

2006

ANNUAL REPORT

STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL



William G. Holland, Auditor General



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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

March 1, 2007

Honorable Members of the General Assembly
The Legislative Audit Commission
The Honorable Rod R. Blagojevich, Governor
Citizens of Illinois

Ladies and Gentlemen:

Enclosed is the Annual Report of the Auditor General's Office for the year ended December 31, 2006, submitted in compliance with Section 3-15 of the Illinois State Auditing Act.

Since assuming this position in 1992, my consistent commitment has been to present objective, balanced and independent audits. I believe this annual report reflects the success of my office in meeting that goal during 2006. It will continue to be my goal during the coming year.

I thank all those who made possible the reported accomplishments, including members of the General Assembly, members and staff of the Legislative Audit Commission, and the staff of the Auditor General's Office.

Yours truly,

A handwritten signature in blue ink, appearing to read "William G. Holland". The signature is stylized and includes a large loop at the end.

WILLIAM G. HOLLAND
Auditor General



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OVERVIEW

Since August 1992, William G. Holland has served as Auditor General of the State of Illinois. He was appointed by the General Assembly to a ten-year term effective August 1, 1992, and unanimously appointed to a second ten-year term, effective August 1, 2002.

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

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

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

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



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

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

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

OVERVIEW

PUBLIC INFORMATION

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



The following information is also available by request:

- Late Filing Affidavits
- Emergency Purchase Affidavits
- Professional or Artistic Services Affidavits
- Contractual Services Certifications

Information about the Auditor General is available on the Internet. This information includes current digests of Financial audits and Compliance examinations. Also available is information on our Performance and Information Systems audits.

PUBLIC INFORMATION IS AVAILABLE BY WRITING:

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PUBLIC INFO.

CONTINUING EDUCATION AND TRAINING REQUIREMENTS

The U.S. Government Accountability Office (GAO) has established the Government Auditing Standards to ensure government auditors maintain competence, integrity, objectivity, and independence in conducting audits and attestation engagements.



The general standard related to competence specifies that auditors assigned to perform the audit or attestation engagement should collectively possess adequate professional competence for the tasks required. This standard establishes Continuing Professional Education (CPE) requirements for auditors who are responsible for planning, directing, performing field work, or reporting on an audit or attestation engagement conducted in accordance with the Government Auditing Standards.

This training requirement first became effective January 1, 1989, and states that every 2 years auditors should complete at least 80 hours of CPE that directly enhance the auditor's professional proficiency to perform audits and/or attestation engagements. A minimum of 24 hours of CPE should be in subjects directly related to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. At least 20 of the 80 hours should be completed in any 1 year of the 2-year period.

The most recently completed 2-year period for training requirements as measured by the Office of the Auditor General was January 1, 2005, through December 31, 2006. All Auditors, Audit Directors, and Information Specialists required to meet the training standard were in compliance for this 2-year period.

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

TRAINING

THE COMPLIANCE EXAMINATION PROGRAM

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



The Compliance Division conducted 153 audit engagements in 2006. These encompassed one or more of the following audit scopes — compliance examinations, financial audits, federal audits. Staff auditors conducted 38 of these engagements. The remainder were performed by public accounting firms under the general direction and management of the Auditor General's audit managers.

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

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

COMPLIANCE

A number of reports issued in 2006 had findings that were important from an accountability standpoint. A brief summary follows.

INADEQUATE CONTROLS OVER REVENUE PROCESSING AT THE DIVISION OF BANKS AND REAL ESTATE

The Department of Financial and Professional Regulation (Department) **Division of Banks and Real Estate** (Division) did not have adequate controls over its revenue processing.

The Division was comprised of the following four Bureaus:

1. Bureau of Banks and Trust Companies
2. Bureau of Real Estate Professions
3. Bureau of Residential Finance, and
4. Bureau of Administration

Each of these Bureaus processes revenues to varying degrees which are ultimately sent to Fiscal in the Bureau of Administration for final processing and posting to the general ledger. The Division collected approximately \$46,357,633 through 27 different fee categories in fiscal year 2005.

We noted the following deficiencies with revenue processing:

- Checks are not logged immediately after receipt in all bureaus.
- Daily receipt logs, if maintained, are not reconciled to deposits or entries in the Credentialing Licensing Enforcement and Regulation (CLEAR) system.
- Receipts entered into the CLEAR system are not reconciled to the general ledger.
- Fees assessed are not reconciled to fees collected.
- General policies and procedures for revenue processing with the CLEAR system have not been developed to make the CLEAR system more user friendly for Department staff.

Division personnel stated that some of the deficiencies are due to the decentralized nature of receipt processing at the Division. However, many of the deficiencies are due to the revenue system

(CLEAR) not providing the information needed to perform many areas of revenue processing that would normally be done with more user-friendly software.

We recommended that the Division of Banks and Real Estate develop and implement adequate and consistent internal controls over the processing of revenues within the Division. Further, the Division should implement the accounting software used by the other three legacy agencies within the Department for more consistency in tracking revenues received by the Department.

Department officials concurred with our recommendation, and indicated that in recent months the Division of Banking has implemented policies and procedures to address the revenue processing issue.

FAILURE TO BILL RESIDENTS IN A TIMELY MANNER

The **Department of Human Services Central Office** (Department) did not bill residents in State mental health and developmental facilities in a timely manner, resulting in significant lost revenue to the State and inaccurate Department account receivable balances.

Of the 17 State-operated facilities that provide services to recipients of mental health or developmental disability care, 5 were noted as being significantly delinquent in their billings. Department personnel further stated there may be billing delinquency problems at almost all facilities. Unbilled amounts could not be determined due to significant weaknesses in the controls, but Department estimates of unbilled services range from \$3 million to \$9 million.

Failure to record receivables as services are provided is poor internal control and ineffective cash management, and is in non-compliance with the Fiscal Control and Internal Auditing Act.

We recommended the Department allocate sufficient staff resources to each facility to process all delinquent billings and process all future billings in a timely manner.

Department officials agreed with our recommendation and indicated resources had been allocated to this function as of March 2006. Consultants/contractors will take over some billing systems at facilities so other Department staff can work on billing residents. Further, additional staff may also be hired.

LACK OF DOCUMENTATION IN CONTRACT FILES

The **Department of Transportation** (Department) contract files lacked basic information such as individual scoring sheets, documentation to support the award to a particular vendor based on criteria delineated in the Request for Proposal (RFP), and other decision documentation to adequately document the evaluation, selection and contracting process. We reviewed ten procurements awarded by the Department in FY05, totaling a maximum award amount of \$45 million. Among the conditions noted by the auditors:

- In 7 of 10 procurement files reviewed, we found no evidence of individual scoring sheets. October 2004 guidance from the Department of Central Management Services states, “An evaluation form must be completed by each committee member for each proposal...”
- For the procurement of public relations services for the Dan Ryan/Kingery Expressway Project, a Department official who was not on the Selection Committee was involved in the selection process. For the same procurement, the Department awarded the project to multiple vendors. Each vendor had bid on the entire project. The Department made an award to two vendors, each award exceeding the proposed costs that each had originally bid to do the entire project.
- For a procurement estimated at \$900,000, the Department could not locate the contract file or the working files for the procurement.
- For a procurement estimated at \$625,000, the decision recommendation lists two cost scenarios proposed by the winning vendor. However, neither scenario went into the actual contract and the

Department had no documentation to show how this changed during contract negotiations.

- For another procurement estimated at \$1,370,000, some elements from the scope of services section of the RFP were excluded from the contract with the vendor, and no documentation existed to show why.

We recommended the Department maintain adequate supporting documentation in the procurement files. The Department responded by agreeing, agreeing in part, and disagreeing with various elements of the finding. For instance, the Department maintains that individual scoresheets were not required under the Department procedure applicable to procurements, and that use of a non-member facilitator in the selection committee process was standard. For all elements, the Department indicated corrective action would be taken to address the finding and recommendation.

INADEQUATE INTERNAL CONTROL OVER TRANSIT BENEFIT PROGRAM

The Regional Transportation Authority (Authority) (RTA) did not have adequate internal controls over its Transit Benefit Program.

The Authority administers a Transit Benefit Program whereby businesses can provide their employees an opportunity to purchase transit vouchers for transit fares on a pre-tax basis. Businesses purchase the transit vouchers from the RTA, then resell transit fare to employees on a pre-tax basis. The volume of transit vouchers issued on an annual basis is in excess of \$50 million.

The Transit Benefit Program is not meant to generate profits for the RTA. It is a “break even” service provided by the RTA to facilitate transit in the region. Accordingly, the accounting for the Transit Benefit Program is primarily a “pass-through” to the service boards with no significant impact on the income or expenses of the Authority. The only income generated from the program is when transit vouchers expire after 13 months. At that time expired transit vouchers are no longer considered a liability and are recognized as income. A third-party service

provider is paid \$1,000,000 annually to administer the Transit Benefit Program. All internal staff costs of administering the program are charged to RTA operations and are not separately identified.

During our audit testing we noted several internal control issues relating to the Transit Benefit Program, including:

- The third-party service organization did not have a SAS 70 Service Auditor's Report to provide some assurance that internal controls are in place and operating effectively, and the RTA did not perform any testing of the internal controls of the service organization.
- In an apparent conflict of interest, the third-party service organization acts as an administrator of the program for some companies purchasing the transit checks and cards.
- During our audit of the account balances relating to the Transit Benefit Program, there was a write down of approximately \$96,000 in the ending balance of transit voucher inventory. The cause of this problem is unknown and is currently being investigated by the RTA.
- The transit-check liability was understated by approximately \$200,000 and the transit-check account receivable balance was overstated by \$2.2 million. An audit adjustment was necessary to correct the financial statements. It appears from the limited audit evidence available to date that this misstatement arose from a lack of control over the processing of expired transit checks by the internal Transit Card Department. Essentially, it appears that RTA has been recognizing income for expired transit vouchers that have been subsequently paid or replaced.
- The policy in effect during the audit period permitted the RTA to "shred" expired transit checks with no accounting for the numbers of the shredded documents. Accordingly, if a voucher was not shredded, it could be subsequently presented and honored as if it were cash. This would not be detected by current procedures at RTA.

The Authority's management stated that it receives inadequate reports from the service organization, the bank and the internal Transit Card Department. The

reports received were difficult to reconcile due to timing differences and a lack of coordination among the three entities. The entries made by the RTA Controller Department are based on assumptions of other account activities.

We recommended that internal control testing be performed at the third-party service organization. The RTA should coordinate with the third-party service organization and the bank to implement procedures to provide the Controller Department with relevant and reliable information for proper recording and reconciliation of transactions relating to the Transit Benefit Program.

RTA officials accepted our recommendation and stated that arrangements have been made to perform internal control testing at the third-party service organization, and that it should coordinate with the third-party service organization and the bank to implement procedures to improve proper recording and reconciliation of transactions relating to the Transit Benefit Program.

