

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2011

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2011

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STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

OFFICE OFFICIALS

For the Two Years Ended June 30, 2011

Governor	Mr. Pat Quinn
Chief of Staff	Mr. Jack Lavin (Effective 12/13/2010) Ms. Michelle Sadler (Effective 8/24/2010 through 12/12/2010) Vacant (8/23/2010) Mr. Jerome Stermer (Through 8/22/2010)
Deputy Governor	Ms. Cristal Thomas (Effective 2/7/2011) Vacant (Through 2/6/2011)
Chief Operating Officer	Mr. Andrew Ross (Effective 2/28/2011) Vacant (Effective 12/13/2010 through 2/27/2011) Mr. Jack Lavin (Through 12/12/2010)
General Counsel	Mr. John Schomberg (Effective 5/21/2010) Mr. Theodore Chung (Through 5/20/2010)
Fiscal Director	Ms. Mary Fanning

Agency offices are located at:

601 Stratton Building
Springfield, IL 62706

207 State House
Springfield, IL 62706

100 West Randolph
JRTC 16-100
Chicago, IL 60601

444 N. Capitol Street, Suite 400
Washington, DC 20001



OFFICE OF THE GOVERNOR

207 STATE HOUSE
SPRINGFIELD, ILLINOIS 62706

PAT QUINN
GOVERNOR

January 19, 2012

Doehring, Winders & Co, LLP
1601 Lafayette Avenue
Mattoon, Illinois 61938

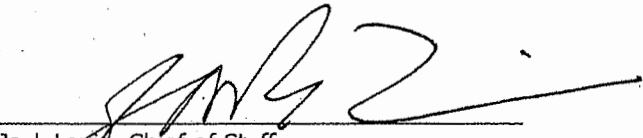
Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Office of the Governor. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Office of the Governor's compliance with the following assertions during the two-year period ended June 30, 2011. Based on this evaluation, we assert that during the years ended June 30, 2011 and June 30, 2010, the Office of the Governor has materially complied with the assertions below.

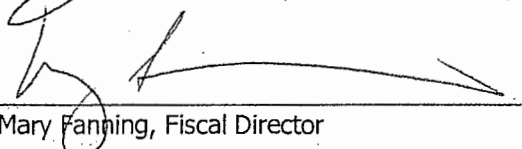
- A. The Office of the Governor has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Office of the Governor has obligated, expended, received and used public funds of the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

Yours very truly,

Office of the Governor



Jack Lavin, Chief of Staff



Mary Fanning, Fiscal Director

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT'S REPORT

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

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	4	5
Repeated findings	3	3
Prior recommendations implemented or not repeated	2	3

Details of findings are included in a separate section of this report.

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
11-1	8	State Property Not Properly Recorded and Reported	Significant Deficiency and Noncompliance
11-2	10	Appointments of Members to Boards and Commissions	Significant Deficiency and Noncompliance
11-3	14	Inadequate Monitoring of Interagency Agreements	Significant Deficiency and Noncompliance
11-4	15	Non-compliance with Statutorily Mandated Responsibilities	Significant Deficiency and Noncompliance
PRIOR FINDINGS NOT REPEATED			
A	17	Use of Outside Legal Counsel	
B	17	Monitoring of Outside Legal Work	

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

COMPLIANCE REPORT
SUMMARY (Continued)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Office personnel at an exit conference on January 10, 2012. Attending were:

Office of the Governor

Mary Fanning, Fiscal Director
Diego Córdova, Deputy Fiscal Director
Simone McNeil, Director of Operations
Thomas Mikrut, Associate General Counsel

Office of the Auditor General

Casey Evans, Audit Manager

Doehring, Winders & Co. LLP

Robert Arnholt, Partner
Matthew Clarkson, Supervisor

Responses to the recommendations were provided by Mary Fanning in correspondence received January 10, 2012.

DOEHRING, WINDERS & CO. LLP
Certified Public Accountants
& Business Advisers
1601 LAFAYETTE AVENUE
MATTOON, ILLINOIS 61938

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the Office of the Governor's (Office) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2011. The management of the Office is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Office's compliance based on our examination.

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

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

In our opinion, the Office complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2011. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 11-1, 11-2, 11-3 and 11-4.

Internal Control

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

A deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness over compliance* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings as items 11-1, 11-2, 11-3, and 11-4. *A significant deficiency in an entity's internal control over compliance* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The Office's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the Office's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2010 and the 2011 Supplementary Information for State Compliance Purposes. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2009 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

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

Doehring, Winders & Co. LLP

January 19, 2012

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

CURRENT FINDINGS – STATE

For the Two Years Ended June 30, 2011

11-1 STATE PROPERTY NOT PROPERLY RECORDED AND REPORTED

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

During our testing, we noted the following:

- Three of 40 (8%) property items with an original cost of \$14,705 selected for testing from the Office's property control records were unable to be located. In addition, two of 20 (10%) tagged fixed assets located during our testing at the Office's facilities were not included on the property control records.
- Four of 60 (7%) property items with an original cost of \$2,970 selected for testing from the Office's property records or from the Office's facilities were not in the location specified on the Office's property control records.
- One of 4 (25%) property items with an original cost of \$1,020 selected for our testing of property acquired during fiscal years 2010 and 2011, was not added to the property control records.
- A mailing machine and a copying machine valued at \$19,193 and acquired under capital lease agreements were not added to the Office's property control records in a timely manner. The capital lease on the mailing machine commenced in July 2009 and was not added to the property control records until July 2011. The capital lease on the copying machine commenced in April 2011 and was not added to the property control records until July 2011. Another mailing machine valued at \$6,757 acquired under a capital lease was not removed from the Office's property control records in a timely manner after the machine was returned to the lessor. The mailing machine was returned to the lessor in June 2009, but not removed from the property control records until July 2011. As a result of these errors, the Office amended all of their quarterly "Agency Report of State Property" (Form C-15) reports for the quarters ended September 30, 2009, through March 31, 2011, during July 2011.
- One of 7 (14%) leases selected for testing was incorrectly classified as a capital lease rather than an operating lease. Since the leased asset in question had a fair market value of less than \$5,000 as determined by the Office, the leased asset should not have been considered a capital lease by rule. Documentation from the Office of the Comptroller (Comptroller) provided to us by the Office indicated a value of \$10,900 and the Office did not follow up with the Comptroller to resolve this discrepancy.

