

**STATE OF ILLINOIS
BOARD OF EXAMINERS
COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2013

STATE OF ILLINOIS
 BOARD OF EXAMINERS
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2013

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STATE OF ILLINOIS
BOARD OF EXAMINERS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

BOARD OFFICIALS

Executive Director

Mr. Russell Friedewald

Members of the Illinois Board of Examiners during the period were as follows:

Howard Engle, CPA

Claireen Herting, CPA, J.D.

Sheldon Holtzman, CPA

James Kelley, CPA

Rhonda Kodjayan, CPA

Sara Mikuta, CPA

Sharon Morrow

Simon Petravick, CPA

Phyllis Walker

Thomas Winkler, CPA, J.D.

Penelope Yunker, CPA

The Board office is located at:

1120 E. Diehl Road, Suite 107
Naperville, Illinois 60563



Illinois Board of Examiners

1120 E. DIEHL ROAD • SUITE 107 • NAPERVILLE, ILLINOIS 60563

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

March 26, 2014

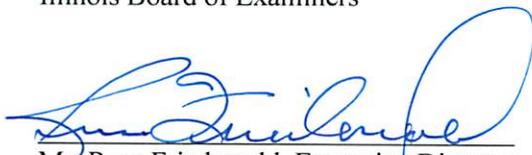
Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Board. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Board's compliance with the following assertions during the two-year period ended June 30, 2013. Based on this evaluation, we assert that during the years ended June 30, 2012 and June 30, 2013, the Board has materially complied with the assertions below.

- A. The Board has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

Illinois Board of Examiners



Mr. Russ Friedewald, Executive Director

STATE OF ILLINOIS
 BOARD OF EXAMINERS
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2013

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT'S REPORT

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

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	<u>Report</u>	<u>Report</u>
Findings	4	6
Repeated findings	2	4
Prior recommendations implemented or not repeated	4	1

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2013-001	8	Inadequate internal controls over contractual agreements	Significant Deficiency and Noncompliance
2013-002	10	Inadequate controls over State property	Significant Deficiency and Noncompliance
2013-003	12	Required information omitted from annual report	Significant Deficiency and Noncompliance
2013-004	13	Failure to implement the Identity Protection Act	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

- | | | |
|---|----|-----------------------------------------------------------------------------------------------------------------------------|
| A | 14 | Inadequate controls over memorandum of understanding |
| B | 14 | Procedural deficiencies |
| C | 14 | Board not staffed as required |
| D | 14 | Failure to notify Secretary of State of all employees whose positions require them to file a Statement of Economic Interest |

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Board personnel at an exit conference on March 17, 2014. Attending were:

Board of Examiners

Mr. Russ Friedewald, Executive Director

Office of the Auditor General

Ms. Peggy Hartson, Audit Manager

The responses to the recommendations were provided by Mr. Russ Friedewald, Executive Director, in correspondence dated March 21, 2014.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Board of Examiners' compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2013. The management of the State of Illinois, Board of Examiners is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Board of Examiners' compliance based on our examination.

- A. The State of Illinois, Board of Examiners has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Board of Examiners has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Board of Examiners has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Board of Examiners are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois, Board of Examiners on behalf of the State or held in trust by the State of Illinois, Board of Examiners have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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

In our opinion, the State of Illinois, Board of Examiners complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2013. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2013-001 through 2013-004.

Internal Control

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2013-001 through 2013-004 that we consider to be significant deficiencies.

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

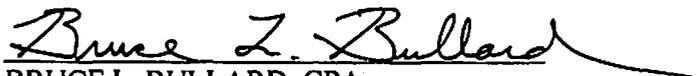
The State of Illinois, Board of Examiners' responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Board of Examiners' responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2013 and June 30, 2012 in Schedules 1 through 4 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2013 and June 30, 2012 accompanying supplementary information in Schedules 1 through 4. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2011 accompanying supplementary information in Schedules 1 through 4 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Board of Examiners' management, and the Board's governing board and is not intended to be and should not be used by anyone other than these specified parties.



