

2008

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, 2009

Honorable Members of the General Assembly
The Legislative Audit Commission
The Honorable Pat Quinn, Governor
Citizens of Illinois

Ladies and Gentlemen:

Enclosed is the Annual Report of the Auditor General's Office for the year ended December 31, 2008, 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 2008. 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, sweeping flourish that extends upwards and to the right.

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 report summaries and full report texts.

PUBLIC INFORMATION IS AVAILABLE BY WRITING:

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PUBLIC INFO.

CONTINUING PROFESSIONAL EDUCATION AND TRAINING REQUIREMENTS

The U.S. Government Accountability Office has established Government Auditing Standards to provide a framework for conducting high quality government audits and attestation engagements with competence, integrity, objectivity, and independence.



The general standard related to competence specifies that auditors assigned to perform the audit or attestation engagement must collectively possess adequate professional competence for the tasks required.

The general standard related to continuing professional education (CPE) applies to auditors who are responsible for planning, directing, performing field work, or reporting on an audit or attestation engagement conducted in accordance with Government Auditing Standards. This requirement first became effective January 1, 1989, and now states that every 2 years auditors should complete at least 80 hours of CPE that enhances the auditor's professional proficiency to perform audits 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 each year of the 2-year period.

The most recently completed 2-year period for CPE requirements as measured by the Office of the Auditor General was January 1, 2007, through December 31, 2008. All auditors, audit directors, and information specialists required to meet the CPE 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 Audit Division conducted 143 engagements in 2008. These encompassed compliance examinations, financial audits, and federal audits. Staff auditors conducted 40 of these audits. The remainder were performed by public accounting firms under the general direction and oversight 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 audit information, the Office attempts to deliver audits as early as possible in the legislative session.

COMPLIANCE

A number of reports issued during 2008 had findings that were critically important from an accountability standpoint. A brief summary of some of these findings follows:

FINANCIAL REPORTING WEAKNESSES

The Illinois Office of the Comptroller (IOC) prepares the State of Illinois Comprehensive Annual Financial Report (CAFR). The CAFR is the State's official annual report which provides the financial position of the State and results of operations during the fiscal year.

IOC did not have adequate controls to assess the risk that information reported by individual agencies would not be fairly stated and compliant with generally accepted accounting principles (GAAP). We noted the following:

- The beginning balances in the financial statements were restated to correct prior reporting errors related to accumulated depreciation, improper allocation of tax revenues among multiple funds, and an understatement of educational expenditures in the General Fund.
- Material misstatements were identified by the auditors. The errors related to accounting for liabilities and revenues for federal reimbursements and incorrect account classifications.
- Insufficient controls over Internal Service Funds, the Unemployment Compensation Trust Fund, the Illinois Designated Account Purchase Program and Illinois Prepaid Tuition Trust Fund.

IOC personnel indicated the misstatements were caused by a separation in the responsibility for the State's internal control procedures among agencies and component units. The IOC has the statutory authority to develop and prescribe accounting policy for the State but there is no centralized automated system in place to capture all items necessary to provide underlying support to review agency financial activities. IOC estimates the cost of a modernized statewide system would exceed \$100 million. It is currently each State agency's Chief Executive Officer who maintains statutory responsibility for the proper function of accounting and other operating policies of the Officer's agency.

We recommended the IOC implement additional internal control procedures in order to assess the risk of material misstatements to the State's financial statements and to identify such misstatements during the financial statement preparation process.

IOC officials responded that they will continue to attempt to work with the Governor's Office of Management and Budget, the Illinois Office of Internal Audit, and various agencies identified in this finding to resolve this matter.

DELAYS IN FINANCIAL REPORTING

The Statewide financial statements for the year ended June 30, 2007 were not finalized timely.

Certain disclosures (long-term debt) were available for audit in October 2007. However, the majority of the CAFR was not made available to audit until March 2008. Reporting issues at various individual agencies caused further delays in finalizing the financial statements and this did not occur until June 2008.

Additionally, the State was not in compliance with annual financial reporting requirements set forth in continuing disclosure undertakings. We noted that audited or unaudited financial statements were not submitted with annual financial information submitted to repositories as required by the continuing disclosure undertakings for 18 (100%) of the bond issues tested during the audit period.

Continuing disclosure undertakings require the State to submit annual financial information to each repository within specified timelines which ranged from 210 to 270 days after the end of the fiscal year. The State is required to submit audited financial statements to each repository at the same time. However, if audited financial statements are not available at the time the annual financial information is filed, unaudited financial statements are required to be filed, and audited financial statements are to be filed when available.

IOC personnel indicated the delays were caused by a separation in the responsibility for the State's internal control procedures among agencies and

component units. The IOC has the statutory authority to request submission of financial information but does not have the ability to enforce submission. In order for the State of Illinois to have financial statements in accordance with generally accepted accounting principles for the year ended June 30, 2007, the State needed to implement GASB Statement No. 43, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans. IOC did not receive actuarial reports necessary to implement GASB Statement No. 43 from the Department of Healthcare and Family Services until after the close of business on March 4, 2008.

Delays in financial reporting decrease the usefulness of such information and affect the State's ability to comply with continuing disclosure requirements.

We recommended the IOC implement policies and procedures necessary to ensure timely reporting.

The IOC personnel responded that they will work with State agencies to ensure such agencies' financial transactions are properly reported in a timely manner in order that annual financial information is available for each repository within specified timelines.

NEED TO IMPROVE CONTROLS OVER CONTRACTING

Chicago State University did not have adequate controls over contracting procedures.

During the audit, we noted numerous deficiencies in our examination of 26 contracts. Some of these significant deficiencies are as follows:

- Five contract files for goods and services that exceeded professional and artistic procurement maximums (\$20,000) and small purchase amounts (\$30,500) did not contain evidence of attempts to request competitive bids. These contracts totaled \$679,927. One of these contracts for \$251,000 was with an employee of the University, who failed to disclose any conflict of interest.
- Eighteen contracts tested, totaling \$2,043,222, were dated and signed by a University official and

the vendors; however, the date of the signatures was after the date of the commencement of services for the contract.

- Two of the contracts on file at the University did not contain vendor signatures. These contracts were for services totaling \$275,163.
- Four contracts, each exceeding \$250,000 for goods and services, were not approved by the University Board of Trustees.
- One University employee was paid \$12,000 on a consulting contract after he had become a full-time faculty member.

We recommended that the University establish internal controls to ensure compliance with the Illinois Procurement Code, SAMS Manual, University policies and procedures and to ensure that contracts are fully executed prior to commencement.

University officials agreed with the recommendation and stated that they now have annual training for all fiscal officers to review and explain the University's procurement policies and to reinforce universal application of the policy to all areas of University's operations.

NONCOMPLIANCE WITH HELP AMERICA VOTE ACT OF 2002

The State Board of Elections' (Board) computerized centralized statewide voter registration list does not meet all the requirements of the Help America Vote Act of 2002. We noted the Board failed to include a state unique identifier for each legally registered voter, an incarcerated voter matching system, and a social security number verification system.

We recommended the Board comply with the Help America Vote Act of 2002 and design and implement a computerized centralized statewide voter registration list that meets all federal requirements.

Board officials concurred with the finding and stated it is continuing development of an integrated Statewide voter registration database that meets the requirements of the Help America Vote Act of 2002.

BAD DEBTS NOT REFERRED TO THE COMPTROLLER'S OFFSET SYSTEM

The Illinois Finance Authority did not refer bad debts to the Illinois Office of the Comptroller's offset system.

While reviewing the Authority's policy for delinquent debts, we noted the Authority did not utilize the Comptroller's offset system for delinquent debts as required by Statewide Accounting Management System (SAMS) procedures. The Authority had \$293,645 in delinquent debts that should have been submitted to the Comptroller's offset system.

We recommended the Authority refer delinquent debts to the Comptroller's offset system in accordance with SAMS procedures.

Authority officials accepted the auditor's recommendation and stated it was currently in the process of establishing procedures to ensure that all bad debts over \$1,000 and more than 90 days past-due are referred to the Comptroller's offset system.

FAILURE TO COMPLY WITH MEDICARE AND MEDICAID CERTIFICATION REQUIREMENTS

Two centers overseen by the Department of Human Services were decertified as eligible Medicare and Medicaid service providers during the engagement period. As a result, the Department could not bill and be reimbursed for certain services. There is an immediate and continuing loss of revenue until the centers are recertified. Failure to maintain eligible Medicare and Medicaid status not only results in lost revenue to the State, but is indicative of a diminished level of care for residents of these facilities.

The Tinley Park Mental Health Center (Tinley) received notification its Medicare provider agreement terminated effective February 23, 2007. The Howe Developmental Center received notification it would be terminated from the program effective March 8, 2007. Both of the Centers were subject to

several site visits, each containing serious compliance violations. Despite opportunities to rectify the violations, the Department was unable to comply.

Department personnel estimated the lost revenue for the engagement period was approximately \$50,000 for one Center and from \$4 to \$29 million for the other Center. The Department plans to seek certification for both centers during fiscal year 2008.

We recommended the Department continue its efforts to apply for certification of Medicare and Medicaid services at its two facilities that were decertified during fiscal year 2007. In addition, the Department should ensure the remaining facilities are in compliance with certification requirements to ensure continued funding status.

Department officials agreed with our recommendation and stated that at Howe Developmental Center they have implemented operational changes and hired nationally recognized consultants to provide technical assistance and training on all aspects regarding rules, regulations and service standards and to develop a plan of correction. The Tinley Park Mental Health Center has reapplied for recertification and expect the facility to be re-surveyed around June 2008. Tinley Park Mental Health Center was able to move the facility from decertification from Joint Commission to conditional accreditation.