The Comptroller's Statewide Accounting Management System Procedures (SAMS Manual) procedure 27.20.60 notes the requirements for completing Form SCO-560. The Office should prepare this form in accordance to these stated procedures and notify the Comptroller of any discrepancies. The Fiscal Control and Internal Auditing Act (30 ILCS 10/1002) requires each State Agency to establish and maintain an effective system of internal control to provide assurance that property is safeguarded against loss. The State Property Control Act (30 ILCS 605/4) requires that the Office be accountable for the supervision, control and inventory of all property under its jurisdiction and control. The Illinois Administrative Code (44 Ill. Admin. Code 5010.400) requires agencies to adjust their property records within 30 days of acquisition, change, or deletion of equipment items.

Office personnel stated that the above errors occurred due to oversight as the Office makes all attempts to follow procedures.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

CURRENT FINDINGS – STATE (continued)

For the Two Years Ended June 30, 2011

11-1 STATE PROPERTY NOT PROPERLY RECORDED AND REPORTED (continued)

Failure to follow the required statutes, SAMS Manual procedures, and Illinois Administrative Code rules reduces the reliability of the statewide fixed asset information and increases the risk that errors and irregularities could occur and not be detected. In addition, all fixed assets should be reported on the property listing at year end to ensure the total value of property is accurately stated. If property is inaccurately reported, the Office is at an increased risk of theft, loss, or unauthorized use of State assets. (Finding Code No. 11-1)

RECOMMENDATION

We recommend that the Office comply with the applicable statutes, Illinois Administrative Code rules, and SAMS procedures by ensuring all property under its jurisdiction is reported accurately.

OFFICE RESPONSE

The Office agrees with this recommendation. The Office will continue to exercise sound fiscal management, implement new strategies and increase internal controls to correct the circumstances which created these issues.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

CURRENT FINDINGS – STATE (continued)

For the Two Years Ended June 30, 2011

11-2 APPOINTMENTS OF MEMBERS TO BOARDS AND COMMISSIONS

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

24 of 69 (35%) of the boards and commissions tested did not have the required number of appointees. These were:

- Advisory Board to the Department of Labor – 7 vacancies
- Lottery Control Board – 3 vacancies
- Illinois Finance Authority – 1 vacancy
- Motor Vehicle Theft Prevention Council – 1 vacancy
- East St. Louis Financial Advisory Board – 1 vacancy
- Eastern Illinois Economic Development Authority – 1 vacancy
- Illinois Mathematics and Science Academy Board of Trustees – 2 vacancies
- Real Estate Appraisal Administration and Disciplinary Board – 1 vacancy
- Epilepsy Advisory Committee – 4 vacancies
- Carnival-Amusement Safety Board – 1 vacancy
- Workers' Compensation Commissions Review Board – 1 vacancy
- State Rehabilitation Council – 1 vacancy
- Statewide Independent Living Council – 1 vacancy
- Community Water Supply Operator's Advisory Board – 1 vacancy
- Illinois Ethanol Research Advisory Board – 1 vacancy
- Illinois Advisory Council on Alcoholism and Other Drug Abuse – 6 vacancies
- Advisory Council on the Education of Children with Disabilities – 5 vacancies
- Illinois Student Assistance Commission – 2 vacancies
- Site Remediation Advisory Committee – 4 vacancies
- Maternal and Child Health Advisory Board – 8 vacancies
- Internet Privacy Task Force – 8 vacancies
- Weatherization Initiative Board – 1 vacancy
- Board of Savings Institutions – 2 vacancies
- Adult Advisory Board – 1 vacancy

No appointments were made to 9 of 69 (13%) of the boards and commissions tested. These were:

- Commission on Discrimination and Hate Crimes
- Illinois Steel Development Board
- Health Care Workplace Violence Prevention Task Force
- HIV/AIDS Response Review Panel
- Environmental Resources Training Center Advisory Committee
- Freedom Trail Commission
- Illinois Plain Language Task Force
- Racial Profiling Prevention and Data Oversight Board
- Sustainable Agriculture Committee

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

CURRENT FINDINGS – STATE (continued)

For the Two Years Ended June 30, 2011

11-2 APPOINTMENTS OF MEMBERS TO BOARDS AND COMMISSIONS (continued)

The Civil Administrative Code (20 ILCS 5/5-555) requires the Governor to appoint 13 members to the Advisory Board to the Department of Labor.

The Illinois Lottery Law (20 ILCS 1605/6) requires the Governor to appoint 5 members to the Lottery Control Board.

The Illinois Finance Authority Act (20 ILCS 3501/801-15) requires the Governor to appoint 15 members to the Illinois Finance Authority.

The Illinois Motor Vehicle Theft Prevention Act (20 ILCS 4005/4) requires the Governor to appoint 7 members to the Motor Vehicle Theft Prevention Council.

The Financially Distressed City Law (65 ILCS 5/8-12-7) requires the Governor to appoint 5 members to the East St. Louis Financial Advisory Board.