INADEQUATE CONTROLS OVER GATES AND PARKING ADMISSION

The **Department of Agriculture** (Department) did not have adequate control over gate/parking admissions at the Illinois State Fair (Fair).

The Department sells parking space at the Fair each year. Total gate admissions for the 2004 and 2005 fairs were \$943,612 and \$958,353, respectively.

During the gate observations for the 2004 Fair, the following exceptions were noted:

- One gate was unmanned for over 30 minutes.
- Unsold tickets were left unattended.
- A volunteer at one gate was observed taking cash from two different groups of pedestrians for the purchase of a ticket, however, they were not tearing off a ticket and placing it in the appropriate collection box.
- Four gates were understaffed, causing the volunteer to sell and take tickets.

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- During detail testing of the entire gate admissions process, it appeared that the contractor did not have adequate controls over ticket sales and gate admissions. It appeared the contractor underestimated the staffing requirement needed to provide adequate supervision, adequate staff at the gates, and still perform the required cash and ticket reconciliations and reporting of those daily amounts in a timely manner.
- The contractor did not make up any shortages of gate and parking revenues as required by the contract. The contractor deposited \$3,608 less than what should have been deposited in admission revenue based on unsold tickets.

During the gate observations for the 2005 Fair, the following exceptions were noted:

- Non-paid credentials were not collected.
- One gate was undermanned, causing a volunteer to sell and take tickets from pedestrians.
- Parking permits for vehicles were checked, but passengers were not checked to see if they had valid admission tickets.
- We noted parked vehicles with no parking passes (employee or purchased pass) displayed in their cars.

We recommended the Department enhance its controls over gate and parking admissions.

Department officials agreed with our recommendation and indicated that controls were substantially improved in 2005, and that it will review procedures with the gate/parking contractor to ensure that gate and parking admissions are handled with maximum accuracy.

INADEQUATE PROCEDURES REGARDING STATE VEHICLES

The **Secretary of State** did not have adequate procedures over its State vehicles. We noted accidents involving State vehicles were not reported in a timely manner, receipts supporting gasoline usage were not maintained, employees were driving

motor pool vehicles for extended periods and not reporting commuting mileage, and personally assigned vehicles were not promptly reported to the Office's Payroll Department so the value of the commuting fringe benefit could be added into the employees' income.

Specific problems noted were as follows:

- During our review of accidents involving State vehicles, we tested 10 of 35 accidents and noted 5 of the 10 accidents selected for testing were not reported to the Department of Central Management Services (DCMS) on a timely basis. The DCMS "Vehicle Guide" states that accident reports are "to be submitted to (DCMS) Risk Management no later than seven calendar days following the accident." We noted the reports were submitted between 5 and 532 days late.
- Secretary of State employees assigned State vehicles were not properly completing monthly Automotive Cost Reports and not providing receipts supporting their gasoline usage. We reviewed two Monthly Automotive Cost Reports for a sample of 25 employees assigned State vehicles. We noted 2 of the 25 employees submitted reports that had missing gas receipts, 4 employees submitted reports with missing information (miles driven for the month), and one employee did not submit a report for either month.
- Chicago motor pool vehicles were used by six Secretary of State employees consecutively from 1 to 5 months without adjustment of the employees' wages for the value of the personal use of those vehicles. As a result, the six employees had not filed a "Personal Use of State Vehicle" form. Without a properly completed form, the Secretary of State is unable to compute an appropriate gross income upon which to base withholding and results in the employees not paying taxes on the additional benefit they derive from using a State vehicle.
- During our review of 25 vehicle assignments, we noted 6 instances (24%) where the Office's Payroll Department was not notified on a timely basis of the personal use of the vehicle, and thus was not including the value of the fringe benefit in the employee's income. The delay in notifying Payroll ranged from 28 to 287 days following the personal

assignment of the vehicles to the employees.

We recommended the Secretary of State strengthen its controls regarding State vehicles as follows:

- Communicate the requirement to file accident reports in a timely manner to those employees whose jobs involve travel. We also recommended the Vehicle Coordinator monitor the submission of accident reports to ensure the DCMS requirements are being followed.
- Enforce the requirement that employees file properly completed Monthly Automotive Cost Reports with all required documentation in a timely manner.
- Monitor the Chicago motor pool activity to ensure that motor pool vehicles are not treated as personally assigned vehicles without following the appropriate procedures.
- Implement controls to ensure the Payroll Department is immediately notified of all personally assigned vehicles.

Agency officials accepted our recommendation and stated that the Secretary of State has established the Automotive Administration and Maintenance Department to coordinate, monitor and enforce policies and procedures pertaining to the use of Secretary of State Vehicles. In December 2005, the Illinois Secretary of State's Motor Vehicle Policy Manual went into effect, which details all of the rules pertaining to Secretary of State vehicle usage. In addition, agency officials stated that every Secretary of State employee is now required to complete and submit to the Automotive Administration and Maintenance Department a form signed by the employee's Department Director indicating the date(s) that he or she will be claiming "personal use" of a State vehicle. This form must be completed and submitted before the employee is allowed to take possession of the vehicle.

WEAKNESSES IN CONTROL PROCEDURES RELATING TO SOCIAL SECURITY NUMBER VERIFICATION

The **Illinois Department of Employment Security** (Department) has several weaknesses in the control

procedures relating to the social security number verification for new claimants.

Once the Department has identified an invalid social security number as a result of the Social Security Administration match process, a manual adjustment to the claimant's record must be made to stop the unemployment compensation payments. A clerical employee of the Department is required to access the claimant's computerized record, manually input a stop payment code on the account, and enter a date to specify the length of time the stop payment is to continue. We also noted during our testing that the code entered into the system to stop payment due to a social security code mismatch is not unique.

In our testing of this control procedure, we sampled 60 claimants whose social security numbers were initially identified as invalid. Of the 60 items tested, we noted 12 (20%) instances in which the system failed to stop payment. Of the 12 instances noted, 3 were due to data entry errors and 9 where no apparent action was taken to stop unemployment benefit payments.

Because of the frequency of errors noted in our sample testing, we expanded our procedures to obtain information on all 1,364 claims with invalid social security numbers. The additional testing indicated the Department paid 411 claimants (30%) with invalid social security numbers benefits totaling \$1.1 million.

We recommended the Department eliminate the need for human intervention and look for a potential automated approach to stopping claim payments to recipients with invalid social security numbers. In the meantime, under the current manual data entry system, we recommended the Department strengthen the supervisory review of this key internal control to improve the timeliness and accuracy of data entered into the benefit payment system. Further, we recommended the code entered into the system to create the stop payment should be unique to the social security number mismatch and contain an indefinite stop, which would eliminate the necessity to enter stop payment dates into the system.

Department officials accepted our recommendation and stated the process of identifying invalid social security numbers would be automated, and that it would establish a unique code to identify social security number discrepancies.

INADEQUATE DOCUMENTATION TO SUPPORT THE VALIDATION OF SAVINGS

The **Department of Central Management Services** (Department) awarded over \$69 million during FY04 to outside vendors for contracts intended to achieve savings as part of the efficiency initiatives. In some cases, contracts were awarded based on the vendors' ability to show they could meet savings goals stated in the RFP, vendor proposal and/or contract. Where savings are a specific goal, the Department should ensure it has in place a valid and reliable system to track savings achieved by the vendors.

During the prior audit period, the Department did not maintain adequate documentation to support the validation of many of the savings that the Department attributes to its various efficiency initiatives. Furthermore, savings goals stated in the Request for Proposals (RFP), vendor proposals, and/or contracts were not always realized or documented.

After the April 2005 release of our FY04 Compliance Examination of CMS, the Department established the Initiative Savings Validation Project. According to the Project Charter for the Initiative Savings Validation Project, the purpose of the Project was "to identify and validate State of Illinois savings resulting from actions and/or activities attributable to CMS' consolidation and savings initiatives beginning in FY03." While the Project was comprised primarily of Department staff, in June 2005, the Department entered into a contract with a vendor to provide assistance in the validation efforts. This contract was valued at an estimated \$995,000. An Executive Advisory Council, comprised of CMS management, the vendor, and Governor's Office representatives, was also created to monitor the validation effort.

As of September 14, 2005, the Department had reduced its fiscal year 2004-2005 estimated savings to \$545 million; down from the \$621 million it reported when the Auditor General's FY04 compliance examination report was released in April 2005.

Our testing on this finding concluded in September 2005. In October 2005, the Department issued "State of Illinois Savings Validation Results". This October

2005 report further reduced the estimated savings to \$529 million. The Department's October 2005 report was not reviewed or verified as part of this current audit. However, it should be noted that the \$529 million savings figure reported by the Department in the October 2005 report does not include any costs the Department incurred related to its initiatives, which are estimated to exceed \$72 million.

We recommended that the Department continue to develop and maintain adequate supporting documentation to support the validation of savings billed to agencies and captured by vendors.

The Department agreed with the recommendation.

FAILURE TO REVIEW COMPUTERIZED INFORMATION SYSTEMS CONTROLS FOR THIRD-PARTY VENDORS

The **Illinois Student Assistance Commission** (Commission) did not obtain independent reviews of an externally controlled computerized system used to service portions of its student loan portfolio. Without a review, the Commission did not have complete assurance that the information system controls necessary to prevent errors or irregularities from occurring were established and operating effectively at all times.

The Commission utilized seven third-party service providers to service a significant portion of its student loan portfolio. Each of the service providers used their own system to record accrued interest, cash collections and adjustments, and to ensure that the program is in compliance with the Department of Education regulations for the Federal Family Education Loan Program.

Of the total student loan portfolio of \$3.56 billion in 2005, \$2.36 billion (67%) was serviced by the seven third-party service providers. The Commission did not obtain nor did it review reports (i.e. SAS 70 - Report on the Internal Controls in Place and Tests of Operating Effectiveness) to determine if controls were effective for one of the seven service providers who serviced approximately \$670 million for the Commission during fiscal year 2005.

The Commission stated that they have been in contact with the service provider, requiring them to provide a SAS 70 report. Based on our review, the SAS 70 has not been received and was also not provided during the prior audit for the period ending June 30, 2003.

We recommended the Commission obtain and adequately review a copy of an independent review of computer systems maintained by its third-party service providers on an annual basis.

The Commission agreed with our recommendation and stated that the servicer is waiting for the final report to be issued. Further, the Commission will review its approach for obtaining the independent reviews of the computer systems for third-party servicers to ensure more timely submission of the reports.