INADEQUATE CONTROL OVER CONTRACTUAL AGREEMENTS

The Governor's Office of Management and Budget did not exercise adequate controls over contractual agreements.

We tested 21 contracts totaling \$7,256,194 and noted in certain instances the Office did not bid out professional services contracts in excess of \$20,000, failed to publish its notices of intent to enter into sole source contracts, and did not timely publish notices of contracts let or awarded in the Illinois Procurement Bulletin.

Of the 21 contracts tested, 15 were awarded through the competitive selection process and we noted

the Office did not maintain adequate documentation of its request for proposal and contract award processes. We noted the Office did not award contracts to the bidders with the highest scores based on criteria set forth in the RFP, scoring sheets could not be located or did not contain all pertinent information, proposals were not scored in a consistent manner and in one instance, a proposal was given higher than the maximum allowable points for a specified criterion.

The Office entered into interagency agreements for 11 of the 21 contracts tested and we noted in certain instances interagency agreements were not signed by all parties prior to the performance of services under the associated contract. In one instance, the Office reimbursed a contractor for expenses incurred totaling \$29,330 although another State agency was responsible for the costs incurred by the contractor.

We also noted 17 of 21 Contract Obligation Documents (COD) were not properly completed as the CODs included inaccurate award code information, were prepared with inaccurate or missing compensation information, were not submitted timely, did not contain an authorization signature and date and did not include the correct inception date of the contract.

Lastly, we were unable to determine if 7 of 21 contracts tested, totaling \$377,495, were approved prior to the performance of services under the contract as the signature dates were absent. In addition, we noted 2 of 21 contracts, totaling in excess of \$45,002, were not filed with the Illinois Office of the Comptroller, and we were unable to determine if the Office should have obtained additional signatures and approval for 1 of 21 contracts tested, as the contract was for services to be rendered on an hourly basis, but the contract did not specify a maximum number of hours or dollar amount for the services.

We recommended the Office strengthen controls to ensure contractual agreements are signed and dated prior to the beginning of services and that contracts are reduced to writing and filed with the State Comptroller's Office in a timely manner. We also recommended the Office procure contracts in accordance with the Illinois Procurement Code and publish its notice of intent to enter into sole source con-

tacts in the Illinois Procurement Bulletin. Lastly, we recommended the Office review their procurement documentation policies to ensure proper documentation is retained to support contract award decisions.

Office officials agreed with our recommendation and stated GOMB has strengthened its contracting procedures to ensure that no awards are posted until a legal review has been completed that indicates all necessary procurement procedures have been followed, including competitive bidding if required by the Procurement Code. Moreover, procedures have been strengthened to ensure interagency agreements are signed in a timely fashion, contract obligation documents are accurate, and all appropriate steps are taken in the execution and filing of contracts.

INAPPROPRIATE LAPSE PERIOD EXPENDITURES

The Illinois Department of Revenue violated provisions of the State Finance Act by prepaying future fiscal years' expenses out of appropriated funds and creating false and misleading billing invoices to support the payments.

During our testing we noted the following:

- The Department paid \$1,592,300 out of FY06 appropriations (10 separate invoices) towards the FY07 Department of Central Management Services (DCMS) Internal Service Fund billings.
- The Department paid \$2,825,621 out of FY07 appropriations (8 separate invoices) towards the FY08 DCMS Internal Service Fund billings.
- In FY07, the Department created or falsified six invoices with DCMS headings as supporting documentation in order to make these prepayments. Of these invoices, 1 of the 6 invoices stated it was for FY07 charges or leases when in fact it was to prepay FY08 costs. The remaining five invoices stated they were prepayments. All six invoice vouchers (Form C-13) submitted to the State Comptroller stated they were "FY2007 Contracted Prior to July 1."
- In FY07, the Department created two invoices on Department of Revenue letterhead, in essence charging itself, in order to prepay two invoices to

DCMS. Both invoices appeared to be for FY07 charges and did not clearly state they were prepayments for FY08. Both invoice vouchers (Form C-13) submitted to the State Comptroller stated they were “FY2007 Contracted Prior to July 1.”

We recommended the Department implement strict rules and policies to forbid the manual creation of invoices for any vendor or service and comply with fiscal year limitations as set forth in the State Finance Act in making expenditures. Further, we recommended the Department examine its internal controls to determine how false vouchers were created and paid and implement changes to prevent similar activity in the future.

Department officials agreed to the recommendation and state they did not intend any violation of the State Finance Act by making prepayments to another state agency (DCMS) that provides services to the Department through revolving funds. Department officials stated they interpreted a section within the State Finance Act that provides for advance payments of goods or services to permit what are characterized as prepayments. In following its interpretation of the statute, the Department made no attempt to deceive. The Department internally prepared and paid these invoices in the absence of a formal billing from DCMS. These invoices were not intended to be misleading, rather they were instruments to detail and document prepayments. With three exceptions, the Department prominently marked these as “prepayments” on the invoices. Prepayments were not an effort to circumvent the appropriations process.

NEED TO IMPROVE ACCOUNTS PAYABLE CUT-OFF PRACTICES

The Department of Transportation did not adhere to proper cut-off policies and standards required by the State and generally accepted accounting principles (GAAP).

During the review of subsequent expenditure reports for August through February 2008, approximately 1,500 exceptions were noted in which invoices relating to goods received or services performed prior to

the year-end date were not accrued as of June 30, 2007. These inaccurately recorded expenditures resulted in an understatement of liabilities totaling \$84,211,000 in the following funds: 1) Road Fund, 2) Grade Crossing Protection Fund, 3) Federal Local Airport Fund, 4) Transportation Bond Series B Fund, and 5) State Construction Account Fund. An adjusting journal entry was recorded by the Department to correct these differences.

In addition, differences pertaining to the: 1) General Fund for \$83,382, 2) the Road Fund for \$827,294, 3) State Construction Account for \$996,158, and 4) six non-major funds for \$987,448 were identified.

We recommended the Department prepare written instructions to be included as a part of the accounting policies and procedures manual which indicates both the concepts of proper cut-offs and the individuals responsible for accruing payables at the accounting period end. We further suggested development of a report to track unpaid vouchers at year end.

Department officials agreed with the finding and stated the GAAP reporting protocols are being studied and enhanced as necessary. Further, once the new protocols are in place, the Department will work with personnel and vendors to accurately accrue liabilities.

WEAKNESSES IN THE DOCUMENTATION NOTED IN THE AWARDS AND GRANTS PROGRAMS

The Department of Public Health did not adequately document its procedures and monitoring of its awards and grants programs.

The Department expended \$159,321,862 or 25.2% of its \$631,051,796 total expenditures for awards and grants. We tested grants from the Division of Health Protection, Division of Health Promotion and the Center for Minority Health and noted the following weaknesses:

- The Department did not have written procedures established to guide its administration of the

awards and grants programs tested.

- The Department did not ensure it adequately monitored and reviewed programmatic and financial reports for 47 of 157 (29.9%) grants tested totaling \$47,149,085. The Department did not follow up on missing reports, nor did the files contain documentation of any other monitoring activities. Auditors noted one grant where a \$14,000 refund was due from the grantee but the Department did not seek collection.
- Seven of 12 (58.3%) stem cell research grantees were awarded a total of \$7,298,299 which exceeded the grant budgets of \$6,435,462 by a total of \$862,837. The grant files did not contain documentation indicating the additional funds were approved.

We recommended the Department develop a comprehensive grant administration program that includes the development and implementation of written procedures over the awarding of all of the Department's grant awards, reviewing the programmatic and financial reports of grant recipients, and scheduling, conducting, and documenting grantee site visits. In addition, we recommended the Department seek reimbursement of the \$14,000 refund due to the Department.

Department officials concurred with the finding and stated a Department wide grants monitoring protocol will be implemented across all impacted offices. The Department also stated it will seek recovery of the \$14,000 refund.

INAPPROPRIATE AND EXCESSIVE EXPENDITURES

The Board of Examiners (Board) incurred inappropriate and excessive expenditures and did not adequately monitor and document expenditures for meals, gifts, and travel. The Board paid the following inappropriate or excessive costs:

- Board member and employee meals which exceeded the amount allowed by travel guidelines by \$2,303;
- Lunches and a holiday party for staff at headquarters totaling \$1,266;

- Purchases of alcohol totaling \$319;
- Meal expenses for Board guests or Board members' family totaling \$1,197;
- Sales tax totaling \$207;
- Travel expenses not required by official State duties or properly documented totaling \$468;
- Flowers and gifts bought for staff, Board members, and a non-State employee totaling \$365; and
- No receipts were maintained for purchases of flowers and meals totaling \$187.

We recommended the Board ensure all expenditures are reasonable, necessary and in accordance with rules; implement controls to ensure compliance and appropriate use of State funds; maintain sufficient documentation for all disbursements; and seek reimbursements for travel overpayments.

Board management concurred with the finding and stated \$2,272 has been reimbursed.

ACCURATE FINANCIAL STATEMENTS NOT PROVIDED TO AUDITORS IN A TIMELY MANNER

The Department of Healthcare and Family Services did not provide the auditors with timely and accurate financial statements.

The Department did not provide complete Departmental financial statements for the year ended June 30, 2007 to the auditors until March 4, 2008. In addition, the Department did not provide certain Hospital Provider Fund's (Fund 346) accounting reports to the auditors for testing until March 18, 2008. Departmental financial statements were received nine months after the year end and the Hospital Provider Fund's GAAP Package was received nine and one-half months after year end.