The Eastern Illinois Economic Development Authority Act (70 ILCS 506/15(b)) requires the Governor to appoint 3 members to the Eastern Illinois Economic Development Authority.

The Mathematics and Science Academy Law (105 ILCS 305/3) requires the Governor to appoint 8 members to the Illinois Mathematics and Science Academy Board of Trustees.

The Real Estate Appraiser Licensing Act of 2002 (225 ILCS 458/25-10(a)) requires the Governor to appoint 10 members to the Real Estate Appraisal Administration and Disciplinary Board.

The Epilepsy Disease Assistance Act (410 ILCS 413/15) requires the Governor to appoint 13 members to the Epilepsy Advisory Committee.

The Carnival and Amusement Rides Safety Act (430 ILCS 85/2-3) requires the Governor to appoint 7 members to the Carnival-Amusement Safety Board.

The Workers' Compensation Act (820 ILCS 305/14.1) requires the Governor to appoint 2 members to the Illinois Workers' Compensation Commission Review Board.

The Civil Administrative Code (20 ILCS 5/5-550) requires the Governor to appoint 25 members to the State Rehabilitation Council.

The Disabled Persons Rehabilitation Act (20 ILCS 2405/12a(d)) requires the Governor to appoint 18 members to the Statewide Independent Living Council.

The Public Water Supply Operations Act (415 ILCS 45/11) requires the Governor to appoint 5 members to the Community Water Supply Operator's Advisory Board.

The Southern Illinois University Management Act (110 ILCS 520/6.6(b)) requires the Governor to appoint 6 at-large members to the Illinois Ethanol Research Advisory Board.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

CURRENT FINDINGS – STATE (continued)

For the Two Years Ended June 30, 2011

11-2 APPOINTMENTS OF MEMBERS TO BOARDS AND COMMISSIONS (continued)

The Alcoholism and Other Drug Abuse and Dependency Act (20 ILCS 301/10-15) requires the Governor to appoint 13 members to the Illinois Advisory Council on Alcoholism and Other Drug Dependency.

The School Code (105 ILCS 5/14-3.01) requires the Governor to appoint 23 members to the Advisory Council on the Education of Children with Disabilities.

The Higher Education Student Assistance Act (110 ILCS 947/15(a)) requires the Governor to appoint 10 members to the Illinois Student Assistance Commission.

The Environmental Protection Act (415 ILCS 5/58.11(a)) requires the Governor to appoint 10 members to the Site Remediation Advisory Committee.

The Illinois Family Case Management Act (410 ILCS 212/20(a)) requires the Governor to appoint 20 members to the Maternal and Child Health Advisory Board.

The State Agency Website Act (5 ILCS 177/15(a)) requires the Governor to appoint 9 members to the Internet Privacy Task Force.

The Urban Weatherization initiative Act (30 ILCS 738/40-40(b)) requires the Governor to appoint 5 members to the Weatherization Initiative Board.

The Illinois Savings and Loan Act of 1985 (205 ILCS 105/7-20) requires the Governor to appoint 7 members to the Board of Savings Institutions.

The Unified Code of Corrections (730 ILCS 5/3-2-6) requires the Governor to appoint 11 members to the Adult Advisory Board.

The Commission on Discrimination and Hate Crimes Act (20 ILCS 4070/10(a)) requires the Governor to appoint 20 members to the Commission on Discrimination and Hate Crimes.

The Department of Commerce and Economic Opportunity Law (20 ILCS 605/605-425(a)) requires the Governor to appoint 8 members to the Illinois Steel Development Board.

The Health Care Workplace Violence Prevention Act (405 ILCS 90/35) requires the Governor to appoint 11 members to the Health Care Workplace Violence Prevention Task Force.

The African-American HIV/AIDS Response Act (410 ILCS 303/25) requires the Governor to appoint 6 members to the HIV/AIDS Response Review Panel.

The Sewage and Water System Training Institute Act (110 ILCS 530/2) requires the Governor to appoint 6 members to the Environmental Resources Training Center Advisory Committee.

The Historic Preservation Agency Act (20 ILCS 3405/20) requires the Governor to appoint 9 members to the Freedom Trail Commission.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

CURRENT FINDINGS – STATE (continued)

For the Two Years Ended June 30, 2011

11-2 APPOINTMENTS OF MEMBERS TO BOARDS AND COMMISSIONS (continued)

The Plain Language Task Force Act (20 ILCS 4090/15(a)) requires the Governor to appoint 3 members to the Illinois Plain Language Task Force.

The Racial Profiling Prevention and Data Oversight Act (20 ILCS 2715/15) requires the Governor to appoint 8 members to the Racial Profiling Prevention and Data Oversight Board.

The Sustainable Agriculture Act (505 ILCS 135/5) requires the Governor to appoint 1 member to the Sustainable Agriculture Committee.

Office personnel stated the appointments were not made because of the immensity of the responsibility of appointing several thousand individuals to over 300 boards and commissions and many of the membership requirements are specific making it difficult to fill.

Failure to appoint members to boards and commissions can result in those boards and commissions not performing their duties. Failure to appoint members also violates the specific statute that created the board or commission. (Finding Code No. 11-2, 09-3, 07-2)

RECOMMENDATION

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

OFFICE RESPONSE

The Office agrees with this recommendation.

Governor Quinn's Office of Executive Appointments (formerly "Boards and Commissions") 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 (www.appointments.illinois.gov) that has generated several million page hits and thousands of applications from interested citizens. This progressive step in State government has culminated in over a thousand appointments made to various State boards and commissions.

In relation to the entities randomly tested and found to be non-compliant, the Office strives to maintain compliance. This was done by making appointments, reappointments, or advancing legislation to officially repeal the act creating the entity for those that have been identified as duplicative or to have fulfilled their mission.