BRUCE L. BULLARD, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
March 26, 2014

STATE OF ILLINOIS
BOARD OF EXAMINERS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2013

2013-001. **FINDING** (Inadequate internal controls over contractual agreements)

The Illinois Board of Examiners (Board) did not have adequate internal controls over contractual agreements.

During our testing, we noted the following:

- The Board expended \$21,050 in Fiscal Year 2012 and \$55,050 in Fiscal Year 2013 for contractual personnel but did not have a signed agreement in effect. The Board executed a signed agreement for services, but it expired December 31, 2011 and a new agreement was not in place until Fiscal Year 2014. Good internal controls require written agreements to be documented and approved in writing prior to services being rendered on behalf of the Board. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to promote assurance that resources, obligations, and costs are in compliance with applicable laws, rules, and regulations.
- The Board expended \$133,132 and \$42,832 during Fiscal Years 2012 and 2013, respectively, to a vendor and \$62,506 to a second vendor during Fiscal Year 2013 for systems and technical support and failed to obtain written contractual agreements. The Illinois Procurement Code (30 ILCS 500/20-80) requires whenever a contractual liability is incurred by a State agency exceeding \$20,000, the contract must be reduced to writing and filed with the State Comptroller.

Board officials stated the Board failed to obtain a new signed agreement for fiscal services due to oversight. In addition, the systems and technical support services were obtained by the University of Illinois on the Board's behalf in the prior period.

Failure to execute written agreements and contractual agreements may result in loss of State funds and may subject the State to unnecessary legal risks. (Finding Code No. 2013-001, 11-1, 09-2, 07-3)

RECOMMENDATION

We recommend the Board ensure it maintains current written agreements for its contractual personnel. In addition, we recommend the Board ensure it executes written contractual agreements that comply with State laws, rules, and regulations as required.

STATE OF ILLINOIS
BOARD OF EXAMINERS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2013

BOARD RESPONSE

The Board of Examiners agrees with the finding. For the first bullet point, an agreement was executed for services with this individual that expired on December 31, 2011, but a new agreement was not signed for the following year even though services and payment for services continued at the same rate previously agreed to in the original contract for services. A new contract for services should have been signed for subsequent fiscal years, but was not done until fiscal year 2014. The contractual arrangement for this individual has now concluded and any contract extending over current and future fiscal years will be renewed as required.

The Board also agrees with the second bullet point of this finding. An original contract for an upgrade to an existing data system was signed during fiscal year 2011. This was a sole source contract for an upgrade that only this vendor could provide. The Board completed all required paperwork and followed all procurement procedures in obtaining this contract. The delivery of the software upgrade was delayed due to a number of factors and the contract agreement was not extended as it should have been. Partial payment of the contract terms was made. Any future contracts extending into a different fiscal year will be updated as required.

STATE OF ILLINOIS
BOARD OF EXAMINERS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2013

2013-002. **FINDING** (Inadequate controls over State property)

The Illinois Board of Examiners (Board) did not exercise adequate controls over State property.

During our testing, we noted the following:

- Three of 50 (6%) equipment items tested, totaling \$6,347, from the Board's inventory listing were not able to be located.
- Two of 50 (4%) equipment items observed during testing were not recorded on the Board's inventory listing.
- The Board did not maintain an equipment transactions ledger or sufficient documentation to substantiate its additions and deletions from inventory.

The State Property Control Act (30 ILCS 605/4) requires the Board to be accountable for the supervision, control and inventory of all items under its jurisdiction and control. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system of internal fiscal control to provide assurance that revenues, expenditures and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports.

Board officials stated the issues with inventory were mainly attributable to the transition and relocation of the Board's offices.

Failure to exercise adequate control over equipment increases the likelihood of inaccurate inventory records and the potential for fraud and possible loss or theft of State property. (Finding Code No. 2013-002, 11-6)

RECOMMENDATION

We recommend the Board ensure it maintains accurate property records and supporting documentation of all its property transactions.

