to another State, federal, or local agency that may be able to help. ❖

OTHER OFFICE RESPONSIBILITIES

ANNUAL AUDIT ADVISORY

Every year, the Auditor General's Office distributes an Illinois Audit Advisory to all State agencies for the purpose of sharing information that may make their operations more efficient and effective, and increase compliance with State law. Copies of this audit advisory are available on our website at: www.auditor.illinois.gov.

COMPTROLLER'S ACCOUNTING SYSTEM REVIEW

The Auditor General is required by law to annually review the Comptroller's Statewide accounting system. This review is accomplished through the Office's audit of the State Comptroller, and by ensuring that all agency audits are performed in accordance with the Auditor General's Audit Guide.

In addition, the Auditor General annually reviews the State Comptroller's pre-audit function. Pre-audit is the primary control over expenditure voucher processing. The State Comptroller pre-audits financial transactions to determine if they are proper and legal.

PEER REVIEW

Peer review is an external quality control review conducted every three years by audit professionals from across the United States who are selected by the National State Auditors Association. The peer review helps to ensure that our procedures meet all required professional standards, comply with Government Auditing Standards, and produce reliable products for the agencies we audit.

The September 2017 peer review of the Auditor General's audit processes resulted in an unmodified (clean) opinion. Additionally, the peer review team did not note any deviations from professional standards that would have required a written letter of comments. Our prior peer reviews, conducted from 1996 to the present, likewise resulted in unmodified opinions. Our next peer review is slated for 2020.

STATE ACTUARY

Public Act 97-694, effective June 18, 2012, directed the Auditor General to "contract with or hire an actuary to serve as the State Actuary." Among its duties, the State Actuary is required to "review assumptions and valuations prepared by actuaries retained by the boards of trustees of the State-funded retirement systems" and "issue preliminary reports... concerning proposed certifications of required State contributions submitted to the State Actuary by those boards." [30 ILCS 5/2-8.1 (a) and (b)] In addition, Public Act 100-465, effective August 31, 2017, added a similar requirement for the State Actuary to review the Public School Teachers' Pension and Retirement Fund of Chicago. [40 ILCS 5/17-127(e)]

Through a competitive proposal process, the Auditor General awarded a contract in August 2012 to Cheiron, a full-service actuarial and consulting firm. Cheiron issued its preliminary reports to the public retirement systems in December 2017. As required by statute, the Auditor General submitted a written report to the General Assembly and Governor on December 28, 2017, documenting the initial assumptions and valuations prepared by the actuaries retained by the boards of trustees of the State-funded retirement systems, the State Actuary's preliminary reports, and the responses of each board to the State Actuary's recommendations. The report is available in its entirety on our website at www.auditor.illinois.gov. ❖

CONTINUING PROFESSIONAL EDUCATION AND TRAINING REQUIREMENTS

The U.S. Government Accountability Office established Government Auditing Standards (the Yellow Book) for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services.

The general standard relating to competence specifies that auditors assigned to perform the audit must collectively possess the adequate professional competence needed to address the audit objectives and perform the work in accordance with Generally Accepted Government Auditing Standards (GAGAS).

The Yellow Book also requires that auditors performing work in accordance with GAGAS, including planning, directing, and performing audit procedures or reporting on an audit, should maintain their professional competence through continuing professional education (CPE).

Specifically, each auditor performing work in accordance with GAGAS should complete, every 2 years, at least 24 hours of CPE that directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. Auditors who are involved in any amount of planning, directing,

or reporting on GAGAS audits and auditors who are not involved in those activities but charge 20 percent or more of their time annually to GAGAS audits should also obtain at

least an additional 56 hours of CPE (for a total of 80 hours of CPE in every 2-year period) that enhances the auditor's professional proficiency to perform audits. Auditors should complete at least 20 hours of CPE in each year of the 2-year period. Auditors hired or initially assigned to GAGAS audits after the beginning of the 2-year CPE period should complete a prorated number of CPE hours.

The most recently completed 2-year period for CPE requirements as measured by the Office of the Auditor General was January 1, 2015, through December 31, 2016. All auditors, audit directors, and information specialists required to meet the CPE standards were in compliance for this 2-year period and are in compliance with current CPE requirements.

Additionally, the Office of the Auditor General is a registered sponsor with the Illinois Department of Financial and Professional Regulation, and complies with the rules of the Illinois Public Accounting Act.