While vacancies currently remain, real progress has been made towards complete compliance.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

CURRENT FINDINGS – STATE (continued)

For the Two Years Ended June 30, 2011

11-3 INADEQUATE MONITORING OF INTERAGENCY AGREEMENTS

The Office of the Governor's (Office) process to monitor interagency agreements was inadequate.

During our testing we noted that eight of 16 (50%) interagency agreements between the Office and other State agencies were not signed by the Office on or prior to the effective date of the agreement. The agreements noted were signed 4 to 54 days after the effective date.

Prudent business practices require the approval of agreements prior to the effective date. Prudent business practices also dictate that payments should not be paid prior to the effective date or the date the agreement was signed by all parties.

Office personnel stated the agreements are between governmental units with a spirit of cooperation and terms already agreed upon. Signatures are not viewed as a formal contract between outside vendors but documentation to explain action, employee assignments, etc.

In order to assess whether the agreement is reasonable and appropriate, the agreement needs to be approved prior to the effective date. Erroneous payments could be made if payments are made prior to the agreement being signed by all parties. (Finding Code No. 11-3, 09-4, 07-3)

RECOMMENDATION

We recommend the Office ensure interagency agreements are approved by all parties prior to the effective date of the agreement. Additionally the Office should take the necessary steps to increase monitoring of the billings and expenses submitted to ensure no payments are made before the effective date of the agreements.

OFFICE RESPONSE

The Office agrees with this recommendation. The Office will strive to have all IGAs (interagency agreements) fully executed prior to their effective date. While the billings and expenses are ordinarily paid by the agency(ies) with which the Office is entering into the IGA, the Office will strive to ensure that no payments are made prior to the effective date of the agreements.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

CURRENT FINDINGS – STATE (continued)

For the Two Years Ended June 30, 2011

11-4 NON-COMPLIANCE WITH STATUTORILY MANDATED RESPONSIBILITIES

During our testing we noted the Office of the Governor (Office) did not perform the following responsibilities as required by State statutes:

- During our testing of the Governor's appointments to boards and commissions, we noted that the Governor's Office of Boards and Commissions did not include 4 of the 70 (6%) boards and commissions that we tested on their centralized searchable database accessible to the public (www.appointments.illinois.gov). The Gubernatorial Boards and Commissions Act (15 ILCS 50/10) requires that the Office maintain on the internet, a centralized, searchable database, freely accessible to the public, of information relating to appointed positions on the State's boards and commissions. The 4 boards and commissions not included on the searchable database are as follows:
 - Commission Review Board (820 ILCS 305/14.1)
 - Healthcare Violence Prevention Task Force (405 ILCS 90/35)
 - Task Force on Chronic Disease Prevention and Health Promotion (20 ILCS 2310/2310-76c)
 - HIV/AIDS Response Panel (410 ILCS 303/25)
- The Office did not determine the compensation for the curator of the Executive Mansion as required by the Historic Resources Preservation Act (20 ILCS 3420/5(f)).
- The Office did not declare a school day in May as "Just Say No" day to promote the prevention of drug abuse during 2010 or 2011 as required by the School Code (105 ILCS 5/27-20.2).
- The Office did not maintain documentation showing that the Governor's appointment to the Review Board of the Illinois Workers' Compensation Commission was certified with the Secretary of the Illinois Workers' Compensation Commission as required by the Workers' Compensation Act (820 ILCS 305/14.1).
- The Office did not indicate in a separate document submitted concurrent with each annual State budget the estimated amount of moneys in the Illinois Prepaid Tuition Trust Fund which shall be necessary and sufficient, during that State fiscal year, to discharge all obligations anticipated under Illinois prepaid tuition contracts. The Office also did not indicate in a separate document submitted concurrent with each annual State budget the amount of moneys from the Illinois Prepaid Tuition Trust Fund necessary to cover anticipated expenses associated with administration of the program, as required by the Prepaid Tuition Act (110 ILCS 979/35(d)).
- The Office did not appoint an Assistant Adjutant General to serve as head of the Division of Family Affairs within the Department of Military Affairs as required by the Military Code of Illinois (20 ILCS 1805/15(a-5)).

According to Office officials, the Office makes every effort to comply with all statutorily mandated responsibilities. These issues were created by time constraints, clerical error and oversight.

Not complying with the responsibilities as required by State statutes can prevent the Office from effectively serving the people of the State. (Finding Code No. 11-4, 09-5, 07-5)

RECOMMENDATION

We recommend the Office comply with the responsibilities as set forth in the State statutes or seek legislative remedy from these statutory duties.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

CURRENT FINDINGS – STATE (continued)

For the Two Years Ended June 30, 2011

11-4 NON-COMPLIANCE WITH STATUTORILY MANDATED RESPONSIBILITIES (continued)

OFFICE RESPONSE

The Office agrees with the recommendation. The Office will work diligently to ensure that all required and necessary steps are taken to ensure that the people of Illinois are appropriately served in an efficient manner. Furthermore, we pledge to provide these services for the public while not creating needless duplication or waste within State operations.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

PRIOR FINDINGS NOT REPEATED - STATE

For the Two Years Ended June 30, 2011

A USE OF OUTSIDE LEGAL COUNSEL

In the prior examination, the Office made extensive use of the services of outside legal counsel. These services were not competitively procured and the Office had other State agencies pay for the services with no documentation to support the payment percentages or benefits the State agencies received. The utilization of outside attorneys was not as cost effective for taxpayers as utilizing the Attorney General. (Finding Code 09-1)

Status: Not Repeated

During our current examination, we noted the Office had only one legal services contract, down from 62 contracts during the last examination period, which was utilized due to ongoing litigation and the firm had previously defended the Office in the matter. Given that the Office developed procedures for retaining outside legal counsel services and is no longer extensively using outside legal counsel, the finding is not repeated.

