

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



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

OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

**MEMORANDUM**

**TO:** Prospective Bidders

**FROM:** Bruce L. Bullard

**DATE:** March 8, 2012

**RE:** Questions Regarding Request for Proposal 12-9 dated February 16, 2012

---

On February 16, 2012, the Illinois Office of the Auditor General issued Request for Proposals (Professional and Artistic Services) Audit and/or Attestation Services for the following audit: RFP 12-9 - Illinois Department of Revenue. The original RFP is available on our website at <http://www.auditor.illinois.gov/Procurement-Bulletin-2010/Opps-Intent.asp>.

On March 8<sup>th</sup> the Illinois Office of the Auditor General received an inquiry concerning audit effort expected from the OAG staff auditors for the upcoming: 1) Financial audit for the year ended June 30, 2012; and 2) State Compliance Examination for the two years ended June 30, 2012.

**AG- Response**

Section 6.1 of the Illinois State Auditing Act (30 ILCS 5/6-1) addresses Miscellaneous Provisions.

Paragraph 2 of this section reads as follows:

“Where records or information are classified as confidential, by or pursuant to law, such records or information shall be disclosed to the Office of the Auditor General as necessary and to the extent required for the performance of an authorized post audit. **However, only a payroll employee of the Office of the Auditor General, specifically designated in writing by the Auditor General, may receive confidential income tax records.**” (Emphasis added)

Special Assistant Auditors for the Illinois Office of the Auditor General have been performing the annual financial audit of the Illinois Department of Revenue for several years. Further, OAG staff auditors have been assisting Special Assistant Auditors on these financial audits.

The FY 11 financial audit is still in process and the OAG expects to contribute approximately 2,500 audit hours on this engagement. For the FY 12 financial audit OAG staff auditors will again assist the Special Assistant Auditors on the engagement. It is our hope that the FY 12 financial audit will be completed by December 31, 2012; however, in recent years this has not been achieved. None the less this is our objective at this time.

In recent years OAG staff auditors have performed the State Compliance Examination of the Illinois Department of Revenue. For FY 10, 09, and 08 the OAG staff auditors were performing the State Compliance Examination on an annual basis. For the upcoming State Compliance Examination the engagement will cover the two year period ending June 30, 2012 because a State Compliance Examination for FY 11 was not performed.

We estimate that OAG staff auditors will need to provide audit effort assistance to Special Assistant Auditors in the range of 500 to 700 hours on the upcoming State Compliance Examination for the two years ended June 30, 2012 because some compliance testing will involve access to confidential income tax records.

Please see the following 4 pages of audit history related to OAG staff assistance on the financial audit for the year ended June 30, 2011.

# Office of the Auditor General

## Timekeeping Report by Project/Phase/Employee

Criteria: Division = <All>, Projects = 2-11-48300-20, Period = March / 2009 thru February / 2012

**Project Number** 2-11-48300-20

**Project Name:** Revenue, Department of

**Manager:** Nugent      **Division:** Compliance      **Firm:** OAG Staff

		Hours Worked	Actual Cost
<hr/>			
Phase Num:	100 Background Research		
	Lovejoy, Mary	25.5	\$1,541.00
	Nugent, Daniel	3.0	\$141.00
	Huskey, Thaddeus	2.0	\$70.00
	Osterhoff, Tara	2.0	\$70.00
	Reed, Blake	2.0	\$70.00
	Munk, Jerry	1.7	\$49.30
	<i>Total for Phase:</i>	<b>36.2</b>	<b>\$1,941.30</b>
<hr/>			
Phase Num:	200 Audit Survey		
	Cicci, Jennifer	19.5	\$916.50
	Nugent, Daniel	22.0	\$921.00
	Huskey, Thaddeus	5.0	\$175.00
	Osterhoff, Tara	5.0	\$175.00
	Reed, Blake	5.0	\$175.00
	<i>Total for Phase:</i>	<b>56.5</b>	<b>\$2,362.50</b>
<hr/>			
Phase Num:	400 Fieldwork (Start)		
	Lovejoy, Mary	356.5	\$21,746.50
	<i>Total for Phase:</i>	<b>356.5</b>	<b>\$21,746.50</b>
<hr/>			
Phase Num:	410 Ent. Conf. Documents		
	Nugent, Daniel	2.5	\$100.00
	<i>Total for Phase:</i>	<b>2.5</b>	<b>\$100.00</b>
<hr/>			
Phase Num:	414 GAAP - Analytical Procedures		
	Cicci, Jennifer	10.0	\$470.00
	<i>Total for Phase:</i>	<b>10.0</b>	<b>\$470.00</b>
<hr/>			
Phase Num:	426 GAAP - Deposits And Investments		
	Nugent, Daniel	20.5	\$963.50
	Van Durme, Janis	70.0	\$2,730.00

# Office of the Auditor General

## Timekeeping Report by Project/Phase/Employee

Criteria: Division = <All>, Projects = 2-11-48300-20, Period = March / 2009 thru February / 2012