TRAINING

CLAIMS DUE THE STATE AND METHODS OF COLLECTION

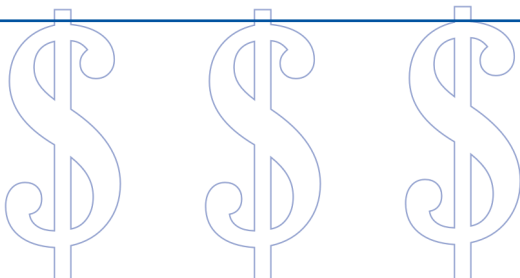
As required by law [30 ILCS 205/2 (k)], the Office of the Auditor General is reporting that there were no outstanding claims administered by the Office that were due and payable to the State as of December 31, 2017. The accounts receivables generated by our Office primarily represent billings to other State agencies for reimbursement of audit costs. Reimbursements for federal single audits are deposited into the General Revenue Fund. Reimbursements for audits not associated with federal single audits are deposited or transferred to the Audit Expense Fund. If normal collection methods fail, we request assistance from the Office of the Attorney General. To date we have never used the services of a private collection agency.



SUMMARY OF APPROPRIATIONS AND EXPENDITURES

The Office of the Auditor General was funded by appropriations from the General Revenue Fund and Audit Expense Fund for Fiscal Year 2017 (July 1, 2016 to August 31, 2017, including lapse period).

<i>FY 2017 - FINAL</i>			
	<i>Appropriation</i>	<i>Expended</i>	<i>Balance</i>
GRF Operations:			
Personal Services	\$5,573,500	\$5,568,138	\$5,362
Social Security	\$412,500	\$403,372	\$9,128
Contractual Services	\$626,000	\$586,831	\$39,169
Commodities	\$20,000	\$1,883	\$18,117
Paper and Printing	\$10,500	\$1,800	\$8,700
Equipment	\$25,000	\$12,750	\$12,250
EDP	\$69,500	\$65,377	\$4,123
Telecommunications	\$65,000	\$52,904	\$12,096
Operation of Automotive Equipment	\$5,000	\$1,639	\$3,361
	<u> </u>	<u> </u>	<u> </u>
GRF Operations Total	<u>\$6,807,000</u>	<u>\$6,694,694</u>	<u>\$112,306</u>
Audit Expense Fund:			
Audits/Studies/Invest.	<u>\$23,947,191</u>	<u>\$21,221,138</u>	<u>\$2,726,053</u>



FINANCIAL AUDITS AND COMPLIANCE EXAMINATIONS

FOR THE PERIOD(S) ENDING
JUNE 30, 2016, AND DECEMBER 31, 2016.

(Released on or before December 31, 2017)

F = Financial Audits C= Compliance Attestation Examinations S = Single Audits

AGENCY	F	C	S	DATE RELEASED
Attorney General		X		02-09-17
Capital Development Board	X	X		04-27-17
Chicago State University	X	X	X	03-29-17
Comptroller - <i>Fiscal Officer</i>	X	X		12-29-16
Comptroller - <i>Non-Fiscal Officer</i>		X		05-25-17
Department on Aging		X		05-25-17
Department of Central Management Services	X			02-23-17
Department of Central Management Service – <i>Teacher Health Insurance Security Fund</i>	X			02-23-17
Department of Central Management Services – <i>Local Government Health Insurance Reserve Fund</i>	X			02-23-17
Department of Central Management Services – <i>Community College Health Insurance Security Fund</i>	X			02-23-17
Department of Central Management Services (<i>Deferred Compensation Plan</i>)	X			06-27-17
Department of Children and Family Services	X	X		05-11-17
Department of Commerce and Economic Opportunity		X		04-27-17
Department of Corrections	X	X		05-23-17
Department of Employment Security	X			01-24-17
Department of Financial and Professional Regulation		X		02-28-17
Department of Healthcare and Family Services	X			03-09-17
Department of Human Services	X			02-16-17
Department of Insurance		X		01-12-17
Department of Juvenile Justice		X		05-25-17
Department of Military Affairs		X		08-22-17
Department of Natural Resources	X	X		10-12-17
Department of Revenue	X	X		04-20-17
Department of State Police		X		05-25-17
Department of Transportation	X	X		04-20-17
Department of Veterans' Affairs		X		04-27-17
Drycleaner Environmental Response Trust Fund Council		X		04-06-17
Eastern Illinois University	X	X	X	03-29-17
Environmental Protection Agency		X		08-08-17
Environmental Protection Agency – <i>Water Revolving Fund</i>	X			06-27-17
Environmental Protection Trust Fund Commission		X		06-08-17
Executive Ethics Commission		X		04-27-17
General Assembly Retirement System	X			01-26-17
General Assembly Retirement System		X		05-11-17
Governors State University	X			01-12-17
Governors State University		X	X	03-29-17
Historic Preservation Agency		X		04-20-17
Illinois Community College Board		X		05-23-17