B MONITORING OF OUTSIDE LEGAL WORK

In the prior examination, the Office failed to adequately monitor outside legal counsel utilized by the Office. The Office had no policies and procedures for monitoring the work of contracted outside counsel. This resulted in significant control issues, including payments for legal work performed by individuals that had yet to be licensed to practice law and paying for expenses by attorneys when they had not charged work hours on those same days. Given that the State paid over \$7.2 million during the previous audit period for outside legal assistance to these contractors, we concluded that the lack of monitoring put State assets in jeopardy of loss. (Finding Code 09-2)

Status: Not Repeated

During the current examination, we noted that there were no payments in FY11 for the legal contracts we reviewed as part of the previous examination. The Office reported that an attorney from the Office will approve charges prior to any future payments being made for outside legal services.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

Fiscal Schedules and Analysis

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

Analysis of Operations

- Agency Functions and Planning Program
- Average Number of Employees

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General. However, the accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2011

Fourteen Months Ended August 31, 2011

	Appropriations (Net after Transfers)	Expenditures through June 30, 2011	Lapse Period Expenditures 7/1 - 8/31/11	Approximate Total Expenditures	Balance Lapsed
<u>Public Act 96-0956</u>					
Appropriated Funds					
GENERAL REVENUE FUND - 001					
Operational Expenses	\$ 6,385,800	\$ 5,194,365	\$ 474,169	\$ 5,668,534	\$ 717,266
Total General Revenue Fund - 001	<u>6,385,800</u>	<u>5,194,365</u>	<u>474,169</u>	<u>5,668,534</u>	<u>717,266</u>
GOVERNOR'S GRANT FUND - 947					
Governor's Grant Fund	100,000	2,065	-	2,065	97,935
Totals - All Appropriated Funds	<u>\$ 6,485,800</u>	<u>5,196,430</u>	<u>474,169</u>	<u>5,670,599</u>	<u>\$ 815,201</u>
Nonappropriated Funds					
ILLINOIS EXECUTIVE MANSION TRUST FUND - 296					
Mansion Expenses		23,194	2,051	25,245	
Grand Total - All Funds		<u>\$ 5,219,624</u>	<u>\$ 476,220</u>	<u>\$ 5,695,844</u>	

Note 1: The data for this report was obtained from Office records and has been reconciled to the records of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Office and submitted to the State Comptroller for payment to the vendor.

Note 3: Approximate lapse period expenditures do not include interest payments approved for payment by the Office and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2010

Eighteen Months Ended December 31, 2010

	<u>Appropriations (Net after Transfers)</u>	<u>Expenditures through June 30, 2010</u>	<u>Lapse Period Expenditures 7/1 - 12/31/10</u>	<u>Total Expenditures</u>	<u>Balance Lapsed</u>
Public Act 96-0042, 96-0046					
Appropriated Funds					
GENERAL REVENUE FUND - 001					
Personal Services	\$ 4,589,400	\$ 4,216,125	\$ 3,016	\$ 4,219,141	\$ 370,259
Social Security	351,100	306,800	231	307,031	44,069
Operational Expenses	<u>1,445,300</u>	<u>1,160,417</u>	<u>205,382</u>	<u>1,365,799</u>	<u>79,501</u>
Total General Revenue Fund - 001	<u>6,385,800</u>	<u>5,683,342</u>	<u>208,629</u>	<u>5,891,971</u>	<u>493,829</u>
GOVERNOR'S GRANT FUND - 947					
Governor's Grant Fund	<u>100,000</u>	<u>2,639</u>	<u>-</u>	<u>2,639</u>	<u>97,361</u>
Totals - All Appropriated Funds	<u>\$ 6,485,800</u>	<u>5,685,981</u>	<u>208,629</u>	<u>5,894,610</u>	<u>\$ 591,190</u>
Nonappropriated Funds					
ILLINOIS EXECUTIVE MANSION TRUST FUND - 296					
Mansion Expenses		<u>29,282</u>	<u>100</u>	<u>29,382</u>	
Grand Total - All Funds		<u>\$ 5,715,263</u>	<u>\$ 208,729</u>	<u>\$ 5,923,992</u>	

Note 1: The data for this report was obtained from Office records and has been reconciled to the records of the State Comptroller.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

SCHEDULE OF DELEGATED APPROPRIATIONS - GENERAL REVENUE FUND
Fiscal Year 2011

Public Act 96-0956 (Article 41, Section 10)

Total Appropriation Authorized for Delegation— Human Services Programs	<u>\$ 2,230,000,000</u>
Amounts Delegated	
Department on Aging	315,000,000
Department of Children and Family Services	254,000,000
Department of Public Health	43,600,000
Department of Healthcare and Family Services	300,000,000
Supreme Court	20,000,000
Department of Commerce and Economic Opportunity	3,000,000
Department of Human Services	1,248,825,000
Department of Juvenile Justice	15,000,000
Comprehensive Health Insurance Plan	10,000,000
Illinois Violence Prevention Authority	19,000,000
Human Rights Commission	375,000
Guardianship and Advocacy Commission	<u>1,200,000</u>
Total Delegated Appropriation	<u>2,230,000,000</u>
Lapsed Authorization	<u>\$ -</u>

Public Act 96-0956 (Article 41, Section 15)