Additionally, the Statement of Activities provided to the auditors required a material correction to the governmental activities section of the financial statements. Operating grants and contributions (program revenues) for the health and social services function were overstated and other taxes (general revenues)

were understated by approximately \$599 million.

Financial reporting matters were first brought to the Department's attention on June 19, 2007. On May 27, 2008 the Department ultimately agreed with accounting presentation recommended by the State Comptroller.

The Department's actions resulted in significant delays in the financial reporting process, were dilatory and were a disservice to the users of the State's financial reports.

We recommended the Department review its current process for the preparation and review of Departmental financial statements and allocate the resources necessary to ensure Departmental financial statements and Fund GAAP Packages are completed on a timely basis and are accurate.

Department officials partially concurred with our recommendation and stated that extenuating circumstances led to the Department requiring more time to provide financial statement information relative to the Hospital Provider Fund.

HOSPITAL IMPROVEMENT ACCESS PAYMENTS NOT PAID TIMELY

The Department of Healthcare and Family Services did not pay the fiscal year 2007 hospital improvement access payments on a timely basis.

The Department paid all fiscal year 2007 hospital improvement access payments totaling \$1.2 billion on September 25, 2007 (fiscal year 2008). The fiscal year 2007 payments for the first two quarters were due by March 8, 2007, the third quarter payment was due by March 9, 2007 and the fourth quarter payment was due by May 9, 2007.

We recommended the Department comply with the Illinois Public Aid Code and ensure that adequate funding is secure to make the hospital improvement access payments as required.

Department officials concurred with our recommendation with reservation.

TERMS OF COOK COUNTY INTERGOVERNMENTAL AGREEMENT NOT COMPLIED WITH

The Department of Healthcare and Family Services did not require Cook County to comply with an Intergovernmental Agreement (Agreement) that was executed between the Department and the County.

The Department allowed the County to adjust the timing and submit the County's Secondary Transfer Payments according to a payment schedule established in a proposed amendment to the Agreement. The proposed amendment was never executed and as of June 30, 2007, the Department had not collected the entire amount of the Secondary Transfer Payments as required by the Agreement. The County has not paid \$10 million of the entire balance of the transfer, which was due by April 30, 2007. The Department also granted the County an extension until December 1, 2007 to remit the \$10 million payment without a proper amendment to the Agreement.

We recommended the Department require the County to comply with the terms of the Intergovernmental Agreement between the Department and the County. Furthermore, we recommended the Department execute proposed amendments prior to implementing the proposed terms.

Department officials agreed with our recommendation and stated that they have taken steps to ensure that the County complies with the terms of the Intergovernmental Agreement.

VOUCHER PROCESSING WEAKNESS

The Department of Healthcare and Family Services did not exercise adequate internal control over voucher processing. We noted the following:

- During lapse period voucher testing, we noted the Department paid \$1,619,391 for medical services that were performed during fiscal year 2008 from fiscal year 2007 appropriations.
- The Department did not pay interest on vouchers as required by the State Prompt Payment Act.

The Department estimated at June 30, 2007 that approximately \$16.13 million of automatic interest and \$1.47 million of requested interest was owed to vendors supplying medical services.

We recommended the Department comply with the Illinois Administrative Code and the State Prompt Payment Act and implement controls to automatically pay interest of \$50 or more on all vouchers not paid within 60 days. Further, the Department should pay expenses with the correct fiscal year's appropriation unless otherwise permitted by law.

Department officials concurred with our recommendation and stated that prior to the discovery of this issue there were system controls already in place in the NIPS/Pharmacy and Hospital/LTC claiming systems to prevent the payment of current fiscal year services from prior fiscal year funds.

INTEREST NOT PAID ON INTERCEPTED STATE INCOME TAX REFUNDS

The Department of Healthcare and Family Services did not comply with the Illinois Public Aid Code regarding State income tax refunds and other payments that were intercepted. We noted the following:

- 8 of 15 (53%) payees did not receive the proper interest on their intercepted State income tax refund.
- The Department could potentially owe interest on approximately 300 of 4,371 intercepted payments.
- Key Information Delivery System (KIDS) is not capable of automatically calculating interest on intercepted State income tax refunds. In addition, the KIDS system does not generate reports detailing refunds that are due interest. As a result, the Department does not know how much interest is currently due on intercepted State income tax refunds.

We recommended the Department comply with the Illinois Public Aid Code by strengthening its controls to ensure all wrongfully or erroneously intercepted State income tax refunds are properly refunded with interest, if any. Further, the Department should pay interest to all individuals

who are entitled due to their State income tax refunds being erroneously or wrongfully intercepted.

Department officials concurred with our recommendation and stated that they have developed and implemented a system to automatically identify interest due on intercepted State income tax refunds.

INSUFFICIENT CONTROLS OVER FINANCIAL REPORTING

The Illinois State Toll Highway Authority (Tollway) does not have sufficient controls over the financial reporting process.

During our review of the financial documentation we noted the following:

- The Accounts Receivable – Toll Evasion Recovery Account was understated by approximately \$340,000 at year end.
- An unidentified variance existed between the supporting information provided for accounts receivable and the balances reported in the trial balance.
- The Tollway did not fully amortize debt issuance costs at the end of December 2007.
- During our examination of year-end accruals we discovered that a majority of the December 31, 2007 liability for accounts payable and other accrued liabilities was recorded using journal entries. These adjustments, totaling approximately \$25 million, were recorded manually by adjusting journal entry to general ledger.
- Various accounts payable invoices totaling approximately \$2.2 million were not properly accrued at year-end.
- A manual entry to accrued liabilities was erroneously recorded twice at year-end causing an overstatement of accrued liabilities of approximately \$228,000.
- Various construction accruals totaling approximately \$477,000 were not properly accrued at year-end.
- Accrued payroll at year-end was understated by approximately \$272,000.
- The amount of pension benefit assets held in excess of the pension benefit obligation was

ACCOUNTABILITY

recorded by the Tollway as both restricted net assets and deferred revenue.

We recommended that internal control over financial reporting be strengthened.

Tollway officials agreed with our recommendation and stated that they are continuously improving their financial reporting processes and their integrity.

CAPITAL ASSETS

The Illinois State Toll Highway Authority's (Tollway) practices and procedures for recording and maintaining capital asset records needs improvement. The following items were noted during our review of the capital asset records:

- The Tollway did not appropriately account for a capital lease termination. As a result, beginning net assets were understated by approximately \$1.9 million, revenue was overstated by approximately \$1.4 million, expenses were understated by approximately \$2.5 million and capital assets were overstated by approximately \$2.1 million.
- Machinery and equipment capital asset additions totaling approximately \$3 million were expensed as opposed to being capitalized in 2007.
- During 2006, approximately \$7 million in transponder purchases were improperly capitalized.
- Depreciation on the new southern extension of I-355 (part of the 2007 infrastructure acquisitions) is being calculated at the full month convention whereas in prior years depreciation has consistently been calculated using a half year convention resulting in an inconsistent method of depreciation.
- Certain infrastructure assets are being depreciated over 5 years. Although this is consistent with past practice, this useful life has not been included in the Tollway's written capitalization policy.
- The useful life of one building asset, a leasehold improvement, was changed from 20 years in

2006 to 7 years (the remaining term of the lease) in 2007. The change in life for this individual asset has resulted in depreciation expense being overstated by approximately \$36,000.

We recommended that the Tollway capitalize and depreciate all assets in accordance with its written capitalization policy.

Tollway officials agreed with our recommendation and stated that they will update their written capitalization policy and will strive to improve their review process for new capital assets placed in service.

UNTIMELY VIOLATION SYSTEM IMPLEMENTATION

The Illinois State Toll Highway Authority (Tollway) has not exercised their right to pursue collection of the toll violations.

The Toll Highway Act (605 ILCS 10/10) authorizes the Tollway to enforce a violation enforcement system that seeks reimbursement from toll violators. To obtain maximum results, the system must be functioning properly and enforced in a timely manner.

The Tollway has not been able to bill toll violators on a timely basis. In August 2007, the Tollway implemented a new violation system and resumed issuing notices to violators; however, there were approximately 1.5 million potential notices that had not been issued as of December 31, 2007.

We recommended the Tollway bill all toll violators in accordance with their rights established by state statute, in a timely fashion.

Tollway officials agreed with our recommendation and stated that the violation enforcement conversion is expected to be completed in 2008. ❖

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, 44 Illinois State agencies expended federal financial assistance in FY 07.

The schedule of expenditures of federal awards reflects total expenditures of \$16.7 billion for the year ended June 30, 2007. Overall, the State participated in 341 different federal programs; however, 10 of these programs or program clusters accounted for approximately 81.8% of the total federal award expenditures.

Overall, ten State agencies accounted for approximately 97% of all federal dollars spent during FY 07.

FEDERAL AGENCIES PROVIDING FEDERAL FUNDING <i>For the year ended June 30, 2007</i>	
<i>U.S. Department</i>	<i>Millions</i>
Health & Human Services	\$ 8,740.4
Agriculture	2,372.8
Labor	2,156.1
Education	1,651.6
Transportation	1,164.5
All Others	590.1
Total Federal Award Expenditures	\$ 16,675.5

Source: FY 2007 State of Illinois Single Audit Report

SUMMARY OF FEDERAL SPENDING BY STATE AGENCY <i>For the year ended June 30, 2007</i>	
<i>Agency</i>	<i>Millions</i>
Healthcare and Family Services	\$ 6,998.9
Human Services	3,125.1
Employment Security	1,976.7
Board of Education	1,793.3
Transportation	1,164.4
Children & Family Services	396.1
Commerce & Economic Opportunity	240.7
Student Assistance Commission	198.2
Public Health	186.2
Environmental Protection Agency	119.3
All Others	476.6
Total Federal Spending	\$ 16,675.5

Source: FY 2007 State of Illinois Supplemental Report of Federal Expenditures by Agency/Program Fund.