FINANCIAL AUDITS AND COMPLIANCE EXAMINATIONS (CONT.)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>S</i>	<i>DATE RELEASED</i>
Illinois Conservation Foundation	X	X		12-15-16
Illinois Finance Authority	X			01-12-17
Illinois Gaming Board	X	X		03-23-17
Illinois Housing Development Authority	X			12-22-16
Illinois Housing Development Authority		X	X	03-16-17
Illinois Mathematics and Science Academy	X	X		01-19-17
Illinois Mathematics and Science Academy Fund	X			01-12-17
Illinois Power Agency	X	X		02-09-17
Illinois State Board of Investment	X			01-12-17
Illinois State Board of Investment		X		04-20-17
Illinois State Toll Highway Authority	X	X		07-06-17
Illinois State University	X	X	X	12-15-16
Illinois Student Assistance Commission	X			01-24-17
Illinois Student Assistance Commission – (Including Golden Apple Scholars of Illinois)		X		04-27-17
Illinois Student Assistance Commission - Prepaid Tuition	X			01-24-17
Joint Committee on Administrative Rules		X		03-23-17
Judges' Retirement System	X			01-26-17
Judges' Retirement System		X		05-11-17
Judicial Inquiry Board		X		05-25-17
Law Enforcement Training Standards Board		X		09-21-17
Legislative Ethics Commission		X		05-03-17
Legislative Information System		X		05-23-17
Lottery, Department of	X			02-02-17
Northeastern Illinois University	X			02-02-17
Northeastern Illinois University		X	X	03-29-17
Northern Illinois University	X			02-09-17
Northern Illinois University		X	X	03-29-17
Pollution Control Board		X		05-03-17
Prisoner Review Board		X		05-11-17
Procurement Policy Board		X		05-11-17
Property Tax Appeal Board		X		04-20-17
Railsplitter Tobacco Settlement Authority	X	X		02-16-17
Secretary of State	X			01-19-17
Sex Offender Management Board		X		04-06-17
Southern Illinois University	X			01-19-17
Southern Illinois University		X	X	03-23-17
Southwestern Illinois Development Authority		X		12-01-16
State Appellate Defender		X		04-06-17
State Board of Education	X			01-12-17
State Board of Education		X		05-11-17
State Employees' Retirement System	X			01-26-17
State Employees' Retirement System – Report on Allocation of Pension Award	X			04-27-17
State Employees' Retirement System		X		05-11-17
State Fire Marshal		X		04-12-17
State Police Merit Board		X		02-02-17

FINANCIAL AUDITS AND COMPLIANCE EXAMINATIONS (CONT.)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>S</i>	<i>DATE RELEASED</i>
State Universities Retirement System	X			12-22-16
State Universities Retirement System – Schedule of Allocation	X			02-09-17
State Universities Retirement System		X		04-12-17
State's Attorneys Appellate Prosecutor		X		04-27-17
Statewide Financial Statement Audit	X			03-07-17
Statewide Single Audit - (Federal Funds)			X	03-30-17
Teachers' Retirement System	X			01-12-17
Teachers' Retirement System		X		05-11-17
Teachers' Retirement System – Report on Allocation of Pension Amounts	X			05-03-17
Treasurer - College Savings Program	X			01-24-17
Treasurer - Fiscal Officer	X	X		03-09-17
Treasurer - Illinois Funds	X			01-24-17
Treasurer – Securities Lending Program		X		11-02-16
University of Illinois	X			02-16-17
University of Illinois		X	X	02-23-17
Western Illinois University	X			02-02-17
Western Illinois University		X	X	03-29-17