Total Appropriation Authorized for Delegation— Costs of State Government	<u>\$ 1,236,000,000</u>
Amounts Delegated	
Department of Healthcare and Family Services	370,000,000
Illinois State Board of Education	284,402,800
Illinois Department of Transportation	45,893,000
Department of Veterans' Affairs	5,000,000
Illinois Community College Board	26,973,200
Department of Revenue	14,044,000
Department of Labor	209,400
Board of Elections	2,000,000
Board of Trustees Chicago State University	225,000
Southern Illinois University	1,200,000
Office of the Lieutenant Governor	1,250,000
Illinois Board of Higher Education	2,500,000
Illinois Emergency Management Agency	17,271,000
Illinois Labor Relations Board	177,200
Illinois Educational Labor Relations Board	52,600
Illinois State Police	4,510,225
Department of Commerce & Economic Opportunity	25,100,000
Department of Corrections	95,000,000
Department of Employment Security	62,000,000
Department of Human Services	109,356,300
Court of Claims	1,000,000
Illinois Arts Council	1,000,000

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

SCHEDULE OF DELEGATED APPROPRIATIONS - GENERAL REVENUE FUND (continued)
Fiscal Year 2011

Public Act 96-0956 (Article 41, Section 15) - continued

Amounts Delegated (continued)

Illinois Student Assistance Commission	\$	30,000,000
Department of Military Affairs		3,700,000
Department of Human Rights		1,444,500
Illinois Prisoner Review Board		151,300
Illinois Workers' Compensation Commission		822,600
Illinois Human Rights Commission		50,000
Illinois Commerce Commission		2,004,800
Illinois Department of Natural Resources		10,000,000
Illinois Department of Children and Family Services		13,526,900
Illinois Department of Central Management Services		10,000,000
Department on Aging		21,785,100
Illinois Violence Prevention Authority		73,350,000
Total Delegated Appropriation		<u>1,235,999,925</u>
Lapsed Authorization	\$	<u>75</u>

Note: Public Act 96-0956, Article 41, Section 10 and Section 15, appropriated the amounts shown on this schedule from the General Revenue Fund to the Office of the Governor. These appropriations were then to be directed to other State agencies in the discretion of and as determined by the Governor to be used for costs of human services programs and other costs of State government.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

SCHEDULE OF DELEGATED APPROPRIATIONS - GENERAL REVENUE FUND
Fiscal Year 2010

Public Act 96-0042 (Article 77, Section 5)

Total Appropriation Authorized for Delegation— Human Services Programs	<u>\$ 2,230,000,000</u>
Amounts Delegated	
Department of Juvenile Justice	2,500,000
Department of Public Health	17,700,000
Department of Human Services	1,453,796,900
Department on Aging	342,000,000
Department of Children and Family Services	272,007,400
Illinois Community College Board	39,723,200
Illinois Department of Transportation	26,935,000
Illinois Violence Prevention Authority	1,200,000
Supreme Court	16,000,000
Department of Corrections	4,000,000
Department of Veterans' Affairs	1,000,000
Office of the State's Attorneys Appellate Prosecutor	350,000
Board of Trustees of Southern Illinois University	600,000
Department of Commerce and Economic Opportunity	7,043,300
Department of Military Affairs	2,000,000
Department of Healthcare and Family Services	<u>43,144,200</u>
Total Delegated Appropriation	<u>2,230,000,000</u>
Lapsed Authorization	<u>\$ -</u>

Public Act 96-0042 (Article 77, Section 10)

Total Appropriation Authorized for Delegation— Costs of State Government	<u>\$ 1,236,000,000</u>
Amounts Delegated	
Department of Healthcare and Family Services	1,001,589,500
Illinois State Board of Education	150,670,500
Illinois Department of Public Health	39,642,100
Comprehensive Health Insurance Plan	14,630,500
Illinois Department of Transportation	17,965,000
Department of Agriculture	4,203,200
Department of Commerce and Economic Opportunity	6,375,000
Department of Veterans' Affairs	420,200
Illinois Labor Relations Board	300,000
Department of Human Services	200,000
Department of Corrections	3,000
Department of Juvenile Justice	<u>1,000</u>
Total Delegated Appropriation	<u>1,236,000,000</u>
Lapsed Authorization	<u>\$ -</u>

Note: Public Act 96-0042, Article 77, Section 5 and Section 10, appropriated the amounts shown on this schedule from the General Revenue Fund to the Office of the Governor. These appropriations were then to be directed to other State agencies in the discretion of and as determined by the Governor to be used for costs of human services programs and other costs of State government.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES

	For the Fiscal Years Ended June 30,		
	2011 PA 96-0956	2010 PA 96-0046, PA 96-0042	2009 PA 95-0731
APPROPRIATED FUNDS			
<u>General Revenue Fund - 001</u>			
Appropriations (Net of Transfers)	\$ 6,385,800	\$ 6,385,800	\$ 8,017,800
Expenditures			
Personal Services	-	4,219,141	4,319,377
State Employee Retirement	-	-	909,900
Social Security	-	307,031	315,529
Contractual Services	-	-	663,649
Travel	-	-	98,653
Commodities	-	-	61,073
Printing	-	-	31,710
Electronic Data Processing	-	-	271,690
Telecommunications	-	-	296,409
Repair & Maintenance	-	-	18,839
Operational Expenses	5,668,534	1,365,799	-
Ethnic & Other Special Events	-	-	44,739
Total Expenditures	5,668,534	5,891,971	7,031,568
Lapsed Balances	\$ 717,266	\$ 493,829	\$ 986,232
<u>Governor's Grant Fund - 947</u>			
Appropriations (Net of Transfers)	\$ 100,000	\$ 100,000	\$ 100,000
Expenditures			
Governor's Grant Fund	2,065	2,639	-
Lapsed Balances	\$ 97,935	\$ 97,361	\$ 100,000
<u>Grand Total - All Appropriated Funds</u>			
Appropriations (Net of Transfers)	\$ 6,485,800	\$ 6,485,800	\$ 8,117,800
Expenditures	5,670,599	5,894,610	7,031,568
Lapsed Balances	\$ 815,201	\$ 591,190	\$ 1,086,232
<u>General Revenue Fund - 001 - State Comptroller</u>			
Governor's Salary	\$ 169,255	\$ 177,412	\$ 177,066