Our audit testing focused primarily on the 57 major programs expending about \$15.9 billion in federal awards.

Our report contained 87 findings related to 17 State agencies.

FEDERAL

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 2008 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, 2002, and 2005 likewise resulted in unqualified opinions. Our next peer review is slated for 2011.

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 2008 Illinois Audit Advisory contained excerpts from the

Auditor General's May 2008 speech to the Springfield Chapter of the Institute of Internal Auditors, which profiled challenges to accountability and transparency. The Audit Advisory also examined management's responsibilities in accountability and identified high risk areas, including: contracting processes, subrecipient monitoring, financial reporting, safeguarding confidential information, noncompliance with State laws, and shared services management.

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. ❖

FEDERAL

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.

For example, Public Act 95-708, effective January 18, 2008, made significant changes to the governance and operations of the transit agencies in northeastern Illinois. The Act was passed after the Auditor General's March 2007 release of the *Performance Audit of the Mass Transit Agencies of Northeastern Illinois: RTA, CTA, METRA, and PACE*. The new Public Act addresses many of the recommendations contained in the Performance Audit Report. Public Act 95-708 requires the Office of the Auditor General to examine limited and specific information from the Chicago Transit Authority (CTA) when bonds are to be issued that will provide funding for the CTA Retirement Plan and the Retiree Health Care Trust. The Act also requires the Auditor General to annually review the funding of and contribution rates for both the Retirement Plan and the Retiree Health Care Trust.

In June 2008, the *Performance Audit of the Mass Transit Agencies of Northeastern Illinois: RTA, CTA, METRA, and PACE* was awarded the Excellence in Accountability Award by the National State Auditors Association (NSAA). The Auditor General's Office had previously received this award in 2005 and 2004 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 July 2008, the *Performance Audit of the Mass Transit Agencies of Northeastern Illinois* 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, or impact from a legislative and public perspective. The Office previously received the NLPES Certificate of Recognition of Impact for the following audits:

- 2006 *Management Audit of the Flu Vaccine Procurement and the I-SaveRx Program*;
- 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 four performance audits, one review of CTA bonding documents, and one review of information submitted by the CTA Retirement Board and Retiree Health Care Trust in 2008. The audits contained a total of 44 recommendations. State agencies generally accepted the audit recommendations to correct or improve operations.

In addition, the Performance Audit Program has the responsibility for annual audits of 45 Regional Offices of Education (ROEs) and 3 Intermediate Service Centers (ISCs). Audits released in 2008 included a total of 108 recommendations for improvement. ❖

PERFORMANCE AUDITS COMPLETED IN 2008

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

House Resolution Number 1146 directed the Auditor General to conduct an audit of the Pilsen-Little Village Community Mental Health Center, Inc. (Pilsen). Pilsen received \$14 million, or 76 percent of its total funding from the State during fiscal years 2004–2006, primarily from the Department of Human Services. Our review of Pilsen’s activities and expenditures identified a number of findings:

- During fiscal years 2005 and 2006, Pilsen paid over \$30,000 in property taxes. Pilsen operates as a not-for-profit corporation and qualifies for an exemption from property taxes. After the completion of our fieldwork, Pilsen received a refund in November 2007 for \$16,661 of the property taxes paid.
- We noted related party transactions that involved Pilsen and Pilsen’s newest Board member, including the purchase of property for \$6.4 million.
- Pilsen programs, including State-funded programs, were over-allocated \$21,361 in healthcare and dental expenses for Latino Youth Alternative High School employees.
- In our review of personnel files, we noted that 32 percent of sampled files lacked documentation that the individual met the established job qualifications for their position and 48 percent lacked documentation on performance appraisals.
- Although required by its policies, Pilsen did not utilize competitive bidding for any of the six construction contracts, totaling \$170,100, in our expenditure sample.
- Pilsen did not maintain an accurate listing of its vehicles and had difficulty providing a list of vehicles when requested. An examination of Pilsen’s property and equipment listing showed only five of its nine vehicles were included as assets.
- Salary expense for unallocated activities was inappropriately charged to Pilsen’s programs.
- Pilsen incurred a total of \$24,763 in cell phone charges during fiscal years 2005 and 2006, which included excessive roaming charges (\$3,067 in roaming charges for two sampled expenditures) for the Executive Director’s cell phone while the Executive Director was out of the country.

- Pilsen does not take physical inventory of its assets on a regular basis.
- In our sample review of the agency’s expenditures, 15 of 42 (36%) credit card purchases of \$50 or more did not have the required receipt.

PERFORMANCE AUDIT OF THE DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES’ PROMPT PAYMENT ACT COMPLIANCE AND MEDICAID PAYMENT PROCESS

Legislative Audit Commission Resolution Numbers 136 and 137 directed the Office of the Auditor General to conduct performance audits of the Department of Healthcare and Family Services’ (HFS) Medicaid and Group Health Insurance Program activities relating to the Prompt Payment Act (Act) and its processing of Medicaid claims.

Regarding HFS’ Medicaid claims receipt, approval, denial, and payment process, the audit concluded the following:

- Medicaid claims received in each of the past four fiscal years, when added to unpaid bills carried over from the prior year, have exceeded the funds available to timely pay providers. On average, from FY05–FY07, \$1.5 billion of unpaid medical claims have been carried over into the next fiscal year.
- HFS could not document how payment schedules and payment parameters used to make Medicaid payments were established.
- In FY06, it took HFS an average of 6 days to process claims; however, it took HFS an average of 57 days to submit claims to the Comptroller for payment.
- HFS used a poorly defined and documented process to expedite \$5.7 million in “one-time drop” payments to providers in FY07.
- In CY06, it took HFS an average of 87 days to notify non-expedited providers of a rejected-service when the rejected service was submitted on a claim along with a service that was paid.
- In 2006, HFS used 123 error codes to notify providers of rejected services that were not listed in HFS’ provider handbook.

PERFORMANCE AUDITS COMPLETED IN 2008 (CONT.)

Regarding HFS' compliance with the Prompt Payment Act, the audit concluded the following:

- Due to the delays in payment, claims submitted to HFS have accrued a potential liability of almost \$81 million in Prompt Payment Act interest since FY00. Actual interest expected to be paid to providers is estimated by HFS to be less due to not all providers requesting eligible interest, as well as exclusions that may be applied to potential interest payments by HFS.
- HFS did not have a system in place to pay automatically owed interest (interest greater than \$50) to providers until May 2007 – almost eight years after the inclusion of Medicaid claims in the Prompt Payment Act. Additionally, in FY06, it took HFS an average of 452 days to pay requested interest to providers (interest between \$5 and \$50).
- HFS requires providers to follow a cumbersome process to request interest. Also, HFS is excluding certain claims from interest payments, some of which are not supported by Administrative Rule.
- The Court of Claims has ruled that the Administrative Rule's methodology for calculating prompt payment interest is inconsistent with the methodology prescribed by the Act.

REVIEW OF DOCUMENTS RELATED TO THE PROPOSED SALE OF BONDS FOR THE CHICAGO TRANSIT AUTHORITY RETIREMENT PLAN AND RETIREE HEALTH CARE TRUST

Public Act 95-708, effective January 18, 2008, requires the Office of the Auditor General to examine limited and specific information from the Chicago Transit Authority (CTA) regarding issuing bonds to provide funding for the CTA Retirement Plan and the Retiree Health Care Trust.

In July of 2008, the Auditor General released a report which examined the information submitted by the CTA, the Board of Trustees of the Retirement Plan for CTA Employees, and the Board of Trustees of the Retiree Health Care Trust pursuant to Section 3-2.3(a) of the Illinois State Auditing Act. Our review was related to the proposed sale of bonds for the CTA's Retirement Plan and the Retiree Health

Care Trust, as required by Sections 3-2.3(b) and (c) of the Illinois State Auditing Act as amended by Public Act 95-708.

Our report concluded that the information submitted to the Office of the Auditor General complied with the statutory requirements. Our responsibilities were limited to the specific conclusions required by 30 ILCS 5/3-2.3(b) and (c). Our report did not constitute an audit as that term is defined in generally accepted government auditing standards.

FINANCIAL, COMPLIANCE, AND PROGRAM AUDIT OF 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 the facilities sold to electric utilities.

Each audit is to be for distributions from the Fund for the immediately preceding year. This is the ninth audit conducted under this requirement. This audit covered distributions from the Fund during calendar year 2007.

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

- In 2007, Robbins received \$448,349 in quarterly disbursements from the Fund. Robbins used these monies for specific disbursements such as Village payroll, employee insurance and pension expenses, and general Village expenses.
- Robbins officials deposited a Department of Commerce and Economic Opportunity grant of \$1.6 million into the Village's MEDF account, resulting in a commingling of the State MEDF and the grant funds for approximately one month. The Public Utilities Act requires that MEDF monies be held in a "separate account." When the grant funds were removed, officials did not calculate

PERFORMANCE AUDITS COMPLETED IN 2008 (CONT.)

and transfer the interest earned on those grant funds to the proper account.

- We noted instances where poor internal controls over the use of grant funds resulted in the Village using \$32,243 in MEDF funds either to pay for expenses that should have been paid with grant funds or to reimburse granting agencies for funds spent on purposes other than those for which the grants were received.