BOARD RESPONSE

The Board of Examiners agrees with the finding. During the testing period, the Board was in the process of moving offices from Champaign, IL to Naperville, IL and the

STATE OF ILLINOIS
BOARD OF EXAMINERS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2013

coordination of the move relating to surplus of inventory was coordinated through the Office of the Vice Chancellor for Student Affairs at the University of Illinois (U of I). Some inventory was left for surplus to the University of Illinois, while the balance of inventory was moved to Naperville on the campus of the Northern Illinois University.

The three items mentioned as missing included a Sonic Wall firewall, a three drawer file cabinet, and a notebook computer with docking station. Following the audit testing and after the findings were concluded, the three items have been located and accounted for. The Sonic Wall firewall was part of the surplus to the University of Illinois. The three drawer file cabinet is a fire proof cabinet currently in storage awaiting transfer to Northern Illinois University for archiving of old records and the notebook is currently in the possession of a contractual employee who has been providing financial records support to the office.

The two items identified as not recorded refers to a small copier and a monitor and that are both a part of the surplus items sent to the University of Illinois and are accounted for on the surplus items listings currently held in the Office of the Vice Chancellor for Student Affairs. This listing will be transferred to our office at the conclusion of our financial relationship, but not later than the end of April 2014.

The Board of Examiners is now in the process of completely revamping our inventory system including a completely new reconciliation process.

STATE OF ILLINOIS
BOARD OF EXAMINERS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2013

2013-003. **FINDING** (Required information omitted from annual report)

The Illinois Board of Examiners' (Board) annual report did not include all required information.

We noted the Board did not include all the Certified Public Accountant (CPA) examination pass rates for Fiscal Year 2012 in its annual report published on December 1, 2012. The report only contained pass/fail examination rates through November 2011.

The Illinois Public Accounting Act (225 ILCS 450/2) requires the Board to make an annual report of its activities to the Governor and the Secretary of the Department of Financial and Professional Regulation. This report is required to include a complete operating and financial statement covering its operations during the year, the number of examinations given, the pass/fail ratio for examinations, and any other information deemed appropriate.

Board officials stated the missing information was an oversight that will be corrected in future reports.

Failure to include all required information in the Board's annual report is noncompliance with a State mandate. (Finding Code No. 2013-003)

RECOMMENDATION

We recommend the Board ensure all required information is properly included in its annual report.

BOARD RESPONSE

The Board of Examiners agrees with the finding. All future annual reports will include all required information.

STATE OF ILLINOIS
BOARD OF EXAMINERS
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2013

2013-004. **FINDING** (Failure to implement the Identity Protection Act)

The Illinois Board of Examiners' (Board) failed to implement the provisions of the Identity Protection Act (Act).

During our testing, we noted that the Board had not issued an identity protection policy.

The Act (5 ILCS 179) required the Board to draft and approve an identity protection policy by June 1, 2011. Per the Act, the policy must:

- Identify the Act.
- Require all employees identified as having access to social security numbers in the course of performing their duties to be trained to protect the confidentiality of social security numbers.
- Direct that only employees who are required to use or handle information or documents that contain social security numbers have access to such information or documents.
- Require that social security numbers requested from an individual be placed in a manner that makes the social security number easily redacted if required to be released as part of a public records request.
- Require that when collecting a social security number or upon request by the individual, a statement of the purpose or purposes for which the agency is collecting and using the social security number be provided.

Board officials stated that they were unaware of the existence of the Act and will correct the error in the future.

Failure to implement provisions of the Act results in noncompliance with the Act, does not promote the security and control of social security numbers, and increases the likelihood of identity theft. (Finding Code No. 2013-004)

RECOMMENDATION

We recommend the Board develop and approve an identity protection policy as required in the Act.

BOARD RESPONSE

The Board of Examiners agrees with the finding. The Board will develop a policy to implement the Identity Protection Act and ensure that all employees are trained to understand and protect the confidentiality of social security numbers. The Board of Examiners will ensure that all provisions of the Identity Protection Act are implemented.

