

**STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2009

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2009

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AGENCY OFFICIALS
LEGISLATIVE AUDIT COMMISSION

Director

Ms. E. Jane Stricklin

Fiscal Officer

Ms. Mary Dunne

Agency offices are located at:

622 Stratton Building
Springfield, IL 62706

Legislative Audit Commission



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MANAGEMENT ASSERTION LETTER

December 16, 2009

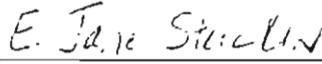
Honorable William G. Holland
Auditor General
State of Illinois
115 Park Plaza
740 East Ash
Springfield, IL 62703-3154

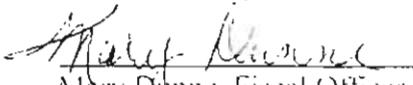
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois Legislative Audit Commission (Agency). We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the two-year period ended June 30, 2009. Based on this evaluation, we assert that during the years ended June 30, 2009 and June 30, 2008, the Agency has materially complied with the assertions below.

- A. The Agency 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 Agency 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 Agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Yours very truly,

Legislative Audit Commission


E. Jane Stricklin, Executive Director


Mary Dunne, Fiscal Officer

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANTS' REPORTS

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

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
	<u>Report</u>	<u>Report</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

SCHEDULE OF FINDINGS

The Legislative Audit Commission did not have any current year or prior year findings.

EXIT CONFERENCE

The Legislative Audit Commission declined an exit conference.

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OFFICE OF THE AUDITOR GENERAL

WILLIAM G. HOLLAND

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the Legislative Audit Commission's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2009. The management of the Legislative Audit Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Legislative Audit Commission's compliance based on our examination.

- A. The Legislative Audit Commission 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 Legislative Audit Commission 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 Legislative Audit Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

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 Legislative Audit Commission'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 Legislative Audit Commission's compliance with specified requirements.

In our opinion, the Legislative Audit Commission complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2009.

Internal Control

The management of the Legislative Audit Commission 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 Legislative Audit Commission'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 the Legislative Audit Commission's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Legislative Audit Commission's internal control over compliance.

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control over compliance 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 with the requirements listed in the first paragraph of this report was for the limited purpose described in the first paragraph of this section and 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.

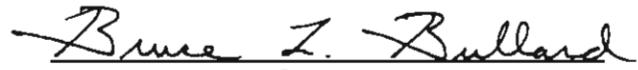
As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2009 and the 2008 Supplementary Information for State Compliance Purposes, except for the Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2007 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.

A handwritten signature in cursive script that reads "Bruce L. Bullard".

Bruce L. Bullard, CPA
Director of Financial and Compliance Audits

December 16, 2009

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis:

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

- Analysis of Operations:

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

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

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 Appropriations for Fiscal Year 2009

Fourteen Months Ended August 31, 2009

P.A. 95-0731	Appropriations (Net After Transfers)	Expenditures Through 6/30/09	Lapse Period Expenditures 7/01 - 8/31/09	Total Expenditures	Balances Lapsed
General Revenue Fund - 001					
Personal Services	\$ 184,305	\$ 184,305	\$ 0	\$ 184,305	\$ 0
Employee Retirement					
Contributions Paid by Employer	7,385	7,384	0	7,384	1
State Contribution to State					
Employees' Retirement System	38,873	38,857	0	38,857	16
State Contributions to Social Security	13,930	13,928	0	13,928	2
Contractual Services	14,310	2,895	210	3,105	11,205
Travel	4,940	3,158	0	3,158	1,782
Commodities	950	417	0	417	533
Printing	2,020	464	0	464	1,556
Equipment	1,045	0	189	189	856
Electronic Data Processing	2,850	405	0	405	2,445
Telecommunications	1,615	1,024	201	1,225	390
Total Fiscal Year 2009	\$ 272,223	\$ 252,837	\$ 600	\$ 253,437	\$ 18,786

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

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 Appropriations for Fiscal Year 2008