AUDITS

REGIONAL OFFICE OF EDUCATION AND INTERMEDIATE SERVICE CENTER FINANCIAL AUDITS

FOR THE PERIOD ENDING JUNE 30, 2016

F = Financial Audits S = Single Audits

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>DATE RELEASED</i>
ROE #01: Adams, Brown, Cass, Morgan, Pike, Scott Counties	X		08-01-17
ROE #03: Bond, Christian, Effingham, Fayette, Montgomery Counties	X	X	08-22-17
ROE # 04: Boone, Winnebago Counties	X	X	*
ROE # 08: Carroll, Jo Daviess, Stephenson Counties	X		06-29-17
ROE # 09: Champaign, Ford Counties	X		02-23-17
ROE # 11: Clark, Coles, Cumberland, Douglas, Edgar, Moultrie, Shelby Counties	X		06-08-17
ROE # 12: Clay, Crawford, Jasper, Lawrence, Richland Counties	X		06-08-17
ROE # 13: Clinton, Jefferson, Marion, Washington Counties	X		*
ROE # 16: DeKalb County	X		08-22-17
ROE # 17: Dewitt, Livingston, Logan, McLean Counties	X	X	06-13-17
ROE # 19: DuPage County	X		*
ROE # 20: Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, White Counties	X		08-01-17
ROE # 21: Franklin, Johnson, Massac, Williamson Counties	X	X	06-29-17
ROE # 24: Grundy, Kendall Counties	X		06-08-17
ROE # 26: Fulton, Hancock, McDonough, Schuyler Counties	X		03-29-17
ROE # 28: Bureau, Henry, Stark Counties	X	X	11-29-17
ROE # 30: Alexander, Jackson, Perry, Pulaski, Union Counties	X		*
ROE # 31: Kane County	X		05-18-17
ROE # 32: Iroquois, Kankakee Counties	X	X	08-22-17
ROE # 33: Henderson, Knox, Mercer, Warren Counties	X		10-12-17
ROE # 34: Lake County	X		06-13-17
ROE # 35: LaSalle, Marshall, Putnam Counties	X	X	05-03-17
ROE # 39: Macon, Piatt Counties	X		08-22-17
ROE # 40: Calhoun, Greene, Jersey, Macoupin Counties	X		05-25-17
ROE # 41: Madison County	X		09-07-17
ROE # 44: McHenry County	X		04-12-17
ROE # 45: Monroe, Randolph Counties	X	X	05-18-17
ROE # 47: Lee, Ogle, Whiteside Counties	X	X	*
ROE # 48: Peoria County	X	X	04-12-17
ROE # 49: Rock Island County	X	X	06-29-17
ROE # 50: St. Clair County	X	X	03-29-17
ROE # 51: Menard, Sangamon Counties	X	X	*
ROE # 53: Mason, Tazewell, Woodford Counties	X		08-22-17
ROE # 54: Vermilion County	X		02-16-17
ROE # 56: Will County	X	X	11-29-17
Intermediate Service Center #01: North Cook	X		06-08-17
Intermediate Service Center #02: West Cook	X	X	*
Intermediate Service Center #04: South Cook	X	X	10-12-17

* Report not released as of December 31, 2017.

PERFORMANCE AUDITS, INQUIRIES, & SPECIAL REPORTS

AUDITS IN PROGRESS

- Oversight of the Community Integrated Living Arrangements (CILAs) Program at the Department of Human Services
- Medicaid Managed Care Organizations
- Medicaid Long-Term Care Eligibility Determination
- Morneau Shepell Contract
- State's Leasing Decision
- Covering All Kids Health Insurance Program
- Department of Children and Family Services Abuse and Neglect Investigations