DEPARTMENT OF HUMAN SERVICES OFFICE OF THE INSPECTOR GENERAL

The Department of Human Services 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 tenth 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 has taken significant actions toward implementing the recommendations from our previous audit. These included: capturing data for non-reportable allegations; more evenly distributing investigative caseloads; and reviewing samples of unsubstantiated and unfounded cases for consistency.

In this audit we also reported that:

- The OIG made improvements in the timeliness of investigations since our last audit. However, 40 percent of investigations were not completed within 60 calendar days in FY08. Using the more lenient working days standard established in 2002, the OIG's timeliness of case completion for FY07 and FY08 was similar to the previous audit.
- Although recommended in prior audits, the OIG has not added serious injuries to its investigative database.
- In response to a prior audit finding, the OIG revised its Checklist for Notification to Illinois

State Police/Local Law Enforcement to include the date and time of the determination that credible evidence existed that would require reporting. However, in a few cases we reviewed which were reported to the State Police, this new Checklist was not used.

- In 17 of the 117 (15%) cases sampled where an assignment date could be determined, the case was not assigned to an investigator within the required one working day.
- In FY08, 7 percent of alleged incidents of abuse or neglect at facilities and 25 percent at community agencies were not being reported within the four hours required by statute and OIG's administrative rules.
- For some community agency conducted investigations in our sample, it was difficult to determine which bureau and investigator was responsible for reviewing the case.
- The Inspector General or his designee is not required to review substantiated cases of mental injury or neglect unless it is deemed "egregious" neglect.
- In 15 percent (6 of 41) of the cases sampled, more than six months passed from the date the case was completed to the date when a written response delineating the corrective actions taken was submitted by the State facility or community agency and approved by DHS.
- DHS could not document that all staff at State-operated facilities received the required training in reporting abuse and neglect.

ANNUAL REVIEW OF INFORMATION SUBMITTED BY THE CHICAGO TRANSIT AUTHORITY'S EMPLOYEE RETIREMENT PLAN AND RETIREE HEALTH CARE TRUST

Public Act 95-708 requires the Chicago Transit Authority's Employee Retirement Plan and the Retiree Health Care Trust to submit certain information each year to the Auditor General for review. Our review was limited to the specific conclusions required by the Act. Our report did not constitute an audit as that term is defined in generally accepted

PERFORMANCE AUDITS COMPLETED IN 2008 (CONT.)

government auditing standards. This was the first year of our review.

The Auditing Act required the Retirement Plan for CTA Employees to submit the following documents:

- The most recent audit or examination; an annual statement containing information specified in Section 1A-109 of the Illinois Pension Code; and a complete actuarial statement for the prior plan year.
- We reviewed the information submitted by the Retirement Plan and concluded that it met the specified requirements.

The above documents showed that the financial condition of the Retirement Plan declined in calendar year 2007:

- The net assets for both the Retirement Plan and Retiree Health Care Trust were \$1.02 billion as of December 31, 2007, down \$100 million from December 31, 2006.
- The actuarial value of assets for pension benefits as of December 31, 2007 was \$942 million and the actuarial liability was \$2.5 billion.
- The funded ratio was 37 percent on December 31, 2007, down from 41 percent on December 31, 2006.
- The Retirement Plan's investments earned a rate of return of 9.8 percent in 2007.

The Auditing Act also required the Auditor General to annually examine a report from the Retiree Health Care Trust which shows the projected benefits,

contributions, trust income, and required reserves.

- The actuarial present value of projected benefits was \$1.45 billion while the actuarial present value of projected contributions and trust income plus assets was \$665 million.
- The Trust concluded that the projected benefits exceeded the projected contributions.
- The Trust noted that it had only recently been established and had not yet developed the plan required by Public Act 95-708 to cure the funding shortfall.

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 are conducted annually: 45 are of Regional Offices of Education (ROEs) and 3 are of Intermediate Service Centers (ISCs.) Our Office arranged for auditing firms to perform these audits under the general direction and management of the Auditor General's audit managers. In 2008, one audit was done by the staff of the Auditor General. The ROE audits released in 2008 contained a total of 108 recommendations for improvement. Many of the recommendations dealt with the Regional Offices not having sufficient internal controls over their financial reporting processes. ❖

PERFORMANCE AUDITS IN PROGRESS

MANAGEMENT AND PROGRAM AUDIT OF THE ILLINOIS STATE POLICE'S DIVISION OF FORENSIC SERVICES

House Resolution 451 directs the Auditor General to conduct a management and program audit of the Department of State Police's (ISP) Division of Forensic Services including:

1. Whether the current funding of the ISP forensic laboratories is sufficient, and if not, what funding the General Assembly must appropriate to meet their needs;
2. Whether current staffing levels are sufficient;
3. Whether ISP's policies, procedures, and protocols for operating its forensic laboratories are appropriate and conform to professional standards;
4. The extent to which ISP has addressed past problems of testing backlogs;
5. If ISP outsources any of its forensic laboratory testing, the process for selecting and monitoring those contractors;
6. The adequacy of ISP's quality control processes, particularly with regard to ensuring the integrity of test results produced by or on behalf of ISP's forensic services division, including but not limited to the accreditation process;
7. The process in place at ISP to respond to questions or concerns raised about the adequacy and/or accuracy of results produced by ISP forensic laboratories and forensic laboratories under contract with ISP;
8. The party or parties responsible for conducting investigations of allegations against forensic scientists employed or contracted by ISP, whether those persons are independent of the subject or subjects of the investigation, and whether those persons comply with requirements set forth in the Coverdell Forensic Science Improvement Grant Program;
9. The process for conducting investigations and whether that process is adequate;
10. The process for disclosing identified problems with the conduct of ISP's forensic laboratories or with the results reported by any of those

laboratories to interested parties;

11. The practice of contracting out forensic testing to private laboratories for pending cases in the criminal courts, and the reasoning for such practice;
12. The name and address of each private laboratory contracted by the Illinois State Police for forensic testing for the years 2000 to the present; and
13. Whether any private forensic laboratories which are ASCLD or ISO accredited exist in Illinois.

AUDIT OF THE STATE BEVERAGE VENDING AND POURING CONTRACT

House Resolution Number 862 directs the Auditor General to conduct an audit of the procurement practices in connection with the State's multi-year beverage vending and pouring contract awarded to PepsiAmericas, Inc., to determine whether good procurement practices were exercised in accordance with applicable State laws and rules. The resolution notes that the Auditor General is specifically authorized to review, determine, and publicly report on whether the Chief Procurement Officer's activities and decisions in connection with this procurement were in the State's best interest.

LOOP LAB SCHOOL AUDIT

House Resolution Number 1190 directs the Auditor General to conduct a management audit of the process involved in the \$1 million grant to Loop Lab School. The audit is to include, but not be limited to, the following determinations:

1. How and when the funds were promised to the Pilgrim Baptist Church, and what process was followed, if any;
2. How and when the funds were provided to the Loop Lab School, and what process was followed, if any;
3. What person or persons were involved in these transactions;
4. What internal controls are present in the grant award process at the Illinois Department of

PERFORMANCE AUDITS IN PROGRESS (CONT.)

Commerce and Economic Opportunity, and whether those internal controls were followed and are adequate to ensure that grants are awarded to proper parties for intended purposes;

5. What actions, if any, are being followed to either recover the misdirected funds and/or determine the purpose for which the funds have been used, and whether they have been used for a legitimate purpose; and
6. Whether a grant to the Church is currently being developed and, if so, what controls will be put in place to ensure the funds, if provided, are used for their intended purpose.

PERFORMANCE AUDIT OF STATE MONEYS PROVIDED BY OR THROUGH STATE AGENCIES TO HEARTLAND HUMAN SERVICES

House Resolution Number 1307 directs the Auditor General to conduct a performance audit of the State moneys provided by or through State agencies to Heartland Human Services under contracts or grant agreements in fiscal year 2007 and year-to-date 2008. The audit is to include, but not be limited to the following determinations:

1. The purposes for which State moneys were provided to Heartland Human Services, for each State agency and for each amount transferred;
2. The nature and extent of monitoring by State agencies of how Heartland Human Services used the State-provided moneys;
3. The actual use of State moneys by Heartland Human Services;
4. Whether, through a review of available documentation, Heartland Human Services has met or is meeting the purposes for which the State moneys were provided, with specific information concerning Heartland Human Services' staffing levels and its compensation of management employees; and
5. Whether Heartland Human Services is in compliance with the applicable laws, regulations, contracts, and grant agreements pertaining to Heartland Human Services' receipt of State moneys.

PERFORMANCE AUDIT OF THE COAL DEVELOPMENT FUND

House Resolution Number 1076 directs the Auditor General to conduct a performance audit of the activities of the Department of Commerce and Economic Opportunity and other State agencies with respect to actions taken under the Illinois Coal and Energy Development Bond Act, particularly with respect to deposits into and transfers, appropriations, and other withdrawals from the Coal Development Fund. The resolution also directs the Auditor General to review the propriety of the method by which moneys were removed from the Coal Development Fund and given to the Regional Transportation Authority.

AUDIT OF LONG TERM CARE ELIGIBILITY DETERMINATION STANDARDS AND PROCEDURES

House Resolution Number 1295 directs the Auditor General to conduct an audit of the Medical Assistance Program jointly administered by the Illinois Departments of Healthcare and Family Services and Human Services with respect to the accuracy and impact of eligibility determination standards and procedures regarding persons applying for or receiving assistance for long term care, with particular emphasis on the nature and scope of errors in the assessment of the financial resources and financial liability of the applicants and recipients.

REGIONAL TRANSPORTATION AUTHORITY FOLLOW UP

House Resolution Number 1596 directs the Auditor General to follow up with the Regional Transportation Authority on the status of implementation of the audit recommendations made in the March 2007 performance audit report.