Fourteen Months Ended August 31, 2008

P.A. 95-0348	Appropriations (Net After Transfers)	Expenditures Through 6/30/08	Lapse Period Expenditures 7/01 - 8/31/08	Total Expenditures	Balances Lapsed
General Revenue Fund - 001					
Personal Services	\$ 189,500	\$ 189,312	\$ 0	\$ 189,312	\$ 188
Employee Retirement					
Contributions Paid by Employer	7,600	7,578	0	7,578	22
State Contribution to State					
Employees' Retirement System	31,500	31,373	0	31,373	127
State Contributions to Social Security	14,500	14,309	0	14,309	191
Contractual Services	19,900	15,323	255	15,578	4,322
Travel	5,200	1,911	0	1,911	3,289
Commodities	1,000	341	0	341	659
Printing	2,125	104	0	104	2,021
Equipment	1,100	0	0	0	1,100
Electronic Data Processing	3,000	314	0	314	2,686
Telecommunications	1,700	1,235	101	1,336	364
Total Fiscal Year 2008	\$ 277,125	\$ 261,800	\$ 356	\$ 262,156	\$ 14,969

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

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

	Fiscal Year		
	2009	2008	2007
<u>General Revenue Fund - 001</u>	P.A. 95-0731	P.A. 95-0348	P.A. 94-0798
<hr/>			
<u>Appropriations</u>			
(Net of Transfers)	\$ 272,223	\$ 277,125	\$ 257,800
<hr/>			
<u>Expenditures</u>			
Personal Services	\$ 184,305	\$ 189,312	\$ 180,564
Employee Retirement			
Contributions Paid by Employer	7,384	7,578	7,227
State Contribution to State			
Employees' Retirement System	38,857	31,373	20,823
State Contributions to Social Security	13,928	14,309	13,651
Contractual Services	3,105	15,578	7,012
Travel	3,158	1,911	4,448
Commodities	417	341	603
Printing	464	104	2,051
Equipment	189	0	175
Electronic Data Processing	405	314	1,436
Telecommunications	1,225	1,336	1,231
Total Expenditures	<u>\$ 253,437</u>	<u>\$ 262,156</u>	<u>\$ 239,221</u>
 <u>Lapsed Balances</u>	 <u>\$ 18,786</u>	 <u>\$ 14,969</u>	 <u>\$ 18,579</u>

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2009

	Equipment
Balance at July 1, 2007	\$ 35,811
Additions	175
Deletions	0
Net Transfers	0
Balance at June 30, 2008	\$ 35,986
Balance at July 1, 2008	\$ 35,986
Additions	240
Deletions	0
Net Transfers	0
Balance at June 30, 2009	\$ 36,226

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

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION OF
 RECEIPTS TO DEPOSITS REMITTED TO STATE COMPTROLLER**
 For the Fiscal Years Ended June 30,

General Revenue Fund - 001

	<u>2009</u>	<u>2008</u>	<u>2007</u>
PY Refund	\$ 0	\$ 0	\$ 44
Jury duty reimbursement and recoveries	<u>0</u>	<u>0</u>	<u>0</u>
Total Receipts	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44</u>
Deposits Ordered Into State Treasury (per State Comptroller)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44</u>

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2009

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2008 AND 2009

State Contribution to State Employees' Retirement System

State contribution to State Employees' Retirement System expenditures increased during Fiscal Year 2009 due to the required contribution percentage increasing from 16.561% in Fiscal Year 2008 to 21.049% in Fiscal Year 2009.

Contractual Services

The decrease in contractual services was due to the audit of the Office of the Auditor General in Fiscal Year 2008. This expenditure was not repeated in Fiscal Year 2009.

Travel

The increase in travel expenditures was due to an increased number of overnight travel expenditures incurred by all employees for a Commission meeting held in Chicago.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2009

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2007 AND 2008

State Contribution to State Employees' Retirement System

State contribution to State Employees' Retirement System expenditures increased during Fiscal Year 2008 due to the required contribution percentage increasing from 11.525% in Fiscal Year 2007 to 16.561% in Fiscal Year 2008.

Contractual Services

The increase in contractual services expenditures was due to a large payment, totaling \$10,800, for the audit of the Office of the Auditor General in Fiscal Year 2008. This audit is performed every two years.

Travel

The decrease in travel expenditures was due to more Legislative Audit Commission meetings being held on days the General Assembly was already in session. Therefore, no per diem payments were needed for Commission members attending those meetings.