INADEQUATE CONTROLS OVER THE CALCULATION AND SUBMISSION OF CAPITAL ASSET INFORMATION FOR GAAP REPORTING PURPOSES

The **Department of Natural Resources'** (Department) preparation and submission of year-end accounting reports (GAAP Package Forms) to the Office of the State Comptroller related to the capital asset account were not prepared accurately, causing significant financial reporting delays. We noted the following problems with the Department's fiscal year 2005 Statewide Accounting Management System to GAAP Reconciliation - Capital Assets (SCO 537) and the Capital Asset Summary (SCO 538) submission to the State Comptroller:

- Previous audits noted numerous errors regarding the SCO 537 and 538 at June 30, 2002, 2003 and 2004 in order to meet reporting requirements under GASB 34. As of June 30, 2005, the Department still had not agreed the ending recalculations with the Department's Common Inventory System (CIS), including asset categorization and related accumulated depreciation amounts.
- Due to the incompleteness of CIS records, the Department could not obtain ending balances for each capitalization category from property control

records. Without these amounts, it cannot be determined if ending balances are reasonably stated. Extensive reconciliation and testing procedures were performed to verify ending balances.

- Accumulated depreciation was calculated incorrectly and individual transaction amounts were not substantiated.
- The Department was unable to provide adequate documentation of actual additions, deletions and transfers. The Department was also unable to provide a complete listing of all consolidations and other adjustments.
- The Department did not consistently record historical treasures, works of art and other collections in their records.
- The Department still has not included Department of Transportation managed projects, totaling approximately \$26 million, related to bikeways on its property control records.
- The Department still has not included Office of Water Resources sites, totaling approximately \$39 million, on its property control records.
- The Department was unable to properly calculate capital asset accounts payable. The Department materially overstated payables related to equipment and infrastructure, but failed to properly calculate any payables related to multi-year construction projects, resulting in significant audit adjustments.
- Due to the complexity of the above issues, revised amounts related to capital assets and accumulated depreciation were not available until April 6, 2006, more than seven months after the initial due date and more than nine months after the end of the fiscal year.

We recommended the Department implement procedures to ensure capital assets are reported in an accurate and complete manner, and reconcile the Common Inventory System to capital asset reporting amounts to ensure the property control system can be utilized for capital asset reporting. We further recommended the Department review, and revise as necessary, its current system of gathering property control information to improve the accuracy of the

ACCOUNTABILITY

Common Inventory System records, and devote necessary personnel to these tasks.

Department officials agreed with our finding and stated they have initiated corrective action.

TIMELY AND ACCURATE ACCOUNT RECONCILIATIONS

The **Illinois State Toll Highway Authority** (Tollway) is not completing timely reconciliations for some of their significant general ledger accounts.

During our audit, we noted that certain significant general ledger account balances were not reconciled on a timely basis to supporting documentation or subsidiary ledgers. As a result, adjustments to the books and records were being recorded more than six months after the Tollway's fiscal year-end. In addition, numerous corrections were being made to the general ledger as the audit was being conducted. This led to inefficiencies and delays in completing the audit. We noted the following:

- Book adjustments to cash of approximately \$28 million were posted after the draft financial statements were provided to the auditors. Some of the adjustments were posted as late as July 2006, seven months after year-end.
- Adjustments to investments of approximately \$2.8 million were identified by the auditors.
- Adjustments to accrued interest receivable amounting to approximately \$9.4 million were identified by the auditors and recorded in July 2006. The adjustment related to deep discount investments that were reported at fair value and had a reported amount for accrued interest receivable. The adjustment was necessary to correct the accrued interest receivable for these non-interest paying investments.
- The balance reported as "Other Accrued Expenses" in the general ledger, consisting principally of construction related liabilities, was overstated by approximately \$2.5 million compared to the supporting documentation provided during the audit.
- During our review of Accounts Payable we noted three "Stale Dated Warrant" accounts totaling

\$528,595, which were not substantiated with support.

- In addition, the Tollway has a balance of approximately \$1.5 million in the "Due to From" account (a component of accounts payable in the financial statements) that was unsubstantiated as of December 31, 2005.

We recommended the Tollway assign responsibility for reconciling all significant balance sheet accounts. Significant accounts would include those that are quantitatively significant and those that are qualitatively significant or susceptible to fraud (cash and investments). All adjustments that result from the reconciliation process should be approved by supervisory personnel prior to posting them to the general ledger. Supervisory approval should be documented in writing. Adjustments that are only recorded at year-end in connection with producing the audited financial statements should also be reviewed and approved by supervisory personnel. Also, the Tollway should maintain detailed support for all

balance sheet accounts, and review and reconcile the account detail on a monthly basis in order to ensure accurate financial reporting, safeguard Tollway assets, and strengthen internal controls over financial reporting. Further, the Tollway should investigate all balances recorded in the "Stale Dated Warrants" account balances and remit appropriate unclaimed property to the State in accordance with the Uniform Disposition of Unclaimed Property Act.

Tollway officials agreed with our recommendations and stated that they have implemented new processes.

LACK OF DETECTION CONTROLS FOR IMPROPER TRANSPONDER USE

The **Illinois State Toll Highway Authority** (Tollway) did not have the proper internal controls in place to classify all I-PASS transactions properly in some of the lanes.

Some of the lanes are equipped with vedet loops that are embedded in the ground. Vedet loops count masses of metal as they pass through the lane. The lane equipment is able to read the I-PASS transponder and collects the revenue based on the

classification of the transponder as it was originally issued. The number of axles determines the classification of the vehicle. The toll collection and I-Pass system reports the transaction by the original transponder class.

A violation is only recorded in the lanes affected if there is no transponder to read or if a transponder that was read was identified as insufficient, invalid, lost or stolen. A violation would not be recorded if a vehicle passed through the lane with a transponder that does not correlate to the class of the vehicle.

Tollway officials agreed with our recommendation to implement controls to identify violations resulting from improper transponder usage. Further, they expect implementation with the completion of Open Road Tolling and plaza reconstruction in 2007.

CAPITAL ASSET SYSTEM

The **Illinois State Toll Highway Authority's** (Tollway) practices and procedures for recording and maintaining capital asset records needs improvement.

During our audit of the capital asset records, we noted the following:

- Beginning of the year accumulated depreciation for infrastructure capital assets was overstated by approximately \$45.6 million. During fiscal years 2003 and 2004, depreciation expense was recorded for infrastructure assets that were already fully depreciated. As a result of this error, the December 31, 2004 net assets of the Tollway required a \$45.6 million restatement (increase in net assets).
- Although the Tollway has a formal written capitalization policy addressing items such as the capitalization threshold and useful lives, there are no detailed written processes and procedures documenting other aspects of capital asset reporting and controls.
- Under current Tollway practice, capital asset additions are added to an electronic spreadsheet in pools. Each year a new pool is created for each category of capital asset additions (infrastructure, infrastructure facilities, Fiber Optics system, buildings and machinery and equipment). Deletions

of capital assets are not assigned to these annual pools. Instead they are applied to the category as a whole (i.e. machinery and equipment). The Tollway depreciates its assets using pools rather than as a detailed level. As a result, there is not a detailed listing of capital assets on hand as of year-end that supports the amounts reported on the year-end financial statements.

- The Tollway does not have an effective system to identify completed construction projects that should be moved from construction in progress to depreciable infrastructure. There are items on the construction in progress (CIP) listing and included in the reported CIP balance, that are substantially complete and in use. At December 31, 2005, these amounts totaled approximately \$65 million, out of approximately \$520 million total CIP, or 12%. Since these projects are essentially complete and the assets are in use, these infrastructure assets should be depreciated. The estimated amount of unrecorded depreciation expense for December 31, 2005 is \$3.1 million.
- The supporting documentation for the beginning balance reported for accumulated depreciation did not agree to the amount reported as ending accumulated depreciation in the 2004 financial statements. The beginning balance per the 2005 financial statements was \$1,085,065 million less than the depreciation roll forward schedule provided to the auditors for 2005. In addition, depreciation expense reported in the roll forward schedule varied from amounts recorded in the financial statements by \$453,785 (roll forward was understated). Year-end accumulated depreciation per the roll forward schedule was understated by \$631,280 compared to the financial statements. The Tollway was unable to account for the difference.
- The Tollway is capitalizing assets with a historical cost less than \$5,000; however their policy states that only capital assets with a cost in excess of \$5,000 should be capitalized.

We recommended the Tollway prepare a formal written process and procedure document to clearly define the criteria for capitalization of individual capital assets for financial reporting purposes in accordance with generally accepted accounting principles. The processes and procedures document should be approved by management. Further, the

Tollway should install comprehensive software to inventory and depreciate its capital assets, transfer construction in progress projects to infrastructure when they are substantially complete and in use, and follow their policy by capitalizing only amounts greater than \$5,000.

Tollway officials concurred with our recommendations.

VIOLATION PENALTIES RECEIVABLE AND SERVICE ORGANIZATION ACTIVITIES

The **Illinois State Toll Highway Authority** (Tollway) does not maintain a detailed record of the outstanding violation penalties receivable. In addition, the Tollway's service provider did not engage an independent auditor to review the control objectives and control activities in place at the outside service provider.

The Tollway currently uses an outside service

provider to maintain all records pertaining to violation penalties. Tollway management indicated that the violation system does not currently have the ability to generate a report that produces the detail to support the summarized aged receivable, which would include the individual's name, transaction date and amount. The receivable, net of the allowance for uncollectible amounts as of December 31, 2005, was approximately \$21 million.

We recommended that the Tollway maintain a detail record of all receivables, including the violation penalties. The detail records should be reviewed by a supervisor on a monthly basis, with supervisor approval clearly documented in writing.

Tollway officials concurred with our recommendation, and stated that the service provider and the violations system will be replaced in 2006 with a new system that has the capability to provide the detail of the aged receivable balance. ❖

COMPLIANCE

STATEWIDE SINGLE AUDIT UPDATE



The purpose of the Statewide Single Audit is to fulfill the State mandate in accepting federal funding. It includes all State agencies that are part of the primary government and expend federal awards. In total, 43 Illinois State agencies expended federal financial assistance in FY 05.

The schedule of expenditures of federal awards reflects total expenditures of \$15.9 billion for the year ended June 30, 2005. Overall, the State participated in 347 different federal programs; however, 10 of these programs or program clusters accounted for 81.1% of the total federal award expenditures.

financial schedule included in the Single Audit reporting package submitted to the Federal Audit Clearinghouse.

Some of the factors that impact the timely completion of the Statewide Single Audit include:

- The number of programs not receiving an unqualified opinion (i.e., received either an adverse, disclaimer or a qualified opinion) has

FEDERAL AGENCIES PROVIDING FEDERAL FUNDING <i>For the year ended June 30, 2005</i>	
<i>U.S. Department</i>	<i>Millions</i>
Health & Human Services	\$ 8,153.4
Labor	2,320.8
Agriculture	2,129.1
Education	1,772.5
Transportation	1,018.1
All Others	496.8
Total Federal Award Expenditures	\$ 15,890.7
<i>Source: FY 2005 State of Illinois Single Audit Report</i>	

Overall, ten State agencies accounted for approximately 97.5% of all federal dollars spent during FY 05.

Our audit testing focused primarily on 53 major programs expending about \$15.1 billion in federal awards.

Our report contained 101 findings related to 18 State agencies.

