



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF THE GOVERNOR

**COMPLIANCE EXAMINATION
For the Two Years Ended: June 30, 2011**

Release Date: February 28, 2012

Summary of Findings:

| | |
|----------------------------------|----------|
| Total this audit: | 4 |
| Total last audit: | 5 |
| Repeated from last audit: | 3 |

SYNOPSIS

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

{Expenditures and Activity Measures are summarized on the reverse page.}

**OFFICE OF THE GOVERNOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2011**

| EXPENDITURE STATISTICS | 2011 | 2010 | 2009 |
|--|---------------------|---------------------|---------------------|
| Total Expenditures..... | \$ 5,695,844 | \$ 5,923,992 | \$ 7,081,017 |
| OPERATIONS TOTAL..... | \$ 5,670,599 | \$ 5,894,610 | \$ 7,031,568 |
| % of Total Expenditures..... | 99.6% | 99.5% | 99.3% |
| NON-APPROPRIATED FUNDS TOTAL..... | \$ 25,245 | \$ 29,382 | \$ 49,449 |
| % of Total Expenditures..... | 0.4% | 0.5% | 0.7% |
| Average Number of Employees..... | 85 | 84 | 83 |

| AGENCY DIRECTOR | |
|----------------------------|---------------------|
| During Examination Period: | Honorable Pat Quinn |
| Currently: | Honorable Pat Quinn |

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

INADEQUATE CONTROL OVER STATE PROPERTY

The Office of the Governor did not always exercise adequate control over the recording, reporting, and safeguarding of State property.

Some of the matters noted during our testing follow:

- Three of 40 (8%) property items selected for testing with a cost of \$14,705 were unable to be located. In addition, two of 20 property items located during testing were not included in the Office's property control records.
- Two items valued at \$19,193, acquired under capital lease agreements were not added to the Office's property control records in a timely manner. Another State property item valued at \$6,757 acquired under a capital lease was not removed from the Office's property control records in a timely manner after being returned to the lessor.
- One of 7 (14%) leases selected for testing was incorrectly classified as a capital lease rather than an operating lease. (Finding 1, pages 8-9)

Property items totaling \$14,705 could not be located

Capital leases were incorrectly classified and property items were not timely recorded in property records

Office agrees with auditors

We recommended the Office comply with applicable statutes, Illinois Administrative Code rules, and SAMS procedures by ensuring all property is reported accurately.

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

APPOINTMENTS OF MEMBERS TO BOARDS AND COMMISSIONS

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

Twenty-four of 69 boards and commissions tested lacked the required number of appointees and no appointments were made to 9

Twenty-four of 69 (35%) of the boards and commissions tested did not have the required number of appointees and no appointments were made to 9 of 69 (13%) of the boards and commissions tested. (Finding 2, pages 10-13)

We recommended the Office continue to pursue appointments to all boards and commissions as mandated by statutes.

Office agrees with auditors

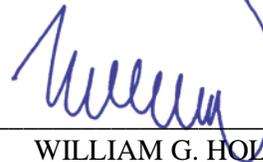
Officials in the Office of the Governor agreed with our recommendation and stated the Governor's Office of Executive Appointments has taken dramatic steps to revamp the State's 300+ boards and commissions appointment process by increasing transparency and reducing the staggering number of vacancies and expired terms inherited from the previous administration. (For previous Office response, see digest footnote #1)

OTHER FINDINGS

The remaining findings are reportedly being given attention by the Office. We will review the Office's progress towards the implementation of all our recommendations during the next engagement.

AUDITORS' OPINION

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



WILLIAM G. HOLLAND

- Auditor General

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SPECIAL ASSISTANT AUDITORS

Our special assistant auditors on this examination were Doehring, Winders, & Co., LLP.

DIGEST FOOTNOTE

#1 – Appointments of members to boards and commissions.

2009: Officials in the Office of the Governor agreed with our recommendation and stated the Governor's Office of Executive Appointments has taken dramatic steps to revamp the State's 300+ boards and commissions appointment process by increasing transparency and reducing the staggering number of vacancies and expired terms inherited from the previous administration. A new public website was created and launched in April 2009 (www.appointments.illinois.gov). This progressive step in State government has culminated over 730 appointments made to various State boards and commissions.