Note 1: Fiscal Year 2011 expenditures and related balances do not reflect any interest payments approved for payment by the Office and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

SCHEDULE OF CHANGES IN STATE PROPERTY

For the Years Ended June 30,

	<u>Total</u>	<u>Land and Land Improvements</u>	<u>Building and Building Improvements</u>	<u>Equipment</u>	<u>Capital Lease Assets</u>
Balance, June 30, 2009	\$ 8,272,789	\$ 41,100	\$ 6,645,228	\$ 1,579,704	\$ 6,757
Additions:					
Purchases	23,409	-	-	15,116	8,293
Transfers In	<u>14,775</u>	<u>-</u>	<u>11,561</u>	<u>3,214</u>	<u>-</u>
Total Additions	<u>38,184</u>	<u>-</u>	<u>11,561</u>	<u>18,330</u>	<u>8,293</u>
Deletions and Adjustments:					
Surplus	23,807	-	-	17,050	6,757
Transfers Out	<u>1,928</u>	<u>-</u>	<u>-</u>	<u>1,928</u>	<u>-</u>
Total Deletions	<u>25,735</u>	<u>-</u>	<u>-</u>	<u>18,978</u>	<u>6,757</u>
Balance, June 30, 2010	<u>8,285,238</u>	<u>41,100</u>	<u>6,656,789</u>	<u>1,579,056</u>	<u>8,293</u>
Additions:					
Purchases	24,752	-	-	13,852	10,900
Transfers In	<u>26,942</u>	<u>-</u>	<u>26,942</u>	<u>-</u>	<u>-</u>
Total Additions	<u>51,694</u>	<u>-</u>	<u>26,942</u>	<u>13,852</u>	<u>10,900</u>
Deletions and Adjustments:					
Surplus	124,294	-	-	124,294	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deletions	<u>124,294</u>	<u>-</u>	<u>-</u>	<u>124,294</u>	<u>-</u>
Balance, June 30, 2011	<u>\$ 8,212,638</u>	<u>\$ 41,100</u>	<u>\$ 6,683,731</u>	<u>\$ 1,468,614</u>	<u>\$ 19,193</u>

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

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

COMPARATIVE SCHEDULE OF CASH RECEIPTS

For the Fiscal Years Ended June 30,

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>General Revenue Fund - 001</u>			
Miscellaneous	\$ 1,096	\$ 24,809	\$ 2,469
<u>Illinois Executive Mansion Trust Fund - 296</u>			
Proceeds from Private Event Activities	-	27	41,591
<u>Governor's Grant Fund - 947</u>			
Donations	<u>5,352</u>	<u>2,759</u>	<u>-</u>
Total Cash Receipts - All Funds	<u>\$ 6,448</u>	<u>\$ 27,595</u>	<u>\$ 44,060</u>

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER

For the Fiscal Years Ended June 30,

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cash Receipts per Office Records	\$ 6,448	\$ 27,595	\$ 44,060
Deposits in Transit, Beginning of Year	-	10	1,408
Deposits in Transit, End of Year	<u>20</u>	<u>-</u>	<u>10</u>
Receipts per Comptroller Records	<u>\$ 6,428</u>	<u>\$ 27,605</u>	<u>\$ 45,458</u>

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

For the Two Years Ended June 30, 2011

A comparative schedule of significant variations in expenditures (greater than \$10,000 and 15%) for the fiscal years ended June 30, 2011 and June 30, 2010 is shown below:

	Fiscal Year Ended June 30		Increase/(Decrease)	
	2011	2010	Amount	%
General Revenue Fund (001)				
Personal Services	(1) \$ -	\$ 4,219,141	\$ (4,219,141)	(100) %
Social Security	(1) -	307,031	(307,031)	(100)
Operational Expenses	(2) 5,668,534	1,365,799	4,302,735	315
Governor's Grant Fund (947)				
Governor's Grant Fund	2,065	2,639	(574)	(22)
Illinois Executive Mansion Trust Fund (296)				
Mansion Expenses	25,245	29,382	(4,137)	(14)

- (1) For fiscal year 2011, there was not a separate appropriation made for Personal Services and Social Security expenditures. Therefore, all Personal Services and Social Security spending are included as part of the appropriation for Operational Expenses.
- (2) For fiscal year 2010, there was a separate appropriation made for Personal Services and Social Security expenditures. However, for fiscal year 2011 appropriations made for Personal Services and Social Security expenditures were included in the appropriation for Operational Expenses.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
(Continued)

For the Two Years Ended June 30, 2010

A comparative schedule of significant variations in expenditures (greater than \$10,000 and 15%) for the fiscal years ended June 30, 2010 and June 30, 2009 is shown below:

	Fiscal Year Ended June 30		Increase/(Decrease)	
	2010	2009	Amount	%
General Revenue Fund (001)				
Personal Services	\$ 4,219,141	\$ 4,319,377	\$ (100,236)	(2) %
State Employee Retirement (1)	-	909,900	(909,900)	(100)
Social Security	307,031	315,529	(8,498)	(3)
Contractual Services (2)	-	663,649	(663,649)	(100)
Travel (2)	-	98,653	(98,653)	(100)
Commodities (2)	-	61,073	(61,073)	(100)
Printing (2)	-	31,710	(31,710)	(100)
Electronic Data Processing (2)	-	271,690	(271,690)	(100)
Telecommunications (2)	-	296,409	(296,409)	(100)
Repair & Maintenance (2)	-	18,839	(18,839)	(100)
Operational Expenses (3)	1,365,799	-	1,365,799	100
Ethnic & Other Special Events (2)	-	44,739	(44,739)	(100)
Governor's Grant Fund (947)				
Governor's Grant Fund	2,639	-	2,639	100
Illinois Executive Mansion Trust Fund (296)				
Mansion Expenses (4)	29,382	49,449	(20,067)	(41)

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES (Continued)

For the Two Years Ended June 30, 2011

All variations greater than \$10,000 and 15% were determined to be significant.