A myriad of factors have delayed the completion of the Statewide Single Audit in recent years. Many of these same factors have also resulted in delays in completing the Statewide financial statements. The Statewide financial statements need to be completed before the Schedule of Expenditures of Federal Awards (SEFA) can be finalized, which is the

SUMMARY OF FEDERAL SPENDING BY STATE AGENCY <i>For the year ended June 30, 2005</i>	
<i>Agency</i>	<i>Millions</i>
Public Aid	\$ 6,427.9
Human Services	2,938.3
Employment Security	2,167.2
Board of Education	1,829.2
Transportation	990.0
Children & Family Services	436.1
Student Assistance Commission	222.8
Commerce & Economic Opportunity	220.9
Public Health	135.0
Environmental Protection Agency	130.1
All Others	393.2
Total Federal Spending	\$ 15,890.7
<i>Source: FY 2005 State of Illinois Supplemental Report of Federal Expenditures by Agency/Program Fund.</i>	

grown from 7 in FY 2000 to 17 in FY 2005. The total expenditures in FY 2005 not having unqualified opinions totaled \$9.0 billion or 57% of the total SEFA expenditures of \$15.9 billion.

- Beginning in FY2003, the Single Audit's (and the State's financial statements for the State of Illinois) SEFA disclosed reportable conditions in internal control. Accuracy of the original amounts

being reported by certain agencies to the State Comptroller in its annual GAAP package reporting process have multiple errors such as:

- Incorrect Catalog of Federal Domestic Assistance (CFDA) numbers.
- Incorrect program names or incorrect or missing information on the forms.
- Failure to include the subrecipient payments on the form.
- Information reported on the form does not agree with other information provided by the agency.
- Information does not agree with agency's grant award and/or grant award ledger.
- Listing of payments by subrecipient is either missing or does not agree with the amount reported on the form.

These inaccuracies are documented by changes made by the State Comptroller's Office in its review of the GAAP accounting forms and the OAG's annual financial audits and attestation engagements of State agencies.

- Agencies did not finalize certain spending allocations until 4 to 6 months after year-end. The delays in finalizing spending allocations results in delays in the State's completion of the financial statements and SEFA, as well as delays in completion of the Statewide Single Audit.
- Delays were encountered in receiving the final SEFA data file from the State Comptroller of adjusted and/or corrected federal expenditures. For example, the OAG did not receive the final FY2005 data file to compile the State's SEFA until May 16, 2006.

State agencies need to continue to work to address the issues identified above so that Illinois can timely report on its use of federal assistance.

PEER REVIEW

Peer review is an external quality control review conducted every three years by audit professionals from across the United States who are selected by

the National State Auditors Association. The peer review helps to ensure that our procedures meet all required professional standards, comply with Government Auditing Standards, and produce reliable products for the agencies we audit.

The July 2005 peer review of the Auditor General's audit processes resulted in an unqualified (clean) opinion. Additionally, the peer review team did not note any deviations from professional standards that would have required a written letter of comments. Our prior peer reviews, conducted in 1996, 1999 and 2002, likewise resulted in unqualified opinions.

ANNUAL AUDIT ADVISORY

Every year, the Auditor General's Office distributes an *Illinois Audit Advisory* to all State agencies for the purpose of sharing information that may make their operations more efficient and effective, and increase compliance with State law. The 2006 *Illinois Audit Advisory* profiled the FY 2005 Statewide Single Audit, noting inadequate sub-recipient monitoring as a common report finding. This year's Advisory also addressed issues such as the Personal Information Protection Act; Payment Card Industry (PCI) Data Security Standards; and recently issued GASB Statements.

OTHER AUDIT RESPONSIBILITIES

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

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

THE PERFORMANCE AUDIT PROGRAM

Performance audits are conducted at the request of legislators to assist them in their oversight function. Based on the scope specified in the resolution or the law requesting the audit, State agencies' programs, functions, and activities are reviewed. The audits determine if resources are used efficiently, economically, and effectively to provide services which the General Assembly intended. Depending on the focus, they are generally referred to as program or management audits.

The General Assembly uses performance audit information to develop legislation, to deal with budgetary issues, and to direct agencies to change and improve programs. Some audits produce immediate changes. In other instances, significant changes may not be seen for several years. The length of time it takes to see changes is due to the process of transforming the audit findings and recommendations into legislative bills and converting bills into law; additionally, once a law is implemented, the effects may not be apparent for some time.

In 2005 and 2004, the Auditor General's Office was awarded the **Excellence in Accountability Award** by the National State Auditors Association (NSAA) for our *Management and Program Audit of the Rend Lake Conservancy District* and our *Management Audit of the Illinois State Toll Highway Authority*. NSAA established the Excellence in Accountability Awards Program in 2003 to recognize outstanding performance audits and special projects.

In past years the Office has also received a **Recognition of Impact Award** from the National Legislative Program Evaluation Society (NLPES). The award is given annually by NLPES for audit reports that demonstrate significant dollar savings, program improvements, and impact from a

legislative and public perspective. The Office received the NLPES Certificate of Recognition of Impact for the following audits:

- 2004 *Management and Program Audit of the Rend Lake Conservancy District*;
- 2003 *Management Audit of the Illinois State Toll Highway Authority*;
- 2002 *Management Audit of Agency Use of Internet User Tracking Technology*;
- 2001 *State Board of Education and Other State Agencies Providing Funding to Illinois' Regional Offices of Education*;
- 2000 *Management Audit of Child Support State Disbursement Unit*;
- 1999 *Management Audit of the Pilsen Little Village Community Mental Health Center*; and
- 1998 *Management Audit of Tuition and Fee Waivers*.

Performance audits directly impact and improve agency operations. The Auditor General released seven performance audits and one study in 2006. Those reports contained a total of 88 recommendations. State agencies generally accepted the audit recommendations to correct or improve operations.

In addition, the Performance Audit Program has the responsibility for audits of Regional Offices of Education (ROEs) and Intermediate Service Centers (ISCs). In 2006, there were 45 audits released of ROEs and 3 audits of ISCs. These 48 audits included a total of 114 recommendations for improvement. ❖



PERFORMANCE

PERFORMANCE AUDITS COMPLETED IN 2006

STUDY OF STATE EMPLOYEE TRAVEL — MODES OF TRANSPORTATION BETWEEN CHICAGO AND: BLOOMINGTON, CARBONDALE, CHAMPAIGN-URBANA, MACOMB, AND SPRINGFIELD

Legislative Audit Commission Resolution Number 131 directed the Auditor General to examine the modes of transportation for State employee travel between Chicago and Bloomington, Carbondale, Champaign-Urbana, Macomb, and Springfield.

The State reimbursed employees approximately \$29 million for travel expenses incurred within the State (detail object code 1291) during Fiscal Year 2005. Agencies estimated that 13 percent of their in-state travel expenditures were for travel between Chicago and the specified cities. Approximately two-thirds of the trips were in a vehicle (personal, State, rental), 18 percent by State or commercial plane, 12 percent by Amtrak, and the rest by other modes.

The State Finance Act creates the Travel Regulation Council, which requires that “All travel shall be by the most economical mode of transportation available considering travel time, costs, and work requirements.”

More than one-half of the State agencies surveyed (22 of 41) said they have established their own policies regarding the mode of transportation in addition to the policies established by travel control boards. However, approximately 40 percent of the employees from these agencies were not fully aware of their agency’s policy, according to their survey responses.

- 14 of 41 State agencies said they did not require employees to obtain prior approval regarding the mode of transportation to use.
- 34 of 41 State agencies said they had established some method for ensuring employees used the most economical mode of transportation, such as reservations through a travel coordinator.
- 25 of 41 State agencies said they did not track employee travel in detail, such as the number of trips, mode of transportation taken, or location of travel.

In their survey responses, both agencies and employees indicated that Amtrak trains needed to be more reliable and offer more or different departure/arrival times. On a scale of 1 (“not important”) to 5 (“very important”), agencies and employees rated the need for reliability and more trains at nearly 5 in their responses.

Most of the 96 employee respondents to our survey who used Amtrak during Fiscal Year 2005 rated their overall experience with Amtrak as either average or above average: 62 percent rated their overall experience as excellent or good, 19 percent as average, and 19 percent as below average or poor.

IDOT statistics showed that one-half of the trains applicable to this Study were less than 75 percent on time during the period of October 2004-August 2005 for which data was available.

DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY’S ADMINISTRATION OF ITS ECONOMIC DEVELOPMENT PROGRAMS

House Resolution Number 671 directed the Auditor General to conduct a management and program audit of the Department of Commerce and Economic Opportunity’s administration of its economic development programs.

In Fiscal Year 2004, the Department of Commerce and Economic Opportunity (DCEO) spent \$945 million, of which \$850 million was for grants. Most, if not all, of this spending was for economic development efforts. DCEO funds or provides assistance for a large variety of projects to encourage economic development. In our audit work we found issues in the following areas:

- DCEO reported projected jobs to be created or retained instead of the actual jobs created or retained. In addition, DCEO’s computer systems for performance measures did not track projected jobs vs. actual jobs.
- DCEO altered its performance measurement methodology to include employees that received training in its reported job creation and retention numbers.
- DCEO had difficulty in providing support for the jobs created and retained that were reported. For 8 of

PERFORMANCE AUDITS COMPLETED IN 2006 (CONT.)

10 jobs performance measures in our sample, documentation did not agree with the amount reported.

- Most of DCEO's other reported performance measures we reviewed did not agree with underlying documentation; 73 percent (57 of 78) of the figures we tested did not agree.
- In our sample of performance measures, we concluded that 45 percent (18 of 40) were good measures that could be used to help assess the effectiveness of the related programs, while 20 percent (8 of 40) were poor measures that provided little insight into program effectiveness.
- Some DCEO programs had good monitoring requirements, but some programs did not. Twenty percent of projects we tested (20 of 99) did not require any additional monitoring reports other than a single closeout report.
- While none of DCEO's bureaus had established their own procedures, eight of eleven bureaus have completed some type of review of the efficiency or effectiveness of the agency's economic development programs.
- DCEO did not have a system to track statutory mandates to ensure that mandates are fulfilled and obsolete mandates can be addressed. We identified some unfulfilled mandates in our testing.

DEPARTMENT OF TRANSPORTATION'S TRAFFIC SAFETY PROGRAMS

Legislative Audit Commission Resolution Number 129 directed the Auditor General to conduct a management and program audit of the Illinois Department of Transportation's Traffic Safety Program.

The Illinois Department of Transportation (IDOT) administers highway safety programs for the State of Illinois. These programs are aimed at reducing the number and severity of motor vehicle crashes, fatalities, personal injuries, and property damage.

In July 2004, the Division of Traffic Safety (DTS) was reorganized, resulting in the layoff of 17

employees. IDOT did not adequately plan for the reorganization. For example:

- An April 2004 agency-wide reorganization plan did not detail the need or rationale for the reorganization, nor how the responsibilities of the laid-off employees would be carried out.
- No grant project monitoring took place for the first several months of FY05.
- IDOT hired back three laid-off DTS employees under contract to perform necessary day-to-day operations, including processing reimbursement claims.
- Some functions are being performed by individuals in a manner that is not consistent with their organizational placement.