STATE OF ILLINOIS
BOARD OF EXAMINERS
PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2013

A. **FINDING** (Inadequate controls over memorandum of understanding)

During the prior period, the Illinois Board of Examiners (Board) did not have a memorandum of understanding in place with the Board of Trustees of the University of Illinois and continued to operate under an old memorandum.

During the current period, the Board operated under a Transition Agreement with the Board of Trustees of the University of Illinois as well as an Intergovernmental Agreement with the Board of Trustees of Northern Illinois University. (Finding Code No. 11-2, 09-3)

B. **FINDING** (Procedural deficiencies)

During the prior period, the Board did not prepare and file its Report of Receipts and Disbursements for Locally Held Funds (C-17) or Fee Imposition Report with the Office of the Comptroller (IOC). The Board also failed to timely prepare and submit a complete property listing with the Department of Central Management Services (DCMS). Furthermore, the Board did not timely file its Fiscal Control and Internal Auditing Act (FCIAA) certification with the Office of the Auditor General and the Board's annual reports did not contain all mandated requirements.

During the current period, our sample testing showed the Board filed its required reports timely, however, the Board did not include all mandated requirements in its Fiscal Year 2012 annual report; therefore, this issue was reported as finding 2013-003. (Finding Code No. 11-3, 09-4, 07-7)

C. **FINDING** (Board not staffed as required)

During the prior period, the Board was not staffed with a total of 11 examiners, including two public members as required by the Illinois Public Accounting Act (Act).

During the current period, our testing showed the Board was in compliance with the Act and no vacancies existed. (Finding Code No. 11-4, 09-5, 07-6, 05-1)

D. **FINDING** (Failure to notify Secretary of State of all employees whose positions require them to file a Statement of Economic Interest)

During the prior period, the Board did not notify the Office of the Secretary of State (Office) of an employee whose position required a Statement of Economic Interest (Statement) filing.

During the current period, our sample testing showed the Board notified the Office and the employee filed a Statement as required. (Finding Code No. 11-5)

STATE OF ILLINOIS
BOARD OF EXAMINERS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis:
 - Schedule of Receipts, Disbursements and Fund Balances (Accrual Basis) - Trust Fund
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash Receipts
 - Analysis of Significant Variations in Receipts
- Analysis of Operations (Not Examined):
 - Board Functions and Planning Program (Not Examined)
 - Average Number of Employees and Board Members (Not Examined)
 - Intergovernmental Agreements (Not Examined)
 - Service Efforts and Accomplishments (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2013 and June 30, 2012 supplementary information in Schedules 1 through 4. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

Schedule 1

STATE OF ILLINOIS
 BOARD OF EXAMINERS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES
(ACCRUAL BASIS) - TRUST FUND
 For the Two Years Ended June 30, 2013

	<u>CPA Examination Trust Account</u>
Balance at July 1, 2011	\$ 4,301,417
Revenues:	
Fees	1,470,758
Interest Income	520
Expenses	<u>1,135,802</u>
Balance at June 30, 2012	<u>\$ 4,636,893</u>
	<u>CPA Examination Trust Account</u>
Balance at July 1, 2012	\$ 4,636,893
Revenues:	
Fees	1,477,242
Interest Income	393
Expenses	<u>1,095,719</u>
Balance at June 30, 2013	<u>\$ 5,018,809</u>

Note: Accrual basis is when revenue is recorded when earned and expenditures are recorded at the time a liability is incurred.

STATE OF ILLINOIS
 BOARD OF EXAMINERS
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2013

	<u>Equipment</u>
Balance at July 1, 2011	\$ 152,015
Additions	-
Deletions	-
Net Transfers	-
Correction of Errors from Prior Period	(1,735)
Balance, June 30, 2012	<u>\$ 150,280</u>
Balance at July 1, 2012	\$ 150,280
Additions	31,107
Deletions	-
Net Transfers	-
Balance, June 30, 2013	<u>\$ 181,387</u>

Note: The above Schedule has been derived from Board records and reconciled to property reports submitted to the Office of the Comptroller and the Department of Central Management Services; however, the Board failed to maintain adequate supporting documentation for addition and deletion transactions. See Finding 2013-002.