12/17	Program Audit of the Covering All Kids Health Insurance Program	12/15	Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust
12/17	Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust	11/15	Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees
12/17	Program Audit of the Department of Human Services - Office of the Inspector General	12/14	Department of Children and Family Services' Search for Missing Children
11/17	Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees	12/14	Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust
11/17	Health Facilities and Services Renew Board and the Certificate of Need Processes	11/14	Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees
05/17	State Moneys Provided to the Kenwood Oakland Community Organization	11/14	Village of Robbins Use of Municipal Economic Development Funds
12/16	Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust	08/14	Management Audit of the State's Procurement of Inmate Telephone Service Vendors
11/16	Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees	08/14	Program Audit of the Covering All Kids Health Insurance Program
09/16	College of DuPage	07/14	Review of the Expedited Long Term Care Eligibility Determination and Enrollment System
09/16	Performance Audit of Department of Children and Family Services' Placement of Children	05/14	Performance Audit of the Center for Comprehensive Health Planning and the Health Facilities and Services Review Board
08/16	Department of Human Services' Forensic Patient Transport Procedures	04/14	Management Audit of the Illinois Law Enforcement Training and Standards Board's Use of Moneys Appropriated from the Death Certificate Surcharge Fund
08/16	Program Audit of the Covering All Kids Health Insurance Program	03/14	Review of the Department on Aging's Community Care Program Reform Implementation Report
04/16	State Moneys Provided to the Illinois Criminal Justice Information Authority for Community Based Violence Prevention Programs, the After-School Program, and the Chicago Area Project	02/14	Performance Audit of the State Moneys Provided to the Illinois Violence Prevention Authority for the Neighborhood Recovery Initiative
02/16	Program Audit of the Covering All Kids Health Insurance Program	01/14	Village of Robbins Use of Municipal Economic Development Funds
12/15	Appropriations from the General Professions Dedicated Fund for Pharmacy Programs at State Universities	12/13	Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust
		12/13	The Covering ALL KIDS Health Insurance Program
		11/13	Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees
		10/13	Management Audit of the Department of Central Management Services' Administration of the State's Space Utilization Program
		07/13	Management Audit of the Illinois International Port District
		05/13	Management Audit of Illinois Public Universities

PERFORMANCE AUDITS, INQUIRIES, & SPECIAL REPORTS (CONT.)

05/13	Management Audit of Road Fund Revenue and Expenditures	11/09	Annual Review of Information Submitted by the Chicago Transit Authority's Employee Retirement Plan
04/13	Management Audit of Management Positions in the Executive Branch	09/09	Medical Assistance Program – Long Term Care Eligibility Determination
04/13	Review of the Department of Healthcare and Family Services' SMART Act Implementation Report	07/09	Grant to the Loop Lab School
12/12	The Village of Robbins' Use of Municipal Economic Development Funds	06/09	Department of Central Management Services' 2008 Joint Procurements of Bulk Rock Salt
12/12	Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust	05/09	Funding Provided by State Agencies to Heartland Human Services
11/12	Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees	03/09	Illinois State Police's Division of Forensic Services
10/12	The Covering ALL KIDS Health Insurance Program	03/09	Multi-Year Beverage Vending and Pouring Contract
05/12	College Illinois! Prepaid Tuition Program	02/09	Coal Development Fund
05/12	Department of Transportation's Implementation of Life-Cycle Cost Analysis	12/08	Annual Review of Information Submitted by the Chicago Transit Authority's Employee Retirement Plan and Retiree Health Care Trust
04/12	The Workers' Compensation Program for State Employees	12/08	Department of Human Services Office of the Inspector General
04/12	Illinois State Police's Administration of the Firearm Owners Identification Card Act	11/08	Village of Robbins' Use of Municipal Economic Development Funds
03/12	State's Procurement of Health Insurance Vendors	07/08	Review of Documents Related to the Proposed Sale of Bonds for the Chicago Transit Authority Retirement 0Plan and Retiree Health Care Trust
03/12	The Village of Robbins' Use of Municipal Economic Development Funds	05/08	The Department of Healthcare and Family Services' Prompt Payment Act Compliance and Medicaid Payment Process
01/12	Certain Financial and Business Processes of the University of Illinois Board of Trustees	02/08	Pilsen-Little Village Community Mental Health Center, Inc.
12/11	Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust	10/07	Inventory of State Programs
11/11	Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees	08/07	Funding Provided by or through the State of Illinois to the Chicago Project for Violence Prevention for the CeaseFire Program
11/11	Department of Central Management Service's Operation of the State's Vehicle Fleet	08/07	Payments to the Illinois Hispanic Chamber of Commerce by State Agencies
09/11	Management Audit of the State's Boards and Commissions	07/07	Village of Robbins' Use of Municipal Economic Development Funds
04/11	Program Audit of the Covering ALL KIDS Health Insurance Program	04/07	Rend Lake Conserv. District Follow-up Report
02/11	State's Financial Reporting System	03/07	Mass Transit Agencies of Northeastern Illinois: RTA, CTA, Metra, and Pace
12/10	Village of Robbins' Use of Municipal Economic Development Fund	01/07	Department of Transportation's Aeronautics Operations
12/10	Annual Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust	12/06	Department of Human Services' Office of the Inspector General
12/10	Department of Human Services – Office of the Inspector General	09/06	Flu Vaccine Procurement and I-SaveRx Program
12/10	Annual Review of Information Submitted by the Chicago Transit Authority's Employee Retirement Plan	09/06	Village of Robbins' Use of Municipal Economic Development Funds
06/10	Exemptions Granted by the Civil Service Commission	08/06	Department of Financial and Professional Regulation's Disciplining of Physicians
05/10	Covering All Kids Health Insurance Program	06/06	Department of Central Management Services' Business Enterprise Program and Department of Transportation's Disadvantaged Business Enterprise Program
01/10	Village of Robbins' Use of Municipal Economic Development Fund	3/06	Department of Transportation's Traffic Safety Programs
12/09	Annual Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust	2/06	Department of Commerce and Economic Opportunity's Administration of Its Economic Development Programs
12/09	Regional Transportation Authority Follow Up		