IDOT miscalculated the savings from the elimination of the positions in the Division of Traffic Safety. IDOT's cost savings estimate, prepared after the reorganization, failed to take into account the cost of staff and contractual personnel hired or transferred to fulfill the duties of the laid-off employees.

During our project file review of 25 files from Federal Fiscal Year (FFY) 04 and 25 files from FFY05, we determined that appropriate monitoring was not taking place. For example:

- Project files were missing documentation that was required within the grant agreements.
- Project goals were not met for all nine FFY04 files and all nine FFY05 files reviewed where the grant agreements contained measurable goals.
- DTS paid reimbursement claims from grantees without having received all documentation required by the agreement.

IDOT is not maximizing federal reimbursements. Unlike other states, DTS does not use fringe or indirect cost rates when claiming federal reimbursement, which could result in an additional \$1.1 million annually. In addition, IDOT did not seek federal reimbursement for nine IDOT staff working to administer highway safety projects in FY05. By not billing for these nine employees, IDOT failed to be reimbursed for more than \$400,000.

PERFORMANCE AUDITS COMPLETED IN 2006 (CONT.)

IDOT lacked written policies and procedures to guide the review and award of grant applications. Decision documents used for acceptance or denials of grant applications were not maintained to substantiate the Highway Safety Planning Committee's decisions.

IDOT has had significant problems in implementing a new Crash Information System. As a result, IDOT could not provide complete crash data for calendar year 2004.

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES' BUSINESS ENTERPRISE PROGRAM AND DEPARTMENT OF TRANSPORTATION'S DISADVANTAGED BUSINESS ENTERPRISE PROGRAM

Senate Resolution Number 102 directed the Auditor General to conduct a management audit of the State's Business Enterprise Program and the Illinois Department of Transportation's certification of businesses as Disadvantaged Business Enterprises through the Illinois Unified Certification Program.

The State's public policy is to promote the economic development of businesses owned and operated by minorities, women, and persons with disabilities through the Business Enterprise Program (BEP) and the Disadvantaged Business Enterprise (DBE) Program, administered by the Department of Central Management Services (CMS) and the Department of Transportation (IDOT), respectively. Failure to ensure that only qualified firms participate in these programs undermines the State's public policy of promoting and encouraging eligible businesses that have been victimized by past discriminatory practices. This audit examined the agencies' administration of these programs and whether improvements were needed to ensure that the State's public policy was achieved.

CMS' Business Enterprise Program

Our review of CMS' Business Enterprise Program found that several aspects of the management controls and operations need to be improved:

- CMS has not always been diligent in addressing ownership and control concerns. In 14 of the 50

(28%) cases we reviewed, we raised questions with CMS regarding vendor eligibility. As a result of our review, CMS initiated a full certification review of 10 of these vendors.

- Files were lacking critical documentation related to certification eligibility.
- CMS does not have a policies and procedures manual for its certification staff.
- CMS has not established minimum training requirements for its BEP staff.
- CMS has not entered into written agreements with organizations from which it accepts certifications.
- The list of certified BEP businesses is not available on the State's website.

Other areas where CMS' certification procedures could be strengthened include: conducting site visits, requiring applicants to disclose all business ownerships, submitting No Change Affidavits, fully completing certification checklists and worksheets, preparing written summaries for certifications, adequately tracking when certifications expire, tracking complaints, and monitoring contract compliance.

IDOT's Disadvantaged Business Enterprise Program

Our review of IDOT's DBE Program and certification files found that IDOT, in most cases, was diligent in addressing ownership and control issues. However, certification files were missing some required information. Also IDOT:

- Has not updated their policies and procedures.
- Could not provide adequate documentation of training.
- Is not certifying DBEs in a timely manner in accordance with federal regulations.
- Is not maintaining a log of complaints.

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION'S DISCIPLINING OF PHYSICIANS

House Resolution Number 16 directed the Auditor

PERFORMANCE AUDITS COMPLETED IN 2006 (CONT.)

General to conduct a program audit of the Department of Financial and Professional Regulation's disciplining of physicians who violate provisions of the Medical Practice Act of 1987.

The Department of Financial and Professional Regulation is responsible for reviewing complaints and issuing disciplines against physicians licensed under the Medical Practice Act of 1987. In Fiscal Years 2004 and 2005 combined, the Department opened 3,687 physician investigations and issued a total of 458 disciplines against physicians. Our audit concluded that improvements were needed in the Department's processes to review complaints and discipline physicians.

- Cases were closed in Complaint Intake without forwarding them to Medical Investigations as required by Administrative Rules.
- Cases were also closed in Investigations without approval from the Medical Disciplinary Board, as required by Administrative Rules.
- Investigators did not have access to prior mandatory reports not sent for further investigation by the Medical Disciplinary Board.
- Half of investigations of cases received in FY04 and FY05 took longer than the 5 month guideline for completing investigations.
- There were problems with timeliness of cases due to backlogs at the Medical Coordinators.
- We questioned the adequacy or consistency of disciplinary actions for six cases where complaints were handled by the Department.
- Although we identified some problems with consistency of disciplines, the Department was unwilling to consider developing formal guidelines to help guide its decisions in disciplinary actions.
- We noted that 41 percent of disciplines were cases based on actions taken by other states' disciplinary agencies and required minimal departmental activity compared to other cases.
- Procedures have not been implemented to involve people making complaints in the disciplinary process as required by the Medical Practice Act of 1987.

- The Division of Professional Regulation has only two Probation Compliance investigators for the entire State for over 100 professions regulated by the Division.
- We found monitoring deficiencies in all of the 25 medical probation cases we selected for testing.
- We identified 41 disciplines of physicians that the Department did not include in its monthly reports in Fiscal Year 2005.
- The Department has not yet implemented several significant requirements of an important new law relating to physician regulation and discipline (Public Act 94-677).
- The Department has a number of problems related to properly documenting the decisions made related to physician disciplines.

THE VILLAGE OF ROBBINS' USE OF MUNICIPAL ECONOMIC DEVELOPMENT FUNDS

The Public Utilities Act (220 ILCS 5/8-403.1) requires the Auditor General to conduct an annual financial, compliance, and program audit of distributions received by any municipality from the Municipal Economic Development Fund. Qualified solid waste energy facilities are required to pay into the Fund \$0.0006 per kilowatt hour of electricity for which payment was received during the previous month.

Each audit is to be for distributions from the Fund for the immediately preceding year. This audit, covering distributions during calendar year 2005, is the seventh audit conducted under this requirement.

The Village of Robbins was the only entity to receive distributions from the Fund. The audit concluded that:

- In 2005, Robbins received \$335,251 in quarterly disbursements from the Fund. The Village earned \$122 in interest for total cash receipts of \$335,373 in 2005.
- Robbins disbursed \$335,733 from Fund receipts. Specific disbursements in 2005 were for Village

PERFORMANCE AUDITS COMPLETED IN 2006 (CONT.)

payroll and associated insurance and pension expenses, audit expenses, and general Village expenses. We identified no questionable expenditures in calendar year 2005.

FLU VACCINE PROCUREMENT AND THE I-SAVE Rx PROGRAM

House Resolution Number 394 directed the Auditor General to conduct a management audit of the flu vaccine contracting process with Ecosse Hospital Products as well as the operation of the I-SaveRx Program.

Flu Vaccine Procurement

The State's procurement of the flu vaccine was not adequately planned and monitored, resulting in State resources totaling \$2.6 million being risked for vaccine that the State never received.

- The State agreed to purchase the flu vaccine even though it did not have federal approval to import such vaccines. Without federal approval, importation of flu vaccine was not legal.
- Documentation was not available that demonstrated how the State determined that it needed the 254,250 doses of vaccine that it agreed to purchase from Ecosse.
- The contract entered into between the State and Ecosse was not timely.
- Illinois officials took the lead in procuring flu vaccine for other states and local governments but failed to develop agreements with these entities, resulting in Illinois being potentially liable to pay for the entire cache of vaccine - over \$8.2 million.

I-SaveRx Program

In the first 19 months of the I-SaveRx Program, 17,575 orders for prescription medicine were placed by 4,954 residents from the 5 participating states (3,689 of whom were Illinois residents).

- The State's operation of the Program, which imports prescription drugs into the United States, is in violation of federal law.

- Pharmacies operating under the I-SaveRx Program may be in violation of Illinois' Pharmacy Practice Act.
- 40 percent of Pharmacy Inspection Forms of pharmacies inspected for the I-SaveRx Program (32 of 80) by the Department of Financial and Professional Regulation were not completely filled out.
- The State did not monitor whether prescriptions are being filled only by approved pharmacies.
- The Special Advocate had not adequately monitored CanaRx regarding compliance with provisions of the contract.
- The 28 agencies we surveyed that had employees who participated in promotional activities for the I-SaveRx Program reported that 521 employees provided almost 5,600 hours of assistance at an estimated payroll cost of \$488,000 (at least 26 employees were paid from federal funds).
- The State had significant expenditures of State funds on the Program, including travel (over \$111,000 mainly for out-of-country travel), contractual services (\$71,018), marketing (\$54,453), and legal services (\$220,000).

DEPARTMENT OF HUMAN SERVICES OFFICE OF THE INSPECTOR GENERAL

The Abused and Neglected Long Term Care Facilities Residents Reporting Act requires the Auditor General to conduct a biennial program audit of the Office of the Inspector General. The audit is to include the Inspector General's effectiveness in investigating reports of alleged neglect or abuse of residents in any facility operated by the Department of Human Services and in making recommendations for sanctions to the Departments of Human Services and Public Health.

This was our ninth audit of the Department of Human Services' Office of the Inspector General's (OIG's) effectiveness in investigating allegations of abuse or neglect. The OIG addressed many of the recommendations from our 2004 audit. These included revising policies to require that investigators develop an investigative plan, detail when

PERFORMANCE AUDITS COMPLETED IN 2006 (CONT.)

photographs are needed, and require investigators to complete five training courses each year.

In this audit we also reported that:

- While the OIG made improvements in the timeliness of investigations, 48 percent of investigations were not completed in 60 calendar days in FY06. Furthermore, a potential for future timeliness problems exists due to increased investigator caseloads and an increased number of allegations of abuse and neglect reported.
- OIG Directives require “critical” interviews to be completed within 5 working days but do not define what a “critical” interview is. We found on average it took 12 days to complete interviews with the alleged victim and 26 days to complete interviews with the alleged perpetrator.
- The OIG does not define physical harm; therefore, there were inconsistencies in how physical harm was interpreted relating to allegations of abuse and neglect.
- An alleged criminal act (rape) was reported to the OIG but was closed by the Hotline as a non-reportable allegation. While OIG officials noted that it was reported to local law enforcement, it was not reported to the Illinois State Police as required by law.
- The OIG is required to report individuals to the Nurse Aide Registry when the OIG has substantiated a finding of abuse or egregious neglect against them. In 22 of the 28 (79%) Registry cases appealed in FY05, the petitioners won their appeal. In FY06, 19 of the 32 (59%) petitioners who have had their hearing won their

appeal. When the petitioner wins the appeal, OIG’s substantiated finding is not listed on the Nurse Aide Registry.