**Project Number** 2-11-48300-20

**Project Name:** Revenue, Department of

**Manager:** Nugent      **Division:** Compliance      **Firm:** OAG Staff

		Hours Worked		Actual Cost
<i>Total for Phase:</i>		<b>90.5</b>		<b>\$3,693.50</b>
Phase Num:	427 GAAP - Taxes Receivable			
	Munk, Jerry	125.5		\$3,639.50
<i>Total for Phase:</i>		<b>125.5</b>		<b>\$3,639.50</b>
Phase Num:	428 GAAP - Interfund Balances And Acti			
	Reed, Blake	531.5		\$18,602.50
<i>Total for Phase:</i>		<b>531.5</b>		<b>\$18,602.50</b>
Phase Num:	429 GAAP - SI - Budget to Actual Sched			
	Van Durme, Janis	97.5		\$3,506.50
<i>Total for Phase:</i>		<b>97.5</b>		<b>\$3,506.50</b>
Phase Num:	440 Trips, Workpaper Rev.			
	Cicci, Jennifer	40.5		\$1,903.50
	Nugent, Daniel	84.0		\$3,948.00
<i>Total for Phase:</i>		<b>124.5</b>		<b>\$5,851.50</b>
Phase Num:	460 Miscellaneous			
	Cicci, Jennifer	5.5		\$258.50
	Huskey, Thaddeus	1.0		\$35.00
	Reed, Blake	9.0		\$315.00
<i>Total for Phase:</i>		<b>15.5</b>		<b>\$608.50</b>
Phase Num:	461 Staff Meetings			
	Cicci, Jennifer	39.5		\$1,856.50
	Nugent, Daniel	21.0		\$963.00
	Huskey, Thaddeus	1.5		\$52.50
	Van Durme, Janis	15.0		\$581.00
	Osterhoff, Tara	2.0		\$70.00
	Reed, Blake	4.0		\$140.00
<i>Total for Phase:</i>		<b>83.0</b>		<b>\$3,663.00</b>

# Office of the Auditor General

## Timekeeping Report by Project/Phase/Employee

Criteria: Division = <All>, Projects = 2-11-48300-20, Period = March / 2009 thru February / 2012

**Project Number** 2-11-48300-20

**Project Name:** Revenue, Department of

**Manager:** Nugent      **Division:** Compliance      **Firm:** OAG Staff

		Hours Worked	Actual Cost
Phase Num:	462 Supervision/Train/Adm.		
	Cicci, Jennifer	29.5	\$1,386.50
	Nugent, Daniel	68.0	\$3,072.00
	<i>Total for Phase:</i>	<b>97.5</b>	<b>\$4,458.50</b>
Phase Num:	463 Manager Participation		
	Cicci, Jennifer	4.0	\$188.00
	<i>Total for Phase:</i>	<b>4.0</b>	<b>\$188.00</b>
Phase Num:	465 Statutory Mandates		
	Nugent, Daniel	51.5	\$2,420.50
	Huskey, Thaddeus	39.5	\$1,382.50
	Van Durme, Janis	9.5	\$370.50
	Osterhoff, Tara	10.0	\$350.00
	Munk, Jerry	56.5	\$1,638.50
	<i>Total for Phase:</i>	<b>167.0</b>	<b>\$6,162.00</b>
Phase Num:	475 Revenues,Refunds&Rec.		
	Nugent, Daniel	32.5	\$1,527.50
	<i>Total for Phase:</i>	<b>32.5</b>	<b>\$1,527.50</b>
Phase Num:	491 Staff Comp-Audit Spec.		
	Munk, Jerry	47.3	\$1,371.70
	<i>Total for Phase:</i>	<b>47.3</b>	<b>\$1,371.70</b>
Phase Num:	493 Staff Comp-Audit Spec.		
	Van Durme, Janis	68.5	\$2,671.50
	<i>Total for Phase:</i>	<b>68.5</b>	<b>\$2,671.50</b>
Phase Num:	494 Staff Comp-Audit Spec.		
	Osterhoff, Tara	14.5	\$507.50
	<i>Total for Phase:</i>	<b>14.5</b>	<b>\$507.50</b>
Phase Num:	496 Staff Comp-Audit Spec.		

# Office of the Auditor General

## Timekeeping Report by Project/Phase/Employee

Criteria: Division = <All>, Projects = 2-11-48300-20, Period = March / 2009 thru February / 2012

**Project Number** 2-11-48300-20

**Project Name:** Revenue, Department of

**Manager:** Nugent      **Division:** Compliance      **Firm:** OAG Staff

		Hours Worked		Actual Cost
	Van Durme, Janis	13.5		\$526.50
	<i>Total for Phase:</i>	<i>13.5</i>		<i>\$526.50</i>
Phase Num:	497 Staff Comp-Audit Spec.			
	Osterhoff, Tara	28.0		\$980.00
	<i>Total for Phase:</i>	<i>28.0</i>		<i>\$980.00</i>
Phase Num:	498 Staff Comp-Audit Spec.			
	Osterhoff, Tara	1.0		\$35.00
	<i>Total for Phase:</i>	<i>1.0</i>		<i>\$35.00</i>
Phase Num:	499 Fieldwork (End)			
	Nugent, Daniel	48.5		\$2,199.50
	Huskey, Thaddeus	1.0		\$35.00
	Munk, Jerry	2.5		\$72.50
	<i>Total for Phase:</i>	<i>52.0</i>		<i>\$2,307.00</i>
Phase Num:	500 Report Drafting			
	Nugent, Daniel	6.5		\$305.50
	Munk, Jerry	1.5		\$43.50
	<i>Total for Phase:</i>	<i>8.0</i>		<i>\$349.00</i>
Phase Num:	610 Quality Assurance			
	Lindsey, Justina	1.0		\$29.00
	<i>Total for Phase:</i>	<i>1.0</i>		<i>\$29.00</i>
Phase Num:	620 Quality Rev/Conference			
	Nugent, Daniel	6.0		\$282.00
	<i>Total for Phase:</i>	<i>6.0</i>		<i>\$282.00</i>

**Total for Project through February 29, 2012**      2,070.5      \$87,580.50

March Estimated hours to complete

EST. Total Assistance For FY 11 Financial Audit

3-8-12    828

500.00  
2,570.50