PERFORMANCE AUDITS, INQUIRIES, & SPECIAL REPORTS (CONT.)

2/06	State Employee Travel - Modes of Transportation between Chicago and: Bloomington, Carbondale, Champaign-Urbana, Macomb, and Springfield	5/99	Illinois Health & Human Service Providers
7/05	Village of Robbins' Use of Municipal Economic Development Funds	12/98	DHS: Inspector General
5/05	The Illinois School District Liquid Asset Fund Plus	9/98	Comptroller's Offset System
12/04	Department of Human Services' Office of the Inspector General	6/98	Nursing Home Prescreening
9/04	Rend Lake Conservancy District	5/98	IDOT's Road Construction Program
9/04	Illinois Aquaculture Development Fund	4/98	Tuition & Fee Waivers
8/04	Village of Robbins' Use of Municipal Economic Development Funds	5/97	Professional Regulation – Physicians Regulated Under the Medical Practices Act
2/04	Department of Central Management Services' Administration of the State's Space Utilization Program	12/96	DMHDD – Office of the Inspector General
12/03	Regulation of Grain Dealers and the Grain Insurance Fund	6/96	IHSA – Site Selection for Boys Basketball Finals
11/03	Grade Crossing Protection Fund	4/96	DMHDD – Reporting of Resident Abuse & Neglect
9/03	Village of Robbins' Use of Municipal Economic Development Funds	5/95	Summer Unemployment at State Universities
5/03	Illinois State Toll Highway Authority	2/95	Laws Considered Obsolete
4/03	Teachers Academy for Mathematics and Science	1/95	Public Aid's Child Support Program
1/03	Group Workers Compensation Self-Insured Pools	12/94	Office of the Inspector General
12/02	DHS Office of the Inspector General	6/94	Toll Highway: Helicopters
8/02	Village of Robbins' Use of Municipal Economic Development funds	6/94	DMHDD: Abuse & Neglect
8/02	Department of Human Services' Early Intervention Program	5/94	Correctional Industries
7/02	Department of Public Aid's KidCare Program	5/94	Central Management Services: Telecommunications
4/02	Department of Human Services Early Intervention Program Follow-up	3/94	Collection of Money from Circuit Clerks
4/02	States Construction Contracting Methods	1/94	State Housing Benefits
1/02	Agency Use of Internet User Technology	5/93	Public Aid: Property Transfers
10/01	EPA's Vehicle Emissions Testing Program	4/93	Office of the Inspector General
9/01	Illinois Health Facilities Planning Board	4/93	Early Intervention Services System
8/01	Board of Education and Other State Agencies Providing Funding to Regional Offices of Education	4/93	User Fees
6/01	Village of Robbins' Use of Municipal Economic Development Funds	11/92	DMHDD: Abuse & Neglect
5/01	Tuition & Fee Waivers Follow-up	7/92	St. Anne's Lease
12/00	DHS Office of the Inspector General	6/92	State Police I-SEARCH Program
6/00	Municipal Economic Development Fund Distributions: Village of Robbins	5/92	Privatizing Weigh Stations
3/00	Department of Public Aid: Child Support State Disbursement Unit	4/92	Henry Horner's Children's Care
11/99	Illinois Math & Science Academy	3/92	Governor's Council on Health & Physical Fitness
9/99	Department of Public Aid's Contracts with Delta Dental	3/92	Case Management Practices
8/99	Pilsen-Little Village Community Mental Health Center	1/92	State Legal Services
7/99	Medicaid Home Health Care & Regulation of Home Health Agencies	11/91	State Regulation of Insurer Solvency
6/99	State Fire Marshal's Fire Investigations	8/91	Higher Education "Systems of Systems"
		7/91	Eastern Illinois University Coal Conversion Project
		6/91	Special Analysis: Build Illinois
		5/91	Availability of Obstetric Care
		5/91	Collection of Sales & Taxes Receivable
		5/91	Property Forfeited Under the Illinois Controlled Substances Act
		3/91	Illinois Competitive Access & Reimbursement Equity Program
		3/91	Nutritional Services Paid by the Department of Children & Family Services
		2/91	Illinois Multi-Year Fixed Contractual Obligations