- The Administrative Law Judge (ALJ) rejected 11 cases investigated during FY05 or FY06 that were referred to the Registry. In the 11 referrals, the ALJ found that the Department had not demonstrated by a preponderance of the evidence that the finding of abuse against the petitioner warranted reporting to the Registry.
- The Quality Care Board did not meet at all during FY05, and it did not meet during the first quarter of FY06.

REGIONAL OFFICES OF EDUCATION AUDITS

In addition to other duties, the Auditor General has the responsibility for annual audits of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State. A total of 48 audits were released in 2006: 45 were of Regional Offices of Education or ROEs and 3 were of Intermediate Service Centers or ISCs. Our Office arranged for auditing firms to perform these audits under the general direction and management of the Auditor General’s audit managers. Of the 48 audits, 45 included recommendations for improvement. There were a total of 114 recommendations for improvement. Many of the recommendations dealt with the need to improve internal controls and with compliance with State laws and federal requirements. ❖

PERFORMANCE AUDITS IN PROGRESS

STUDY OF DUPLICATE PROGRAMS

Legislative Audit Commission Resolution Number 130 directs the Auditor General to conduct a study that reviews agency programs to identify programs that may be duplicative or overlapping. The study is to include the following determinations:

- Developing an inventory of State programs by surveying State agencies and collecting follow-up information as needed;
- Identifying programs which may be duplicative across two or more agencies, such as similar services in different agencies that are provided to similar categories of recipients; and
- For selected programs where duplication may exist, conducting additional analyses examining the feasibility of consolidating programs, such as legal requirements of funding issues that impact the feasibility of such consolidation.

REND LAKE FOLLOW-UP

Legislative Audit Commission Number 133 directs the Auditor General to conduct a follow-up on its 2004 financial, management, and program audit of the Rend Lake Conservancy District. The audit will include the following determinations:

- The status of the District's implementation of the recommendations contained in the September 2004 financial audit and management and program audit; and
- What obstacles the District has faced in implementing those report recommendations.

CTA AUDITS

House Resolution Number 479 directs the Auditor General to conduct a financial, compliance, and performance audit of the Chicago Transit Authority's operations, including Brown Line Capacity Expansion Program, pensions, and capital programs.

RTA, PACE AND METRA AUDITS

House Resolution Number 650 directs the Auditor General to conduct a financial, compliance, and performance audit of the Regional Transportation

Authority (RTA), Metra, and Pace, including their operations, pensions, capital programs, and identifiable areas where redundant operations between RTA, Metra, and Pace and the Chicago Transit Authority (CTA) may be eliminated.

MANAGEMENT AUDIT OF THE DEPARTMENT OF TRANSPORTATION'S AERONAUTICS OPERATIONS

Legislative Audit Commission Number 135 directs the Auditor General to conduct a management audit of the Illinois Department of Transportation's aeronautics operations including the following determinations for fiscal years 2003 through 2006:

- All direct and indirect costs associated with operating the State planes;
- A categorization of the users of the State planes by flight destination, time of day and agency;
- The total reimbursements paid by State agencies for flights taken by their respective employees and a determination of whether those reimbursements were sufficient to cover costs associated with operating the State's fleet;
- A comparison of the cost paid by State employees for flights on the State plane to amounts charged by commercial airlines operating out of the same cities;
- To the extent that information is available, a determination of whether any flights were for a personal or non-official purpose; and
- Whether IDOT has analyzed the cost-effectiveness of its air operation and examined whether alternative means exist to fulfill the travel needs of State employees.

PROGRAM AUDIT OF FUNDING PROVIDED BY OR THROUGH THE STATE OF ILLINOIS TO CEASEFIRE ILLINOIS

Senate Resolution Number 686 directs the Auditor General to conduct a program audit of funding provided by or through the State of Illinois to CeaseFire Illinois including the following determinations:

PERFORMANCE AUDITS IN PROGRESS (CONT.)

- The total amount of funding provided by or through State of Illinois sources to CeaseFire in Fiscal Years 2004, 2005, and 2006;
- The source of all funding provided to CeaseFire in those fiscal years;
- The purposes for which that funding was provided, including how decisions concerning the allocation of funding to various Chicago communities were made; and
- Whether the State agencies providing funding or CeaseFire Illinois maintain performance measures and statistics reflecting the outcomes achieved with State funding.

PERFORMANCE AUDIT OF STATE MONEYS PROVIDED BY OR THROUGH STATE AGENCIES TO THE ILLINOIS HISPANIC CHAMBER OF COMMERCE, INC., AND/OR THE MEXICAN AMERICAN CHAMBER OF COMMERCE OF ILLINOIS, INC.

Senate Resolution Number 631 directs the Auditor General to conduct a performance audit of the State moneys provided by or through State agencies to the Illinois Hispanic Chamber of Commerce, Inc., and/or the Mexican American Chamber of Commerce of Illinois, Inc., under contracts or grant agreements in Fiscal Years 2003, 2004, 2005, and 2006. The audit is to include the following determinations:

- The purposes for which State moneys were provided to the Chamber, for each State agency and for each amount transferred;
- The nature and extent of monitoring by State agencies of how the Chamber used the State provided moneys;
- The actual use of State moneys by the Chamber including the identity of any sub-recipients and the amounts and purposes of any such pass-throughs;
- Whether, through a review of available documentation, the Chamber has met or is meeting the purposes for which the State moneys were

provided, with specific information concerning the Chamber's staffing levels and its compensation of management employees; and

- Whether the Chamber is in compliance with the applicable laws, regulations, contracts, and grant agreements pertaining to the Chamber's receipt of State moneys.

AUDIT OF THE PILSEN-LITTLE VILLAGE COMMUNITY MENTAL HEALTH CENTER, INC.

House Resolution Number 1146 directs the Auditor General to conduct an audit of Pilsen-Little Village Community Mental Health Center, Inc., to determine whether funds received by the Center have been spent according to applicable State laws, regulations, contracts, and grants. The audit is specifically authorized to review and publicly report on any books, records, revenues, expenditures, policies and procedures, and other relevant aspects of entities administering services for people with mental illness which are funded in whole or in part by State funds.

THE VILLAGE OF ROBBINS' USE OF MUNICIPAL ECONOMIC DEVELOPMENT FUNDS

The Public Utilities Act (220 ILCS 5/8-403.1) requires the Auditor General to conduct an annual financial, compliance, and program audit of distributions received by any municipality from the Municipal Economic Development Fund.

REGIONAL OFFICES OF EDUCATION AUDITS

Since 2002, the School Code (105 ILCS 5/2-3.17a) has required the Auditor General's Office to conduct annual audits of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State. In 2007, a total of 48 audits are to be performed. ❖

THE INFORMATION SYSTEMS AUDIT PROGRAM

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

TESTING CONTROLS AND SYSTEMS

The Auditor General's office plans to review the information system controls of all the State agencies. In 2006, we reviewed the following agencies:

Board of Higher Education, Department of Central Management Services, Department of Children and Family Services, Department of Financial and Professional Regulation, Department of Human Services, Department of Labor, Department of Public Aid, Department of Public Health, Eastern Illinois University, Governors Office of Management and Budget, Illinois Commerce Commission, Illinois Criminal Justice Information Authority, Illinois Finance Authority, Illinois Student Assistance Commission, Office of the Comptroller, Secretary of State, State Board of Education, State Board of Elections, University of Illinois, and Workers Compensation Commission.

As end-user computing and access to external entities proliferates in State government, the Auditor General has increased audit efforts in these areas. To enhance the control environment early in the implementation of statewide end-user computing, the Auditor General has emphasized the review of local and wide-area networks, as well as internet and telecommunications security. These reviews have focused on the necessity of establishing consistent

and effective security policies and programs and implementing comprehensive security techniques on all computer systems.

The information systems audit staff also reviewed and tested the systems and procedures at the State's central computer facility operated by the **Department of Central Management Services.**

Through its facilities, the Department provides data processing services to approximately 98 user entities throughout State of Illinois government. Auditors tested the facility's controls and the application systems used by many State agencies, such as accounting, payroll, inventory, and timekeeping.

Additional emphasis was placed on the use of Computer Assisted Audit Techniques (CAATs) in the application reviews. Computer programs were developed and executed to verify the integrity and validity of data. No major problems were identified with the data.

Controls at the central computer facility were generally adequate. However, we did recommend that the Department of Central Management Services:

- Update policies and procedures to govern the approved change management process and ensure compliance.
- Thoroughly review and update security policies to address the current technological environment, consolidation issues, and present-day risks.
- Ensure the necessary components (plans, equipment, facilities) are available to provide for continuation of critical computer operations in the event of a disaster. ❖



INFO. SYSTEMS

Four agencies – **Department of Agriculture, Department of Financial and Professional Regulation, Department of Human Services, and Department of Public Health** – had not adequately developed or tested recovery plans to provide for continuation of critical computer operations in the event of a disaster. We recommended that these agencies develop and test disaster contingency plans.

Six agencies – **Department of Financial and Professional Regulation, Department of Human Services, Department of Public Health, Illinois Supreme Court, Southern Illinois University, and Workers Compensation Commission** – had computer security deficiencies. Security administration was not always effective and some of the available security features to safeguard information assets and to protect the integrity of information were not fully utilized by the agencies. Some of the significant control deficiencies were: available security features and monitoring tools were not used, comprehensive security policies did not exist, and effective password controls were not always used. We recommended that these agencies establish/strengthen comprehensive security policies and procedures and implement suitable security parameters to protect information assets.

The **Department of Agriculture, Department of Financial and Professional Regulation, and Workers Compensation Commission** did not

follow formal system development standards to ensure computer systems were properly approved, sufficiently tested, and consistently documented. We recommended that these agencies develop and implement a formal system development methodology to assist in planning, developing, testing and implementing systems.

The **Department of Public Health** did not have required internal audit reviews performed on a new computer application. The Fiscal Control and Internal Auditing Act (30 ILCS 10/2003) requires internal auditors to review “the design of major new electronic data processing systems and major modifications of those systems before their installation to ensure the systems provide for adequate audit trails and accountability.”

Agency officials generally concurred with our recommendations concerning these issues.