STATE OF ILLINOIS
 BOARD OF EXAMINERS
COMPARATIVE SCHEDULE OF CASH RECEIPTS
 For the Years Ended June 30,

CPA Examination Trust Account	<u>2013</u>	<u>2012</u>	<u>2011</u>
Domestic evaluation fee	\$ 537,775	\$ 468,910	\$ 460,600
Foreign evaluation fee	157,588	175,825	181,950
Exam fee-one part	280,440	258,440	256,760
Exam fee-two parts	192,320	193,918	193,982
Exam fee-three parts	54,825	55,080	50,868
Exam fee-four parts	154,404	160,130	176,733
Reciprocal fee	86,751	145,760	98,615
Miscellaneous fees	16,115	18,651	18,228
Investment and other income	<u>393</u>	<u>520</u>	<u>2,437</u>
 Total Receipts	 <u><u>\$ 1,480,611</u></u>	 <u><u>\$ 1,477,234</u></u>	 <u><u>\$ 1,440,173</u></u>

STATE OF ILLINOIS
BOARD OF EXAMINERS
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2013

Significant variances in receipts were determined to be changes of \$5,000 or more and at least 20% between fiscal years, and are explained below.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2012 AND 2013

Reciprocal Fees

The decrease in reciprocal fees of \$59,009 from Fiscal Year 2012 to Fiscal Year 2013 was due to a change to the Illinois Public Accounting Act effective July 1, 2012. Certified Public Accountants (CPA) were no longer able to obtain a registration license; therefore, more candidates were applying in Fiscal Year 2012 in order to obtain the registration license prior to the change in statute.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2011 AND 2012

Reciprocal Fees

The increase in reciprocal fees of \$47,145 from Fiscal Year 2011 to Fiscal Year 2012 was due to the increase in volume of candidates applying for reciprocal certifications due to the change in statute regarding registration licenses.

STATE OF ILLINOIS
BOARD OF EXAMINERS
BOARD FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)
For the Two Years Ended June 30, 2013

Board Functions

The Illinois Board of Examiners (Board) was originally established under “An Act to Regulate the Profession of Public Accountants” (Act of 1903) that was passed by the General Assembly of Illinois on May 15, 1903 with an effective date of July 25, 1903. The Act of 1903 was later replaced by the Act of 1943 approved July 22, 1943. The Board currently operates under the authority of the Illinois Public Accounting Act (Act) (225 ILCS 450/0.01 et seq.).

The Illinois Board of Examiners is to be governed by a board of eleven examiners appointed by the Governor, two of which are to be public members.

The Board’s responsibilities include:

- The effective administration of applicable provisions of the Illinois Public Accounting Act including the adoption of any necessary and reasonable rules and regulations.
- Adopting a fair and impartial method of determining the qualifications of applicants for the Certified Public Accounting examination and a fair and wholly impartial method of examination of persons under the Act.
- Issuing certificates to holders of a foreign designation, granted in a foreign country entitling the holder thereof to engage in the practice of public accounting provided they meet certain requirements.
- Providing information regarding educational requirements, the application process, the examination and fees on the Board’s website as well as in printed documents.
- Submitting an annual report of its activities to the Governor and the Director of Professional Regulation that includes a complete operating and financial statement covering its operation during the year, the number of examinations given, and the pass/fail ratio for examinations.
- Charging fees in an amount at least sufficient to defray the costs and expenses incident to the examination and issuance of certificates.

Planning Program

The Board has developed and maintained a Strategic Plan that is updated periodically as needed (last updated July 2009). The Strategic Plan contains the Board’s strategic planning methodology, strategic opportunity statements, goals, objectives and strategies for goal implementation, and the Board’s mission statement.