The RTA is to coordinate with CTA, Metra, and Pace and compile a status report that sets forth each recommendation, the actions taken to implement the recommendation, and the supporting documentation

PERFORMANCE AUDITS IN PROGRESS

for the actions taken. The status report is to be submitted to Auditor General within 3 months after the adoption of this resolution.

The Auditor General is to review the submitted status report, follow up as necessary with the transit agencies to resolve questions concerning the status of actions taken to implement the recommendations, and issue a report summarizing the results of the Auditor General's review.

MANAGEMENT AUDIT OF PROCUREMENTS OF BULK ROCK SALT

Legislative Audit Commission Resolution Number 138 directs the Auditor General to conduct a management audit of Central Management Services joint purchasing procurements of bulk rock salt in 2008 to determine whether good procurement practices were exercised in accordance with applicable State laws and rules. The audit is to include, but not be limited to, the following determinations:

- Whether the procurements complied with applicable State laws and rules;
- Whether the procurements were done in a timely manner; and
- Whether the prices paid as a result of the procurement process were significantly higher than those paid by neighboring states or local governments that did not participate in the CMS joint procurement process.

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.

EVALUATION OF THE CHICAGO TRANSIT AUTHORITY SUBMISSION ON ITS EMPLOYEE RETIREMENT PLAN

Pursuant to Public Act 95-708, the Auditor General is to annually examine required submissions made by the Board of Trustees of the Retirement Plan for Chicago Transit Authority Employees and the Board of Trustees of the Retiree Health Care Trust. As part of the reviews, the Auditor General is required to review the funding of and contribution rates for both the Retirement Plan and the Retiree Health Care Trust. The Auditor General is to examine the provided information and submit a report of the analysis thereof to the General Assembly.

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 2009, a total of 48 audits are to be performed. ❖

PERFORMANCE

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 continue to emphasize the review of information system controls at State agencies. In 2008, we reviewed the following agencies:

Criminal Justice Information Authority, Department of Agriculture, Department of Central Management Services, Department of Employment Security, Department of Healthcare and Family Services, Department of Human Services, Department of Public Health, Department of Revenue, Department of Transportation, Eastern Illinois University, Illinois Student Assistance Commission, Illinois Supreme Court, Office of the Comptroller, Secretary of State, State Employees' Retirement System, State Universities Retirement System, Toll Highway Authority, and University of Illinois.

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 security

and control of confidential information. 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 provided data processing services to approximately 97 user entities throughout State of Illinois governmental agencies. 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.

After reviewing the control environment, we recommended the Department of Central Management Services:

- Thoroughly review and update security policies to address the current technological environment, consolidation issues, and present-day risks.
- Ensure billing statements accurately reflect services rendered to consolidated agencies. ❖

INFO. SYSTEMS

Ten agencies: **Criminal Justice Information Authority, Department of Agriculture, Department of Central Management Services, Department of Human Services, Department of Public Health, Department of Revenue, Department of Transportation, Eastern Illinois University, Illinois State University, and Western Illinois University** 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.

Two agencies: The **Department of Human Services** and **Eastern Illinois University** had not established adequate procedures for the prompt follow-up and notification of security breaches. We recommended that these agencies comply with the Personal Information Protection Act (815 ILCS 530/30) and notify all parties as outlined in the Act.

Four agencies: The **Department of Central Management Services, Department of Public Health, Department of Transportation** and **Western Illinois University** had not established adequate controls for securing its computer resources. We recommended that these agencies evaluate their computer environments and ensure adequate security controls exist to safeguard computer resources.

The **Department of Financial and Professional Regulation's** Credential Licensing Enforcement and Regulation (CLEAR) system had significant

deficiencies. The Department did not effectively manage the development of the CLEAR system to ensure it met its needs. We recommended the Department work with the contractor to conclude its evaluation of the system and develop a corrective action plan to enhance the system to meet the Department's expectations and users' needs.

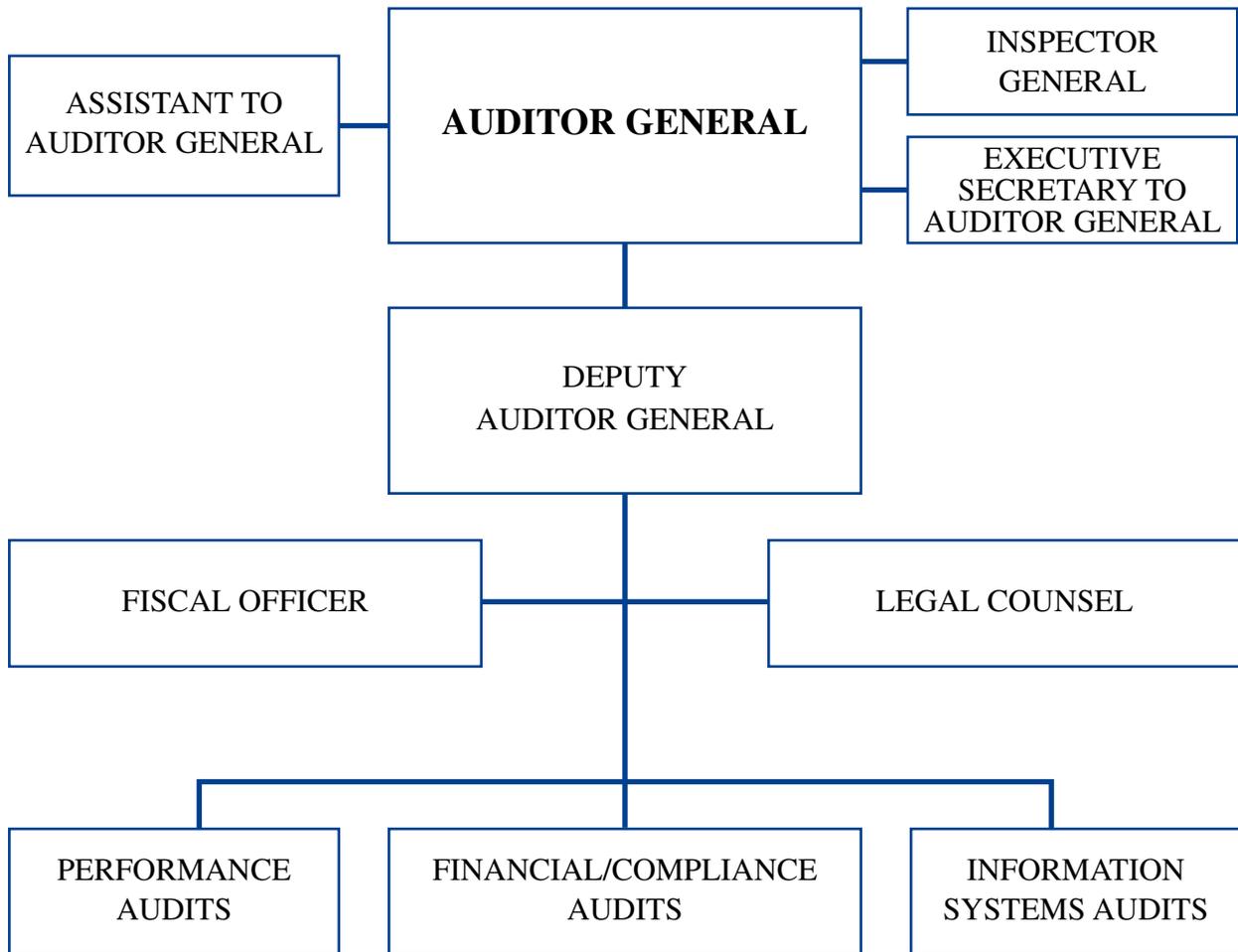
The **Department of Central Management Services** did not maintain complete, accurate, or detailed records to substantiate its current midrange computer systems and equipment. The Department also did not have an effective mechanism to track, control, and monitor end-user software use. 20 ILCS 405/405-410 mandated the Department to consolidate Information Technology functions of State government. Due to the consolidation, eleven agencies' IT functions were consolidated into the Department. As a result of the consolidation, the Department became responsible for tracking, controlling, and monitoring mid-range computer systems and equipment, and software use and licenses. We recommended the Department ensure complete, accurate, and detailed records are available to substantiate its midrange computer systems and equipment, and track, control, and monitor software use.

Agency officials generally concurred with our recommendations concerning these issues.

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

ORGANIZATIONAL CHART

As of December 2008, there were 92 employees. Eighty were located in the Springfield Office and twelve 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, 2008. 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 2008 (July 1, 2007 to August 31, 2008, including lapse period).

<i>FY 2008 - FINAL</i>			
	<i>Appropriation</i>	<i>Expended</i>	<i>Balance</i>
GRF Operations:			
Personal Services	\$ 5,055,877	\$ 5,055,876	\$ 1
State Retirement . . . . .	.838,027	838,024	.3
Social Security . . . . .	.382,500	.377,513	.4,987
Contractual Services . . . . .	.912,219	.713,106	.199,113
Travel . . . . .	.80,000	.47,949	.32,051
Commodities . . . . .	.22,000	.14,445	.7,555
Printing . . . . .	.25,000	.24,136	.864
Equipment . . . . .	.188,077	.188,077	.0
EDP . . . . .	.120,000	.118,779	.1,221
Telecommunications . . . . .	.75,000	.50,769	.24,231
Operation of Automotive Equipment . . . . .	.6,000	.3,280	.2,720
GRF Operations Total	<u>7,704,700</u>	<u>7,431,954</u>	<u>272,746</u>
Audit Expense Fund:			
Audits/Studies/Invest.	<u>\$ 17,513,900</u>	<u>\$ 15,815,549</u>	<u>\$ 1,698,351</u>

PERSONAL INFORMATION PROTECTION ACT COMPLIANCE

The Auditor General's Office has taken measures to comply with the requirements of the Personal Information Protection Act (815 ILCS 530 et seq.). During calendar year 2008 no breaches of security of system data or written materials occurred. Further, standard contract provisions were amended to require all contractors to encrypt or redact any confidential information on all networks, servers, computers and other electronic media or storage devices.