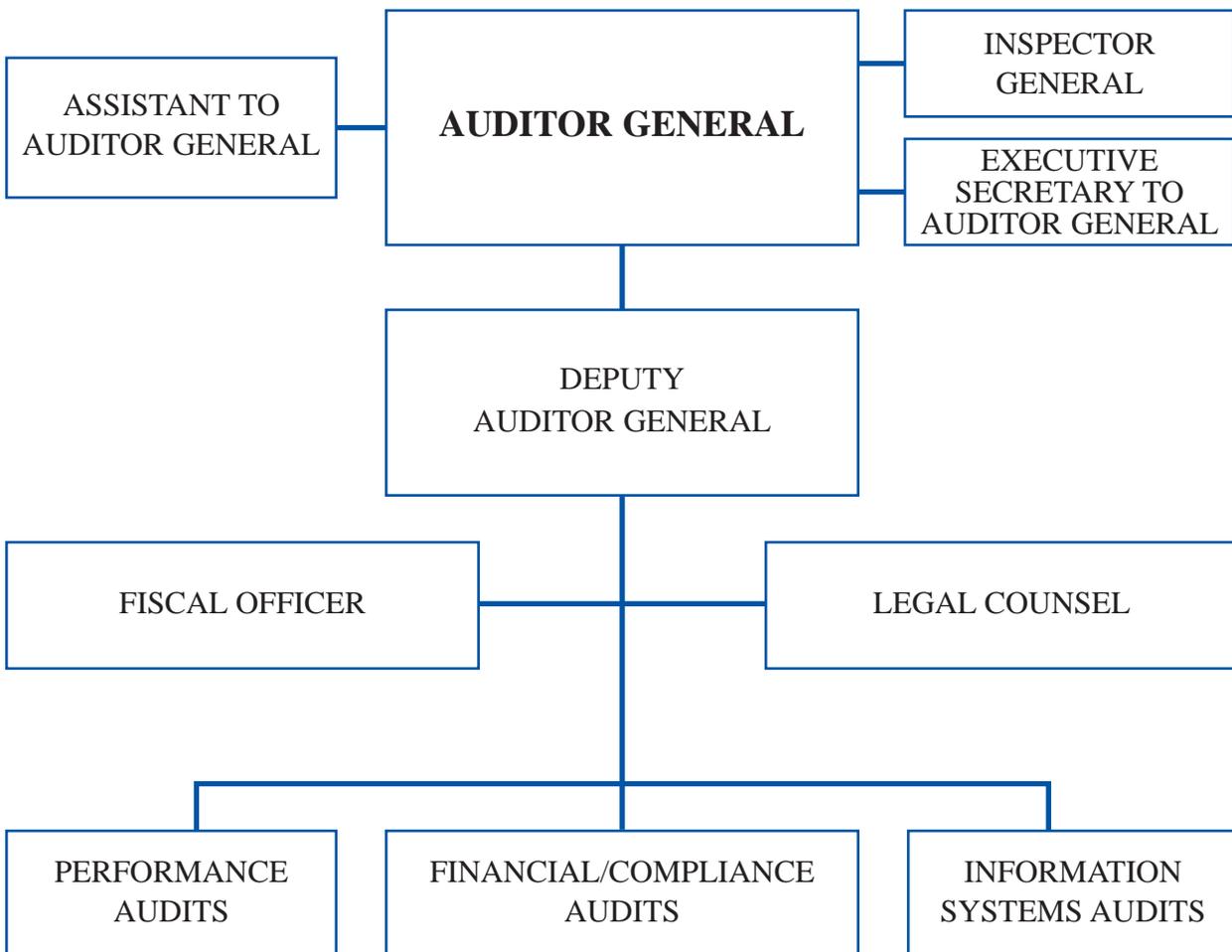
Information systems audit staff also reviewed the Generally Accepted Accounting Principles (GAAP) System at the **Office of the Comptroller**. This system is used to accumulate fiscal information from all State agencies into the State’s comprehensive financial report. No significant problems were identified in the computational portion of the automated GAAP System.

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



ORGANIZATIONAL CHART

As of December 2006, there were 77 employees. Sixty-seven were located in the Springfield Office and ten in the Chicago Office. ❖



ORGANIZATION

CLAIMS DUE THE STATE AND METHODS OF COLLECTION

As required by law [30 ILCS 205/2 (k)], the Office of the Auditor General is reporting that there were no outstanding claims administered by the Office that were due and payable to the State as of December 31, 2006. The accounts receivables generated by our Office primarily represent billings to other State agencies for reimbursement of audit costs. Reimbursements for federal single audits are deposited into the General Revenue Fund. Reimbursements for audits not associated with federal single audits are deposited or transferred to the Audit Expense Fund. If normal collection methods fail, we request assistance from the Office of the Attorney General. To date we have never used the services of a private collection agency.



SUMMARY OF APPROPRIATIONS AND EXPENDITURES

The Office of the Auditor General was funded by appropriations from the General Revenue Fund and Audit Expense Fund for Fiscal Year 2006 (July 1, 2005 to August 31, 2006, including lapse period).

<i>FY 2006 - FINAL</i>			
	<i>Appropriation</i>	<i>Expended</i>	<i>Balance</i>
Personal Services	\$ 4,349,900	\$ 4,317,836	\$ 32,064
State Retirement . . . . .	.579,500	336,581 . . . . .	.242,919
Social Security . . . . .	.323,600 . . . . .	.322,277 . . . . .	.1,323
Contractual Services . . . . .	.665,000 . . . . .	.651,731 . . . . .	.13,269
Travel . . . . .	.71,100 . . . . .	.68,698 . . . . .	.2,402
Commodities . . . . .	.19,954 . . . . .	.17,725 . . . . .	.2,229
Printing . . . . .	.22,046 . . . . .	.22,046 . . . . .	.0
Equipment . . . . .	.88,000 . . . . .	.80,332 . . . . .	.7,668
EDP . . . . .	.117,000 . . . . .	.112,967 . . . . .	.4,033
Telecommunications . . . . .	.60,000 . . . . .	.53,969 . . . . .	.6,031
Operation of Automotive Equipment . . . . .	.5,000 . . . . .	.4,495 . . . . .	.505
Audits/Studies/Investigations*	<u>14,817,000</u>	<u>13,903,658</u>	<u>.913,342</u>
TOTAL	<u>\$ 21,118,100</u>	<u>\$ 19,892,315</u>	<u>\$ 1,225,785</u>

**Audit Expense Fund*

FINANCIAL AUDITS AND COMPLIANCE EXAMINATIONS

FOR THE PERIOD(S) ENDING
 JUNE 30, 2005, SEPTEMBER 30, 2005, DECEMBER 31, 2005, and APRIL 30, 2006

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

AGENCY	F	C	S	DATE RELEASED
Architect of the Capital		x		02-14-06
Arts Council and Foundation	x	x		03-02-06
Attorney Registration and Disciplinary Commission	x	x		05-18-06
Board of Admissions to the Bar	x	x		04-25-06
Board of Examiners		x		02-16-06
Board of Higher Education		x		03-22-06
Capital Development Board	x			02-09-06
Chicago State University	x	x	x	03-01-06
Chicago State University Foundation	x	x		03-01-06
Chicago Technology Park	x	x		03-08-06
Chicago Transit Authority (12/31/05)	x	x	x	08-08-06
Civil Service Commission		x		02-09-06
Commission on Government Forecasting and Accountability		x		02-14-06
Commission on Intergovernmental Cooperation		x		02-14-06
Comptroller - Fiscal Officer	x	x		03-30-06
Correctional Industries	x			03-02-06
Court of Claims		x		03-09-06
Criminal Justice Information Authority & Illinois Integrated Justice Information System		x		03-02-06
DCMS - Deferred Compensation Plan - (12/31/05)	x			06-22-06
Deaf and Hard of Hearing Commission		x		02-09-06
Department of Agriculture		x		06-20-06
Department of Central Management Services (Follow-up for FY 04 audit findings)			x	10-26-05
Department of Central Management Services	x	x		04-25-06
Department of Children and Family Services	x	x		04-11-06
Department of Employment Security	x	x		06-20-06
Department of Financial and Professional Regulation	x	x		06-01-06
Department of Human Rights		x		04-11-06
Department of Human Services - Central Office and Lincoln Developmental Center	x	x		06-13-06
Dept. of Human Services - Alton Mental Health Center		x		06-13-06
Dept. of Human Services - Center for Rehabilitation & Education		x		06-13-06
Dept. of Human Services - Chester Mental Health Center		x		06-13-06
Dept. of Human Services - Chicago Read Mental Health Center		x		06-13-06
Dept. of Human Services - Choate Mental Health Center		x		06-13-06
Dept. of Human Services - Elgin Mental Health Center		x		06-13-06
Dept. of Human Services - Fox Developmental Center		x		06-13-06
Dept. of Human Services - Howe Developmental Center		x		06-13-06
Dept. of Human Services - Jacksonville Developmental Center		x		06-13-06
Dept. of Human Services - Kiley Developmental Center		x		06-13-06
Dept. of Human Services - Ludeman Developmental Center		x		06-13-06

FINANCIAL AUDITS AND COMPLIANCE EXAMINATIONS (CONT.)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>S</i>	<i>DATE RELEASED</i>
Dept. of Human Services - Mabley Developmental Center		x		06-13-06
Dept. of Human Services - Madden Mental Health Center		x		06-13-06
Dept. of Human Services - McFarland Mental Health Center		x		06-13-06
Dept. of Human Services - Murray Developmental Center		x		06-13-06
Dept. of Human Services - School for the Deaf		x		06-13-06
Dept. of Human Services - School for the Visually Impaired		x		06-13-06
Dept. of Human Services - Shapiro Developmental Center		x		06-13-06
Dept. of Human Services - Singer Mental Health and Developmental Center		x		06-13-06
Dept. of Human Services - Tinley Park Mental Health Center		x		06-13-06
Department of Labor		x		03-28-06
Department of Natural Resources	x			05-19-06
Department of Public Aid	x	x		03-28-06
Department of Public Health		x		04-25-06
Department of Revenue	x	x		04-25-06
Department of Transportation	x	x		03-28-06
Drycleaner Environmental Response Trust Fund Council		x		03-09-06
DuPage Water Commission (04/30/06)	x	x		10-12-06
DuQuoin State Fair (09/30/05)		x		06-20-06
Eastern Illinois University	x	x	x	02-22-06
Eastern Illinois University Alumni Association	x	x		02-22-06
Eastern Illinois University Foundation	x	x		02-22-06
Educational Labor Relations Board		x		02-09-06
Emergency Management Agency		x		03-09-06
Environmental Protection Agency	x			02-16-06
Executive Office of Inspector General		x		04-25-06
General Assembly - Senate		x		02-14-06
General Assembly - House		x		02-14-06
General Assembly Retirement System	x			03-01-06
General Assembly Retirement System		x		05-02-06
Governors Commission on the Status of Women		x		02-09-06
Governors Office of Management and Budget	x	x		04-11-06
Governors State University	x	x	x	03-01-06
Governors State University Alumni Association	x	x		03-01-06
Governors State University Foundation	x	x		03-01-06
Guardianship and Advocacy Commission		x		03-08-06
High School Association		x		04-11-06
Housing Development Authority	x	x	x	04-25-06
Human Rights Commission		x		03-22-06
Illinois Commerce Commission		x		04-11-06
Illinois Conservation Foundation	x	x	x	05-18-06
Illinois Environmental Protection Agency (Fund 270)	x			02-16-06
Illinois Finance Authority	x	x		05-18-06
Illinois Gaming Board		x		04-25-06
Illinois Grain Insurance Corporation	x	x		05-18-06
Illinois Labor Relations Board		x		03-09-06