The Board’s mission is “To set the educational requirements and to verify, through testing or transfer, candidate qualifications to apply for licensure as Certified Public Accountants in the State of Illinois.”

STATE OF ILLINOIS
BOARD OF EXAMINERS
BOARD FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)
For the Two Years Ended June 30, 2013

The Board accomplishes this mission through the following goals:

- Promote a Board that is composed of an appropriate balance of professional and public members, and that is accountable to the public and committed to the public interest.
- Obtain assistance to ensure updated knowledge of legislative activities affecting the accounting profession and its impact on examination, licensure and enforcement.
- Keep Illinois regulations (rules) current governing the certificate of Certified Public Accountants (CPA).
- Maintain open communication channels for effective delivery of information.
- Utilize technology to maximize the efficiency of the processes and enhance the productivity and responsiveness of the organization.
- Continue serving CPA candidates on a timely basis under any disruptive circumstances.
- Create and maintain an effective and efficient financial reporting system.
- Establish a regular and consistent planning process that provides for regular review by Board and staff.
- Influence professional policies through relationships with other organizations.
- Maintain a voice to the profession on Board concerns affecting the examination process for qualification as a CPA.
- Maintain a highly qualified, experienced staff to provide quality services to stakeholders.
- Assure the continuing and effective leadership of the Board.

STATE OF ILLINOIS
BOARD OF EXAMINERS
AVERAGE NUMBER OF EMPLOYEES AND BOARD MEMBERS (NOT EXAMINED)
For the Two Years Ended June 30, 2013

The following table, prepared from Illinois Board of Examiner (Board) records, presents the average number of employees and Board Members for the Fiscal Years ended June 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Employees	1	1	1
Board Members	11	11	11

In addition, 7 university employees worked exclusively for the Board in accordance with its intergovernmental agreements during the examination period.

STATE OF ILLINOIS
BOARD OF EXAMINERS
INTERGOVERNMENTAL AGREEMENTS (NOT EXAMINED)
For the Two Years Ended June 30, 2013

Northern Illinois University

The Illinois Board of Examiners (Board) had an Intergovernmental Agreement (Agreement) with the Board of Trustees of the University of Northern Illinois (NIU Trustees) for the purpose of defining and designating services to be provided by and between the Trustees and the Board, and the responsibilities for the administration of examination and issuance of certificates of certified public accountants (CPA) in Illinois.

University of Illinois

The Illinois Board of Examiners (Board) entered into a Intergovernmental Agreement with the University of Illinois (Trustees) for the purpose of defining and designating services to be provided by and between the Trustees and the Board during the transition period in which the Board relocated offices from the campus of University of Illinois to Northern Illinois University. The agreement outlined the responsibilities for the administration of examinations and issuance of CPA certificates during this time period.

STATE OF ILLINOIS
BOARD OF EXAMINERS
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
For the Two Years Ended June 30, 2013

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Number of applications processed by type			
Foreign credential evaluations	597	643	818
Domestic credential evaluations	3,072	2,681	2,901
First-time candidates for exam	3,195	2,896	2,844
Re-exam from paper and pencil	58	69	107
Re-exam candidates from computer based testing	8,398	8,096	8,584
Reciprocal certificate by substantial equivalency	23	25	52
Reciprocal certificate by International Qualification Examination	95	183	97
Certification by total transfer of credit	91	136	171
Average pass rates by section			
Auditing (AUD)	49.6%	48.2%	49.8%
Business Environment and Concepts (BEC)	62.5%	60.2%	56.6%
Financial Accounting Reporting (FAR)	51.7%	50.0%	50.7%
Regulation (REG)	51.2%	48.7%	50.6%
Number of candidates that passed the Uniform CPA Exam			
	1,474	1,644	1,821
Number of certified candidates by Exam			
	1,557	1,851	1,673
Number of certified candidates by total transfer of credit or reciprocity			
	214	349	249