

**STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2008

STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2008

TABLE OF CONTENTS

	<u>Page</u>
Agency Officials	1
Management Assertion Letter	2
Compliance Report	
Summary	3
Accountants' Report	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	4
Supplementary Information for State Compliance Purposes	
Summary	7
Fiscal Schedules and Analysis	
Schedule of Appropriations, Expenditures and Lapsed Balances	8
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	10
Schedule of Changes in State Property	11
Analysis of Significant Variations in Expenditures	12
Analysis of Significant Lapse Period Spending	14
Analysis of Operations	
Agency Functions and Planning Program	15
Average Number of Employees	17
Service Efforts and Accomplishments (Not Examined)	18

STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2008

AGENCY OFFICIALS

Inspector General

Mr. Thomas J. Homer

Agency office is located at:

420 Stratton Building
Springfield, Illinois 62706



OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL

THOMAS J. HOMER
420 Stratton Building, Springfield, IL 62706
217/558-1560 Phone • 217/558-1566 Fax
E-Mail: tomh@ilga.gov

MANAGEMENT ASSERTION LETTER

December 4, 2008

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

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Office. 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's compliance with the following assertions during the two-year period ended June 30, 2008. Based on this evaluation, we assert that during the years ended June 30, 2008 and June 30, 2007, the Office has materially complied with the assertions below.

- 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.

Yours very truly,
Office of the Legislative Inspector General


(Thomas Homer, Inspector General)

STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2008

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 Report</u>	<u>Prior Report</u>
Findings	0	0
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

SCHEDULE OF FINDINGS

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

EXIT CONFERENCE

The Office waived a formal exit conference in a letter dated November 19, 2008.

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



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

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Office of the Legislative Inspector General's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2008. The management of the State of Illinois, Office of the Legislative Inspector General is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Office of the Legislative Inspector General's compliance based on our examination.

- A. The State of Illinois, Office of the Legislative Inspector General has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Office of the Legislative Inspector General has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Office of the Legislative Inspector General has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

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

determination on the State of Illinois, Office of the Legislative Inspector General's compliance with specified requirements.

In our opinion, the State of Illinois, Office of the Legislative Inspector General complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2008.

Internal Control

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

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

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

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

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

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2007 and the 2008 Supplementary Information for State Compliance Purposes, except for information on 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 2006 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, agency management, and is not intended to be and should not be used by anyone other than these specified parties.



Bruce L. Bullard, CPA

Director of Financial and Compliance Audits

December 4, 2008

STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2008

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
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Lapse Period Spending

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

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

STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For the Fiscal Year Ended June 30, 2008

P.A. 95-0348 FISCAL YEAR 2008	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Balances Lapsed August 31
			Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	
General Revenue Fund - 001					
Ordinary and Contingent Expenses of the Commission and the Office of the Legislative Inspector General	\$ 328,900	\$ 79,086	\$ 4,132	\$ 83,218	\$ 245,682
Total Fiscal Year 2008	<u>\$ 328,900</u>	<u>\$ 79,086</u>	<u>\$ 4,132</u>	<u>\$ 83,218</u>	<u>\$ 245,682</u>

∞

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

Note B: The Legislative Inspector General and the Legislative Ethics Commission share an appropriation and expenditure data. In both Fiscal Years 2007 and 2008 both entities were reported under the Legislative Ethics Commission's agency code on the Comptroller's records. The above expenditures include both the Office of the Legislative Inspector General's expenditures and the Legislative Ethics Commission's expenditures.

STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For the Fiscal Year Ended June 30, 2007

	Appropriations (Net of Transfers)	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
		Expenditures Through June 30	Expenditures July 1 to August 31		
P.A. 94-0798					
FISCAL YEAR 2007					
General Revenue Fund - 001					
Ordinary and Contingent Expenses					
of the Commission and the Office of					
the Legislative Inspector General	\$ 328,900	\$ 74,936	\$ 8,343	\$ 83,279	\$ 245,621
Total Fiscal Year 2007	\$ 328,900	\$ 74,936	\$ 8,343	\$ 83,279	\$ 245,621

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

Note B: The Legislative Inspector General and the Legislative Ethics Commission share an appropriation and expenditure data. In both Fiscal Years 2007 and 2008 both entities were reported under the Legislative Ethics Commission's agency code on the Comptroller's records. The above expenditures include both the Office of the Legislative Inspector General's expenditures and the Legislative Ethics Commission's expenditures

STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2008	2007	2006
General Revenue Fund - 001	P.A. 95-0348	P.A. 94-0798	P.A. 94-0015
Appropriations (Net of Transfers)	<u>\$ 328,900</u>	<u>\$ 328,900</u>	<u>\$ 315,000</u>
<u>Expenditures</u>			
Ordinary and Contingent Expenses of the Commission and the Office of the Legislative Inspector General	<u>\$ 83,218</u>	<u>\$ 83,279</u>	<u>\$ 71,515</u>
Lapsed Balances	<u><u>\$ 245,682</u></u>	<u><u>\$ 245,621</u></u>	<u><u>\$ 243,485</u></u>

Note: The Legislative Inspector General and the Legislative Ethics Commission share an appropriation and expenditure data. In both Fiscal Years 2007 and 2008 both entities were reported under the Legislative Ethics Commission's agency code on the Comptroller's records. See the Analysis of Significant Variations in Expenditures to see a comparison of expenditures in total and by detailed object code. The above expenditures include both the Office of the Legislative Inspector General's expenditures and the Legislative Ethics Commission's expenditures.

STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2008

	Equipment
Balance at July 1, 2006	\$ 16,280
Additions	-
Deletions	-
Net Transfers	-
Balance at June 30, 2007	\$ 16,280
Balance at July 1, 2007	\$ 16,280
Additions	4,000
Deletions	9,206
Net Transfers	-
Balance at June 30, 2008	\$ 11,074

Note: The above schedule has been derived from Agency records which have been reconciled to property reports submitted to the Office of the Comptroller. The Legislative Inspector General and the Legislative Ethics Commission share an appropriation and expenditure data. All equipment is reported under the Legislative Ethics Commission.

STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2008

<u>GENERAL REVENUE FUND – 001</u>	<u>2008</u>	<u>2007</u>
Personal Services	\$ 67,514	\$ 65,291
Employee Retirement Contributions Paid by Employer	0	0
State Contribution to State Employees' Retirement System	5,224 (A)	3,492
State Contribution to Social Security	5,147	4,976
Contractual Services	814	776
Travel	1,343	1,592
Commodities	240	237
Equipment	0 (B)	4,239
Telecommunications	<u>2,936</u>	<u>2,676</u>
Total General Revenue Fund Expenditures	<u>\$ 83,218</u>	<u>\$83,279</u>

Explanations of significant variations in expenditures (fluctuations of 20% and \$500) for the two years ended June 30, 2008 are represented below:

- (A) The increase in state contribution to state employees' retirement system in FY08 was due to the retirement rate changing to 16.561% which is an increase from the FY07 rate of 11.525%.
- (B) The decrease in equipment expenditures in FY08 was due to a new copier being purchased in the amount of \$4,000 and a library book for \$239 in FY07. No equipment was purchased in FY08.

Note: The Legislative Ethics Commission shared an appropriation with the Office of the Legislative Inspector General during FY07 and FY08. The above expenditures include both the Office of the Legislative Inspector General's expenditures and the Legislative Ethics Commission's expenditures.

STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2008

<u>GENERAL REVENUE FUND – 001</u>	<u>2007</u>		<u>2006</u>
Personal Services	\$ 65,291		\$ 57,595
Employee Retirement Contributions Paid by Employer	0		87
State Contribution to State Employees' Retirement System	3,492		3,503
State Contribution to Social Security	4,976		4,400
Contractual Services	776	(A)	1,356
Travel	1,592		1,489
Commodities	237		30
Equipment	4,239	(B)	0
Telecommunications	<u>2,676</u>		<u>3,055</u>
Total General Revenue Fund Expenditures	<u>\$ 83,279</u>		<u>\$ 71,515</u>

Explanations of significant variations in expenditures (fluctuations of 20% and \$500) for the two years ended June 30, 2007 are represented below:

- (A) The decrease in contractual service expenditures in FY07 was due to the elimination of a service agreement for a Watts copier and decreased postage.
- (B) The increase in equipment expenditures in FY07 was due to a new copier being purchased in the amount of \$4,000 and a library book for \$239. No equipment was purchased in FY06.

Note: The Legislative Ethics Commission shared an appropriation with the Office of the Legislative Inspector General during FY06 and FY07. The above expenditures include both the Office of the Legislative Inspector General's expenditures and the Legislative Ethics Commission's expenditures.

STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2008

<u>GENERAL REVENUE FUND – 001</u>	<u>2008</u>	<u>2007</u>
Personal Services	2,960	3,099
Employee Retirement Contributions Paid by Employer	0	0
State Contribution to State Employees' Retirement System	490	357
State Contribution to Social Security	226	237
Contractual Services	231	5
Travel	0	426
Commodities	0	0
Equipment	0	(A) 4,000
Telecommunications	<u>225</u>	<u>219</u>
Total General Revenue Fund Expenditures	<u>\$ 4,132</u>	<u>\$8,343</u>

Explanations of significant lapse period spending (spending greater than 20% and \$500) for the two years ended June 30, 2008 are represented below:

- (A) Lapse period expenditures were due to a new copier that was purchased in the amount of \$4,000 that was approved and ordered prior to June 30, but was not paid until the lapse period.

Note: The Legislative Ethics Commission shared an appropriation with the Office of the Legislative Inspector General during FY07 and FY08. The above lapse period expenditures include both the Office of the Legislative Inspector General's expenditures and the Legislative Ethics Commission's expenditures.

STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2008

FUNCTIONS

The Office of the Legislative Inspector General (Office) was created in December 2003 by the State Officials and Employees Ethics Act (Act) (5 ILCS 430/et seq.). The Legislative Inspector General is appointed by a joint resolution of the Senate and the House of Representatives.

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

The jurisdiction of the Office extends to members of the General Assembly and all state employees whose ultimate jurisdictional authority is a legislative leader, the Senate Operations Commission or the Joint Committee on Legislative Support Services.

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

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

STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2008

FUNCTIONS (Continued)

- To request, as the Legislative Inspector General deems appropriate, from ethics officers of State agencies under his or her jurisdiction, reports or information on
 1. the content of a State agency's ethics training program and
 2. the percentage of new officers and employees who have completed ethics training.

PLANNING PROGRAM

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

STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL
AVERAGE NUMBER OF EMPLOYEES
For the Two Years Ended June 30, 2008

AVERAGE NUMBER OF EMPLOYEES

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

<u>Division</u>	<u>2007</u>	<u>2008</u>
Inspector General	1	1
Total average employees *	<u>1</u>	<u>1</u>

* The Inspector General is a part-time employee.

STATE OF ILLINOIS
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2008
(Not Examined)

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

Pursuant to the State Officials and Employees Ethics Act (5 ILCS 430), the Office submits quarterly reports summarizing investigation activity to the Legislative Ethics Commission (Commission). Listed below is a compilation of allegation and investigation information reported to the Commission for Fiscal Years 2007 and 2008.

	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2008</u>
Number of allegations received	11	19
Number of investigations initiated	11	19
Number of investigations concluded	11	17
Number of total open investigations	0	2