FINANCIAL AUDITS AND COMPLIANCE EXAMINATIONS

FOR THE PERIOD(S) ENDING
 APRIL 30, 2007, JUNE 30, 2007, SEPTEMBER 30, 2007, AND DECEMBER 31, 2007

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

AGENCY	F	C	S	DATE RELEASED
Architect of the Capital		x		03-04-08
Arts Council		x		02-14-08
Arts Council Foundation	x	x		02-14-08
Attorney Registration and Disciplinary Commission (12/31/07)	x	x		07-08-08
Board of Admissions to the Bar (9/30/07)	x	x		04-24-08
Board of Examiners		x		05-22-08
Board of Higher Education		x		04-01-08
Capital Development Board	x			01-31-08
Chicago State University	x			04-10-08
Chicago State University		x	x	05-15-08
Chicago State University Foundation	x	x		01-24-08
Chicago Technology Park	x	x		05-20-08
Chicago Technology Park - Federal Program Specific Audit				11-20-08
Civil Service Commission		x		01-31-08
Commission on Government Forecasting and Accountability		x		01-17-08
Comptroller - Fiscal Officer	x			01-03-08
Comptroller - Fiscal Officer		x		03-06-08
Correctional Industries	x			05-20-08
Court of Claims		x		04-03-08
Criminal Justice Information Authority & IL Integrated Justice Information System		x		04-10-08
DCMS - Deferred Compensation Plan - (12/31/07)	x			07-08-08
Deaf and Hard of Hearing Commission		x		04-10-08
Department of Agriculture		x		06-05-08
Department of Central Management Services	x	x		05-28-08
Department of Children and Family Services	x	x		05-20-08
Department of Employment Security	x			02-20-08
Department of Employment Security		x		05-20-08
Department of Financial and Professional Regulation	x	x		05-22-08
Department of Healthcare and Family Services	x	x		06-18-08
Department of Healthcare and Family Services - Local Government Health Insurance Reserve Fund	x			06-18-08
Department of Healthcare and Family Services - Teacher Health Insurance Security Fund	x			06-18-08
Department of Healthcare and Family Services - Community College Health Insurance Security Fund	x			06-18-08
Department of Human Rights		x		04-01-08
Department of Human Services - <i>Central Office and Lincoln Developmental Center</i>	x	x		06-12-08
Dept. of Human Services - <i>Alton Mental Health Center</i>		x		06-12-08
Dept. of Human Services - <i>Center for Rehabilitation & Education</i>		x		06-12-08
Dept. of Human Services - <i>Chester Mental Health Center</i>		x		06-12-08

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 - <i>Chicago Read Mental Health Center</i>		x		06-12-08
Dept. of Human Services - <i>Choate Mental Health Center</i>		x		06-12-08
Dept. of Human Services - <i>Elgin Mental Health Center</i>		x		06-12-08
Dept. of Human Services - <i>Fox Developmental Center</i>		x		06-12-08
Dept. of Human Services - <i>Howe Developmental Center</i>		x		06-12-08
Dept. of Human Services - <i>Jacksonville Developmental Center</i>		x		06-12-08
Dept. of Human Services - <i>Kiley Developmental Center</i>		x		06-12-08
Dept. of Human Services - <i>Ludeman Developmental Center</i>		x		06-12-08
Dept. of Human Services - <i>Mabley Developmental Center</i>		x		06-12-08
Dept. of Human Services - <i>Madden Mental Health Center</i>		x		06-12-08
Dept. of Human Services - <i>McFarland Mental Health Center</i>		x		06-12-08
Dept. of Human Services - <i>Murray Developmental Center</i>		x		06-12-08
Dept. of Human Services - <i>Rushville Treatment Detention Facility</i>		x		06-12-08
Dept. of Human Services - <i>School for the Deaf</i>		x		02-20-08
Dept. of Human Services - <i>School for the Visually Impaired</i>		x		02-20-08
Dept. of Human Services - <i>Shapiro Developmental Center</i>		x		06-12-08
Dept. of Human Services - <i>Singer Mental Health and Developmental Center</i>		x		06-12-08
Dept. of Human Services - <i>Tinley Park Mental Health Center</i>		x		06-12-08
Department of Labor		x		04-03-08
Department of Natural Resources (Capital Asset Account)	x			02-07-08
Department of Public Health		x		03-25-08
Department of Revenue	x	x		05-20-08
Department of Transportation	x	x		05-08-08
Drycleaner Environmental Response Trust Fund Council		x		05-22-08
DuPage Water Commission	x	x		10-18-07
DuQuoin State Fair (09/30/07)		x		06-05-08
Eastern Illinois University	x	x	x	05-15-08
Emergency Management Agency		x		02-20-08
Environmental Protection Agency (Water Revolving Fund)	x			02-26-08
Executive Office of Inspector General		x		02-20-08
General Assembly - Senate		x		03-04-08
General Assembly - House		x		03-04-08
General Assembly Retirement System	x			03-04-08
General Assembly Retirement System		x		04-30-08
Governors Office of Management and Budget	x	x		05-28-08
Governors State University	x			03-04-08
Governors State University		x	x	03-25-08
Governors State University Alumni Association	x	x		01-31-08
Governors State University Foundation	x	x		01-31-08
Guardianship and Advocacy Commission		x		03-25-08
Human Rights Commission		x		02-14-08
Illinois Commerce Commission		x		05-22-08
Illinois Conservation Foundation	x	x	x	02-26-08
Illinois Educational Labor Relations Board		x		02-07-08
Illinois Finance Authority	x			02-14-08
Illinois Finance Authority		x	x	05-20-08

FINANCIAL AUDITS AND COMPLIANCE EXAMINATIONS (CONT.)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>S</i>	<i>DATE RELEASED</i>
Illinois Grain Insurance Corporation	x	x		04-10-08
Illinois High School Association		x		03-27-08
Illinois Housing Development Authority	x			11-08-07
Illinois Housing Development Authority		x	x	05-08-08
Illinois Labor Relations Board		x		03-13-08
Illinois Math and Science Academy	x	x		07-24-08
Illinois Math and Science Academy Fund	x	x		07-24-08
Illinois Council on Developmental Disabilities		x		01-31-08
Illinois State Fair (09/30/07)		x		06-05-08
Illinois State University	x			02-07-08
Illinois State University		x	x	03-27-08
Illinois State University Foundation	x			01-24-08
Illinois Student Assistance Commission	x	x		04-30-08
Illinois Student Assistance Commission, IDAPP	x			03-06-08
Illinois Student Assistance Commission, Prepaid Tuition	x			03-06-08
Illinois Supreme Court		x		04-24-08
Judges Retirement System	x			03-04-08
Judges Retirement System		x		04-30-08
Kankakee River Valley Area Airport Authority		x		05-28-08
Legislative Audit Commission		x		01-17-08
Legislative Printing Unit		x		01-17-08
Legislative Reference Bureau		x		05-22-08
Legislative Research Unit		x		03-06-08
Literacy Foundation	x	x		02-20-08
Medical District Commission	x	x		05-20-08
Medical District Commission at Springfield		x		01-03-08
Metro. Pier and Exposition Authority		x		05-01-08
Northeastern Illinois University	x	x	x	01-24-08
Northeastern Illinois University Foundation	x	x		11-15-07
Northern Illinois University	x			03-25-08
Northern Illinois University		x	x	05-22-08
Northern Illinois University Alumni Association	x			03-25-08
Northern Illinois University Foundation	x			03-25-08
Office of the Governor		x		05-22-08
Office of the Lieutenant Governor		x		02-07-08
Secretary of State	x	x		06-05-08
Southern Illinois University	x			03-25-08
Southern Illinois University		x	x	04-10-08
Southern Illinois University Carbondale - Alumni Assoc.	x	x		03-06-08
Southern Illinois University Carbondale - Foundation	x	x		01-03-08
Southern Illinois University Edwardsville - Alumni Assoc.	x	x		03-06-08
Southern Illinois University Edwardsville - Foundation	x	x		03-13-08
Southern Illinois University Physicians and Surgeons	x	x		02-14-08
Southern Illinois University Research Park - Carbondale	x	x		03-06-08
Southern Illinois University - University Park - Edwardsville	x	x		03-06-08
State Board of Education	x	x		05-01-08

FINANCIAL AUDITS AND COMPLIANCE EXAMINATIONS (CONT.)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>S</i>	<i>DATE RELEASED</i>
State Board of Elections		x		02-07-08
State Board of Investment	x			02-14-08
State Board of Investment		x		04-30-08
State Employees' Retirement System	x			03-04-08
State Employees' Retirement System		x		04-30-08
State Universities Retirement System	x			01-03-08
State Universities Retirement System		x		04-30-08
Statewide Financial Statement Audit	x			06-30-08
Statewide Single Audit			x	06-30-08
Summer School for the Arts		x		02-26-08
Teachers' Retirement System	x			01-03-08
Teachers' Retirement System		x		04-30-08
Teachers' Pension and Retirement System - Chicago		x		05-20-08
Toll Highway Authority (12/31/07)	x	x		08-27-08
Treasurer - College Savings Program	x			01-03-08
Treasurer - Fiscal Officer	x	x		03-06-08
Treasurer - Illinois Funds	x			01-03-08
Treasurer - Non-Fiscal Officer		x		03-06-08
Universities Civil Service Commission		x		01-17-08
University of Illinois	x			02-26-08
University of Illinois		x	x	03-27-08
University of Illinois Alumni Association	x			10-25-07
University of Illinois Foundation	x			01-17-08
University of Illinois - Prairieland Energy, Inc.	x			03-25-08
University of Illinois - Research Park LLC	x			11-08-07
University of Illinois - Ventures LLC	x			02-07-08
University of Illinois - Wolcott Wood & Taylor, Inc.	x			10-18-07
Upper River Valley Development Authority		x		01-03-08
Western Illinois University	x	x	x	03-11-08
Western Illinois University Foundation	x	x		03-11-08