PERFORMANCE AUDITS, INQUIRIES, & SPECIAL REPORTS (CONT.)

2/91	Administrative Citations: Environmental Protection Agency	4/86	Legislative Printing Unit
10/90	Project Chance Evaluation Contract	4/86	Engineering Programs in Illinois – NIU
10/90	Frequent Flyer Programs	3/86	Claims & Accounts Receivable
8/90	Parents Too Soon Program	3/86	Capital Development Board: Construction of the State of Illinois Center
7/90	State University Tuition & Fee Policies & Practices	2/86	Illinois Commerce Commission
7/90	Debt Collection Practices of Illinois & Other States	2/86	Advisory Boards & Commissions
5/90	DMHDD: Abuse & Neglect	11/85	Data Security Practices
4/90	Veterans' Affairs Field Office Closures	11/85	Hazardous Waste Management
3/90	Illinois Competitive Access & Reimbursement Equity Program	9/85	Management & Collection of Claims Receivable
1/90	Public Aid's Delta Dental	3/85	Perinatal Medical Care
12/89	Regional Transportation Authority	10/84	State Employee Travel
11/89	Illinois Sports Facilities Authority & the Chicago White Sox	10/84	Feasibility Study: Rock Island Co. Facility
11/89	Five State Retirement Systems' Financial Status	9/84	Employment Security Unemployment Insurance
10/89	Feasibility of Consolidating State Revenue Bond Agencies	8/84	Salaried Non-working Time Benefits
7/89	Commerce & Community Affairs' Economic Development Programs	8/84	Responsible Relative Requirements
5/89	EPA's Hazardous Waste Mgmt. Program	5/84	Board of Investment: Five State Retirement Systems
4/89	Selected Auditor Comparability: Jobs & Pay	10/83	Commerce Comm.: Management Audits of Public Utilities
2/89	AIDS Testing: Statutory Requirements & Costs	5/83	Contractual Legal Services
1/89	Public Univ. Instructional Costs	4/83	Industrial Commission
1/89	Vehicle Emissions Testing Program	12/82	Procurement Policies & Procedures
10/88	U of I Athletic Association	7/82	Criminal History Components
8/88	JTPA	4/82	Financing of Improvements of Rock Island State Park
7/88	Audit Status of Circuit Courts	1981	Chicago Road Fund
6/88	Dept. of Revenue - Corporate Income Tax	12/81	DMHDD: Region 2
5/88	State Program of Internal Auditing	11/81	Procurement of Real Property
7/87	Computer Acquisition & Use in Higher Education	10/81	Registration & Education: Investigation & Enforcement Functions
6/87	Chicago Housing Authority	1/81	Licensing & Regulation of Bingo
6/87	Cash Management Practices	1/81	Chicago Bd. of Education
4/87	State Laboratory Services	12/80	Nursing Home Reimbursement System
4/87	U of I Hospital & Affiliated Clinics	12/80	DCFS Day Care Activities
4/87	Chicago's Use of State Appropriated Funds	11/80	Dept. of Personnel Management
10/86	State Pensions Assets Investment Performance	10/80	Public Aid's Local Office Management
10/86	CMS – Lottery Building Lease	9/80	Licensing of Grain Dealers
10/86	Property Management Problems – Mental Health Centers	7/80	Illinois Fair Employment Practices Commission
5/86	Illinois Preferential Procurement Programs	6/80	Secretary of State Vending Services
4/86	State Toxicology Lab	5/80	Coastal Zone Management
		1/80	Court of Claims
		1/80	Cook Co. Health & Hospitals