FINANCIAL AUDITS AND COMPLIANCE EXAMINATIONS (CONT.)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>S</i>	<i>DATE RELEASED</i>
Illinois Math and Science Academy	x	x		03-02-06
Illinois Math and Science Academy Fund	x	x		03-02-06
Illinois Petroleum Resources Board		x		04-25-06
Illinois Planning Council on Developmental Disabilities		x		02-09-06
Illinois State Fair (09/30/05)		x		06-20-06
Illinois State University	x	x	x	03-08-06
Illinois State University Foundation	x			03-08-06
Illinois Student Assistance Commission, IDAPP and Prepaid Tuition	x	x		05-18-06
Illinois Supreme Court		x		04-25-06
Judges Retirement System	x			03-01-06
Judges Retirement System		x		05-02-06
Kankakee River Valley Area Airport Authority	x	x		03-08-06
Legislative Audit Commission		x		02-14-06
Legislative Printing Unit		x		02-14-06
Legislative Reference Bureau		x		02-14-06
Legislative Research Unit		x		02-14-06
Literacy Foundation	x	x		02-16-06
Medical District Commission		x		03-08-06
Medical District Commission at Springfield	x	x		02-09-06
METRA (12/31/05)	x	x	x	06-01-06
Metro. Pier and Exposition Authority		x		03-08-06
Northeastern Illinois University	x	x	x	02-16-06
Northeastern Illinois University Foundation	x	x		02-16-06
Northern Illinois University	x	x	x	02-22-06
Northern Illinois University Alumni Association	x			02-02-06
Northern Illinois University Foundation	x			02-02-06
Office of the Governor		x		03-30-06
Office of the Lieutenant Governor		x		03-30-06
PACE (12/31/05)	x	x	x	05-02-06
Pension Laws Commission		x		02-09-06
RTA (12/31/05)	x	x	x	06-22-06
Secretary of State	x	x		03-30-06
Southern Illinois University	x	x	x	03-23-06
Southern Illinois University Carbondale - Alumni Assoc.	x	x		03-23-06
Southern Illinois University Carbondale - Foundation	x	x		03-23-06
Southern Illinois University Carbondale Foundation - Evergreen Terrace	x			03-23-06
Southern Illinois Univ. Edwardsville - Alumni Assoc.	x	x		03-23-06
Southern Illinois University Edwardsville - Foundation	x	x		03-23-06
Southern Illinois University Physicians and Surgeons	x	x		03-23-06
Southern Illinois University Research Park	x	x		03-23-06
Southern Illinois University - University Park	x	x		03-23-06
State Board of Education	x	x		03-22-06
State Board of Elections		x		02-16-06
State Board of Investment	x			03-01-06
State Board of Investment		x		05-03-06
State Employees' Retirement System	x			03-01-06

FINANCIAL AUDITS AND COMPLIANCE EXAMINATIONS (CONT.)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>S</i>	<i>DATE RELEASED</i>
State Employees' Retirement System		x		05-02-06
State Universities Retirement System	x			03-01-06
State Universities Retirement System		x		05-02-06
Statewide Single Audit	x	x	x	08-24-06
Summer School for the Arts		x		03-22-06
Teachers' Retirement System - Financial	x			03-01-06
Teachers' Retirement System - Compliance		x		05-02-06
Teachers' Pension and Retirement System - Chicago		x		04-11-06
Toll Highway Authority	x			10-26-06
Toll Highway Authority		x		11-16-06
Treasurer - Bright Start College Savings Program	x			02-09-06
Treasurer - Fiscal Officer	x	x		03-30-06
Treasurer - Illinois Funds	x			02-09-06
Treasurer - Non-fiscal officer		x		03-30-06
Universities Civil Service Commission		x		02-09-06
University of Illinois	x	x	x	03-28-06
University of Illinois Alumni Association	x			02-02-06
University of Illinois Foundation	x			02-02-06
University of Illinois - Prairieland Energy, Inc.	x			03-08-06
University of Illinois - Research Park LLC	x			02-02-06
University of Illinois - Ventures LLC	x			02-02-06
University of Illinois - Wolcott Wood & Taylor, Inc.	x			02-02-06
Upper River Valley Development Authority		x		04-25-06
Western Illinois University	x	x	x	03-08-06
Western Illinois University Foundation	x	x		03-08-06
Workers Compensation Commission	x	x		03-02-06

Statewide Financial Statements - Prepared and Issued by the Office of the State Comptroller	x			Opinion Signed 06-16-06
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PERFORMANCE AUDITS, INQUIRIES, & SPECIAL REPORTS

AUDITS IN PROGRESS

- Study of Duplicate Programs
- Regional Transportation Authority, Chicago Transit Authority, Metra, and Pace
- Rend Lake Conservancy District Follow-up
- Illinois Department of Transportation's Aeronautics Operations
- State Moneys Provided by or through State Agencies to the Illinois Hispanic Chamber of Commerce, Inc., and/or the Mexican American Chamber of Commerce of Illinois, Inc.
- Funding Provided by or through the State of Illinois to CeaseFire Illinois
- Pilsen-Little Village Community Mental Health Center, Inc.
- Village of Robbins' Use of Municipal Economic Development Funds

	5/05	The Illinois School District Liquid Asset Fund Plus		
	12/04	Department of Human Services' Office of the Inspector General		
	9/04	Rend Lake Conservancy District		
	9/04	Illinois Aquaculture Development Fund		
	8/04	Village of Robbins' Use of Municipal Economic Development Funds		
	2/04	Department of Central Management Services' Administration of the State's Space Utilization Program		
	12/03	Regulation of Grain Dealers and the Grain Insurance Fund		
	11/03	Grade Crossing Protection Fund		
	9/03	Village of Robbins' Use of Municipal Economic Development Funds		
	5/03	Illinois State Toll Highway Authority		
	4/03	Teachers Academy for Mathematics and Science		
	1/03	Group Workers Compensation Self-Insured Pools		
	12/02	DHS Office of the Inspector General		
	8/02	Village of Robbins' Use of Municipal Economic Development funds		
	8/02	Department of Human Services' Early Intervention Program		
	7/02	Department of Public Aid's KidCare Program		
	4/02	Department of Human Services Early Intervention Program Follow-up		
	4/02	States Construction Contracting Methods		
	1/02	Agency Use of Internet User Technology		
	10/01	EPA's Vehicle Emissions Testing Program		
	9/01	Illinois Health Facilities Planning Board		
	8/01	Board of Education and Other State Agencies Providing Funding to Regional Offices of Education		
	6/01	Village of Robbins' Use of Municipal Economic Development Funds		
	5/01	Tuition & Fee Waivers Follow-up		
	12/00	DHS Office of the Inspector General		
	6/00	Municipal Economic Development Fund Distributions: Village of Robbins		
12/06		Department of Human Services' Office of the Inspector General		
9/06		Flu Vaccine Procurement and I-SaveRx Program		
9/06		Village of Robbins' Use of Municipal Economic Development Funds		
8/06		Department of Financial and Professional Regulation's Disciplining of Physicians		
6/06		Department of Central Management Services' Business Enterprise Program and Department of Transportation's Disadvantaged Business Enterprise Program		
3/06		Department of Transportation's Traffic Safety Programs		
2/06		Department of Commerce and Economic Opportunity's Administration of Its Economic Development Programs		
2/06		State Employee Travel - Modes of Transportation between Chicago and: Bloomington, Carbondale, Champaign-Urbana, Macomb, and Springfield		
7/05		Village of Robbins' Use of Municipal Economic Development Funds		

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

3/00	Department of Public Aid: Child Support State Disbursement Unit	6/92	State Police I-SEARCH Program
11/99	Illinois Math & Science Academy	5/92	Privatizing Weigh Stations
9/99	Department of Public Aid's Contracts with Delta Dental	4/92	Henry Horner's Children's Care
8/99	Pilsen-Little Village Community Mental Health Center	3/92	Governor's Council on Health & Physical Fitness
7/99	Medicaid Home Health Care & Regulation of Home Health Agencies	3/92	Case Management Practices
6/99	State Fire Marshal's Fire Investigations	1/92	State Legal Services
5/99	Illinois Health & Human Service Providers	11/91	State Regulation of Insurer Solvency
12/98	DHS: Inspector General	8/91	Higher Education "Systems of Systems"
9/98	Comptroller's Offset System	7/91	Eastern Illinois University Coal Conversion Project
6/98	Nursing Home Prescreening	6/91	Special Analysis: Build Illinois
5/98	IDOT's Road Construction Program	5/91	Availability of Obstetric Care
4/98	Tuition & Fee Waivers	5/91	Collection of Sales & Taxes Receivable
5/97	Professional Regulation – Physicians Regulated Under the Medical Practices Act	5/91	Property Forfeited Under the Illinois Controlled Substances Act
12/96	DMHDD – Office of the Inspector General	3/91	Illinois Competitive Access & Reimbursement Equity Program
6/96	IHSA – Site Selection for Boys Basketball Finals	3/91	Nutritional Services Paid by the Department of Children & Family Services
4/96	DMHDD – Reporting of Resident Abuse & Neglect	2/91	Illinois Multi-Year Fixed Contractual Obligations
5/95	Summer Unemployment at State Universities	2/91	Administrative Citations: Environmental Protection Agency
2/95	Laws Considered Obsolete	10/90	Project Chance Evaluation Contract
1/95	Public Aid's Child Support Program	10/90	Frequent Flyer Programs
12/94	Office of the Inspector General	8/90	Parents Too Soon Program
6/94	Toll Highway: Helicopters	7/90	State University Tuition & Fee Policies & Practices
6/94	DMHDD: Abuse & Neglect	7/90	Debt Collection Practices of Illinois & Other States
5/94	Correctional Industries	5/90	DMHDD: Abuse & Neglect
5/94	Central Management Services: Telecommunications	4/90	Veterans' Affairs Field Office Closures
3/94	Collection of Money from Circuit Clerks	3/90	Illinois Competitive Access & Reimbursement Equity Program
1/94	State Housing Benefits	1/90	Public Aid's Delta Dental
5/93	Public Aid: Property Transfers	12/89	Regional Transportation Authority
4/93	Office of the Inspector General	11/89	Illinois Sports Facilities Authority & the Chicago White Sox
4/93	Early Intervention Services System	11/89	Five State Retirement Systems' Financial Status
4/93	User Fees	10/89	Feasibility of Consolidating State Revenue Bond Agencies
11/92	DMHDD: Abuse & Neglect		
7/92	St. Anne's Lease		

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

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

AUDITS