PERFORMANCE AUDITS, INQUIRIES, & SPECIAL REPORTS

AUDITS IN PROGRESS

- Management and Program Audit of the Illinois State Police's Division of Forensic Services
- State Beverage Vending and Pouring Contract
- Loop Lab School Audit
- State Moneys Provided By or Through State Agencies to Heartland Human Services
- Coal Development Fund
- Long Term Care Eligibility Determination Standards and Procedures
- Road Salt Procurement
- Follow-up on the Implementation of Recommendations Contained in 2007 Performance Audit of Transit Agencies of Northeastern Illinois

12/08	Annual Review of Information Submitted by the Chicago Transit Authority's Employee Retirement Plan and Retiree Health Care Trust	12/06	Department of Human Services' Office of the Inspector General
12/08	Department of Human Services Office of the Inspector General	9/06	Flu Vaccine Procurement and I-SaveRx Program
11/08	Village of Robbins' Use of Municipal Economic Development Funds	9/06	Village of Robbins' Use of Municipal Economic Development Funds
7/08	Review of Documents Related to the Proposed Sale of Bonds for the Chicago Transit Authority Retirement Plan and Retiree Health Care Trust	8/06	Department of Financial and Professional Regulation's Disciplining of Physicians
5/08	The Department of Healthcare and Family Services' Prompt Payment Act Compliance and Medicaid Payment Process	6/06	Department of Central Management Services' Business Enterprise Program and Department of Transportation's Disadvantaged Business Enterprise Program
2/08	Pilsen-Little Village Community Mental Health Center, Inc.	3/06	Department of Transportation's Traffic Safety Programs
10/07	Inventory of State Programs	2/06	Department of Commerce and Economic Opportunity's Administration of Its Economic Development Programs
8/07	Funding Provided by or through the State of Illinois to the Chicago Project for Violence Prevention for the CeaseFire Program	2/06	State Employee Travel - Modes of Transportation between Chicago and: Bloomington, Carbondale, Champaign-Urbana, Macomb, and Springfield
8/07	Payments to the Illinois Hispanic Chamber of Commerce by State Agencies	7/05	Village of Robbins' Use of Municipal Economic Development Funds
7/07	Village of Robbins' Use of Municipal Economic Development Funds	5/05	The Illinois School District Liquid Asset Fund Plus
4/07	Rend Lake Conservancy District Follow-up Report	12/04	Department of Human Services' Office of the Inspector General
3/07	Mass Transit Agencies of Northeastern Illinois: RTA, CTA, Metra, and Pace	9/04	Rend Lake Conservancy District
1/07	Department of Transportation's Aeronautics Operations	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

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

4/02	Department of Human Services Early Intervention Program Follow-up	5/94	Central Management Services:Telecommunications
4/02	States Construction Contracting Methods	3/94	Collection of Money from Circuit Clerks
1/02	Agency Use of Internet User Technology	1/94	State Housing Benefits
10/01	EPA's Vehicle Emissions Testing Program	5/93	Public Aid: Property Transfers
9/01	Illinois Health Facilities Planning Board	4/93	Office of the Inspector General
8/01	Board of Education and Other State Agencies Providing Funding to Regional Offices of Education	4/93	Early Intervention Services System
		4/93	User Fees
6/01	Village of Robbins' Use of Municipal Economic Development Funds	11/92	DMHDD: Abuse & Neglect
		7/92	St. Anne's Lease
5/01	Tuition & Fee Waivers Follow-up	6/92	State Police I-SEARCH Program
12/00	DHS Office of the Inspector General	5/92	Privatizing Weigh Stations
6/00	Municipal Economic Development Fund Distributions: Village of Robbins	4/92	Henry Horner's Children's Care
		3/92	Governor's Council on Health & Physical Fitness
3/00	Department of Public Aid: Child Support State Disbursement Unit	3/92	Case Management Practices
11/99	Illinois Math & Science Academy	1/92	State Legal Services
9/99	Department of Public Aid's Contracts with Delta Dental	11/91	State Regulation of Insurer Solvency
8/99	Pilsen-Little Village Community Mental Health Center	8/91	Higher Education "Systems of Systems"
		7/91	Eastern Illinois University Coal Conversion Project
7/99	Medicaid Home Health Care & Regulation of Home Health Agencies	6/91	Special Analysis: Build Illinois
6/99	State Fire Marshal's Fire Investigations	5/91	Availability of Obstetric Care
5/99	Illinois Health & Human Service Providers	5/91	Collection of Sales & Taxes Receivable
12/98	DHS: Inspector General	5/91	Property Forfeited Under the Illinois Controlled Substances Act
9/98	Comptroller's Offset System	3/91	Illinois Competitive Access & Reimbursement Equity Program
6/98	Nursing Home Prescreening	3/91	Nutritional Services Paid by the Department of Children & Family Services
5/98	IDOT's Road Construction Program	2/91	Illinois Multi-Year Fixed Contractual Obligations
4/98	Tuition & Fee Waivers	2/91	Administrative Citations: Environmental Protection Agency
5/97	Professional Regulation – Physicians Regulated Under the Medical Practices Act	10/90	Project Chance Evaluation Contract
12/96	DMHDD – Office of the Inspector General	10/90	Frequent Flyer Programs
6/96	IHSA – Site Selection for Boys Basketball Finals	8/90	Parents Too Soon Program
4/96	DMHDD – Reporting of Resident Abuse & Neglect	7/90	State University Tuition & Fee Policies & Practices
5/95	Summer Unemployment at State Universities	7/90	Debt Collection Practices of Illinois & Other States
2/95	Laws Considered Obsolete	5/90	DMHDD: Abuse & Neglect
1/95	Public Aid's Child Support Program	4/90	Veterans' Affairs Field Office Closures
12/94	Office of the Inspector General	3/90	Illinois Competitive Access & Reimbursement Equity Program
6/94	Toll Highway: Helicopters		
6/94	DMHDD: Abuse & Neglect		
5/94	Correctional Industries		

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

1/90	Public Aid's Delta Dental	2/86	Advisory Boards & Commissions
12/89	Regional Transportation Authority	11/85	Data Security Practices
11/89	Illinois Sports Facilities Authority & the Chicago White Sox	11/85	Hazardous Waste Management
11/89	Five State Retirement Systems' Financial Status	9/85	Management & Collection of Claims Receivable
10/89	Feasibility of Consolidating State Revenue Bond Agencies	3/85	Perinatal Medical Care
7/89	Commerce & Community Affairs' Economic Development Programs	10/84	State Employee Travel
5/89	EPA's Hazardous Waste Mgmt. Program	1 0/84	Feasibility Study: Rock Island Co. Facility
4/89	Selected Auditor Comparability: Jobs & Pay	9/84	Employment Security Unemployment Insurance
2/89	AIDS Testing: Statutory Requirements & Costs	8/84	Salaried Non-working Time Benefits
1/89	Public Univ. Instructional Costs	8/84	Responsible Relative Requirements
1/89	Vehicle Emissions Testing Program	5/84	Board of Investment: Five State Retirement Systems
10/88	U of I Athletic Association	10/83	Commerce Comm.: Management Audits of Public Utilities
8/88	JTPA	5/83	Contractual Legal Services
7/88	Audit Status of Circuit Courts	4/83	Industrial Commission
6/88	Dept. of Revenue - Corporate Income Tax	12/82	Procurement Policies & Procedures
5/88	State Program of Internal Auditing	7/82	Criminal History Components
7/87	Computer Acquisition & Use in Higher Education	4/82	Financing of Improvements of Rock Island State Park
6/87	Chicago Housing Authority	1981	Chicago Road Fund
6/87	Cash Management Practices	12/81	DMHDD: Region 2
4/87	State Laboratory Services	11/81	Procurement of Real Property
4/87	U of I Hospital & Affiliated Clinics	10/81	Registration & Education: Investigation & Enforcement Functions
4/87	Chicago's Use of State Appropriated Funds	1/81	Licensing & Regulation of Bingo
10/86	State Pensions Assets Investment Performance	1/81	Chicago Bd. of Education
10/86	CMS – Lottery Building Lease	12/80	Nursing Home Reimbursement System
10/86	Property Management Problems – Mental Health Centers	12/80	DCFS Day Care Activities
5/86	Illinois Preferential Procurement Programs	11/80	Dept. of Personnel Management
4/86	State Toxicology Lab	10/80	Public Aid's Local Office Management
4/86	Legislative Printing Unit	9/80	Licensing of Grain Dealers
4/86	Engineering Programs in Illinois – NIU	7/80	Illinois Fair Employment Practices Commission
3/86	Claims & Accounts Receivable	6/80	Secretary of State Vending Services
3/86	Capital Development Board: Construction of the State of Illinois Center	5/80	Coastal Zone Management
2/86	Illinois Commerce Commission	1/80	Court of Claims
		1/80	Cook Co. Health & Hospitals

AUDITS