Printing

The decrease in printing expenditures was due to the printing of only one publication, the 2007 Annual Report.

Electronic Data Processing

The decrease in electronic data processing expenditures was due to non-renewal of a maintenance contract with an outside vendor on two very old printers.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2009

The Agency receives minimal receipts. During Fiscal Year 2008 and 2009, the Agency did not receive any receipts. During Fiscal Year 2007, the Agency received one refund for an overpayment.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2009

There was no significant lapse period spending noted during Fiscal Years 2008 or 2009.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years ended June 30, 2009

AGENCY FUNCTIONS

The Legislative Audit Commission was created as a legislative support services agency subject to the Legislative Commission Reorganization Act of 1984 (25 ILCS 150). The Commission's primary duty is to review reports received from the Auditor General and take action thereon and make recommendations to the General Assembly. The Commission also determines what remedial measures, if any, are needed and whether special studies and investigations are necessary and if deemed necessary direct the Auditor General to undertake such studies or investigations. The Commission is to report its activities to the General Assembly not less than annually and not later than March 1 each year.

The Commission is composed of 12 members and the membership is equally divided between the House of Representatives and the Senate and the two primary political parties. For all of FY08 and FY09, Representative Frank Mautino and Senator Chris Lauzen were Commission Co-chairs.

The Legislative Audit Commission is mandated to be governed by a bipartisan Board of twelve members of the General Assembly. The appointed Commission members as of June 30, 2009 were as follows:

SENATE MEMBERS

Deanna Demuzio
Dan Kotowski
Chris Lauzen
Iris Martinez
Dale Righter
Dale Risinger

HOUSE MEMBERS

Rich Brauer
Marlow Colvin
Julie Hamos
Sidney Mathias
Frank Mautino
Sandra Pihos

The Joint Committee on Legislative Support Services provides the foundation for the Commission's goals. The Commission supplements these goals by establishing policy and direction for the staff which are documented in the minutes of the Commission meetings.

During fiscal years 2008 and 2009, Commission planning emphasized the following:

- A. Timely review of audits and examinations.
- B. Preparation and enactment of a legislative program.
- C. Action to eliminate repetition of prior findings from audits of State agencies.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2007

- D. Review of emergency purchases.
- E. Resolutions requesting additional audits to be performed by the Office of the Auditor General.
- F. Maintenance of a web site that includes all Commission meeting information, reviews and forms.

E. Jane Stricklin, Executive Director, serves at the direction of the Legislative Audit Commission and operates the Agency with a staff of two, guided by the Operating Rules for Legislative Support Service Agencies.

The Commission's daily operations are funded from the General Revenue Fund.

PLANNING PROGRAM

The Commission's objectives are defined by statute and their main activity is to review reports received from the Auditor General and take action thereon and make recommendations to the General Assembly. Their statutory duties necessarily serve as the Commission's goals and are the framework of their planning function.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
AVERAGE NUMBER OF EMPLOYEES
For the Two Years Ended June 30, 2009

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

<u>Division</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Administrative	<u>3</u>	<u>3</u>	<u>3</u>
Total average full-time employees	<u><u>3</u></u>	<u><u>3</u></u>	<u><u>3</u></u>

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
For the Two Years Ended June 30, 2009

The Legislative Audit Commission is mandated by law (25 ILCS 150/0.01–0.06) to review all audits conducted by the State Auditor General. The primary responsibilities of the Commission are to:

- Conduct public hearings on all major audits of State agencies to review problems, assess agency stewardship, and secure remedial action.
- Initiate and review management and program audits and investigations.
- Make recommendations to the General Assembly and agency management for corrective legislation and other measures to remedy weaknesses disclosed through audits or at Commission meetings.
- Monitor agency progress in implementing corrective action.

The Commission reviewed and took action on 178 financial and compliance audit reports and 5 management/program audit reports during fiscal year 2008. The Commission held 8 meetings during fiscal year 2008. The Commission reviewed and took action on 253 financial and compliance audit reports, 4 management/program audit reports and 1 performance audit report during fiscal year 2009. The Commission held 8 meetings during fiscal year 2009. The Commission adopted no resolutions during Fiscal Years 2008 and 2009.