- (1) In fiscal year 2010, State Retirement was paid from the Operational Expenses line item.
- (2) For fiscal year 2010, the separate line items were combined into one Operational Expenses lump sum appropriation. All Contractual, Travel, Commodities, Printing, Electronic Data Processing, Telecommunications, Repairs & Maintenance, and Ethnic and Special Events expenditures are included as part of this appropriation.
- (3) In Fiscal Year 2010, the Office received an Operational Expenses lump sum appropriation into which the Contractual Services, Travel, Commodities, Printing, Equipment, EDP, Telecommunications, Repair and Maintenance and Ethnic & other special events line items were combined.
- (4) The Mansion Trust Fund did not host as many private events in 2010 as supplies were difficult to obtain due to vendors discontinuing deliveries of items ordered because of the State's inability to timely make payments for goods and services.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS

For the Two Years Ended June 30, 2011

A comparative schedule of significant variations in receipts (\$10,000 and 10%) for the fiscal years ended June 30, 2011, June 30, 2010, and June 30, 2009 is shown below:

	Fiscal Year Ended June 30,		Increase/(Decrease)	
	2011	2010	Amount	%
<u>General Revenue Fund - 001</u>				
Miscellaneous	(1) \$ 1,096	\$ 24,809	\$ (23,713)	(96) %
<u>Illinois Executive Mansion Trust Fund - 296</u>				
Proceeds from Private Event Activities	-	27	(27)	(100)
<u>Governor's Grant Fund - 947</u>				
Donations	5,352	2,759	2,593	94

	2010		2009		Amount		%	
<u>General Revenue Fund - 001</u>								
Miscellaneous	(1) \$ 24,809	\$ 2,469	\$ 22,340	905	%			
<u>Illinois Executive Mansion Trust Fund - 296</u>								
Proceeds from Private Event Activities	(2) 27	41,591	(41,564)	(100)				
<u>Governor's Grant Fund - 947</u>								
Donations	2,759	-	2,759	100				

(1) The decrease from fiscal year 2010 to 2011 and the increase from fiscal year 2009 to 2010 was due to one large refund held in escrow by a vendor until all contracts had expired, all equipment was returned and all terms were completed.

(2) The decrease between fiscal years 2009 and 2010 was due to fiscal year 2009 being the first full year in which the Office did not collect user fees for events held at the Executive Mansion. The Office ceased collecting these fees in December 2008 due to the State being slow to pay bills related to the events.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

For the Two Years Ended June 30, 2011

Fiscal Year 2011 and Fiscal Year 2010

The Office's lapse period spending of \$476,220 for fiscal year 2011 and \$208,729 for fiscal year 2010 as shown in the Schedule of Appropriations, Expenditures and Lapsed Balances, represented 8.4% and 3.5% of the total expenditures, respectively. There was no significant lapse period spending for the two years ended June 30, 2011 which exceeded twenty percent (20%) of the total expenditure line item.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

AGENCY FUNCTIONS AND PLANNING PROGRAM

For the Two Years Ended June 30, 2011

Agency Functions

The Governor is the Chief Executive Officer of the State of Illinois. His official duties are set forth in Sections 8 through 13 of Article V of the Illinois Constitution and in numerous statutory provisions. Section 8 provides that "the Governor shall have supreme executive power and shall be responsible for the faithful execution of the laws" of the State.

The Honorable Pat Quinn is the current governor and was sworn into office as the 41st Governor of the State of Illinois the evening of January 29, 2009, after the impeachment of Governor Rod Blagojevich. Governor Quinn was re-elected in November 2010 and was inaugurated on January 10, 2011.

The Governor maintains direct supervision over the operation of State agencies, authorities, code departments, boards, commissions, councils, deputy governors' offices, and the Governor's Office of Management and Budget. The Governor negotiates legislative issues and state affairs with other elected constitutional officers of the Executive Branch of the State, members of the General Assembly of Illinois, the National Administration of Governors, and other governors.

Planning Program

The Office engages in both long-term and short-term planning on a continuing basis. Longer range planning is principally embodied in ongoing discussions with the governmental units under the jurisdiction of the Governor and with members of the legislature. Shorter range planning occurs in the annual budget process during which the Office functions in a review and advisory capacity to the Governor's Office of Management and Budget.

The Program Staff works directly with the governmental units subject to the Governor's jurisdiction. They serve as the Governor's liaisons and deal with specific operating problems, resource allocation, and policy objectives and alternatives. The results and findings of their efforts are prioritized and incorporated into the budgetary process as resources permit.

The budgetary process identifies various programs and issues to be addressed by fiscal period, and also more routine State government operating considerations. The result of this process is a formal program of objectives to be accomplished, which is subject to monitoring and revision throughout each fiscal period.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

AVERAGE NUMBER OF EMPLOYEES

For the Years Ended June 30,

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

<u>Function</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Executive Office	76	75	74
Executive Mansion	9	9	9
	<u>85</u>	<u>84</u>	<u>83</u>