COMPLIANCE EXAMINATION For the Two Years Ended June 30, 2013

Performed as Special Assistant Auditors for the Auditor General, State of Illinois

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2013

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AGENCY OFFICIALS

For the Two Years Ended June 30, 2013

Executive Director James W. Dodge (12/1/11 to present)

Acting Executive Director Wayne Hedenschoug (9/12/11 - 11/30/11)

Executive Director Vacant (7/1/11 - 9/11/11)

Deputy Director Mark Warnsing (12/1/11 to present)

Deputy Director Vacant (7/1/11 - 11/30/11)

Chief Fiscal Officer Shirley Hatchett

Board Members

As of June 30, 2013 the Board was comprised of:

Senate Members:

Senator Jason Barickman Senator Kirk Dillard Senator William Haine Senator Darin LaHood Senator Michael Noland Senator Steve Stadelman

House Members:

None

Bureau office is located at:

Capitol Building, Room 112 Springfield, IL 62706



State of Illinois

LEGISLATIVE REFERENCE BUREAU

112 State House, Springfield, Illinois 62706-1300 Phone: 217/782-6625

25 November 2013

Doehring, Winders & Co, LLP 1601 Lafayette Avenue Mattoon, Illinois 61938

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 Legislative Reference Bureau. 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 Legislative Reference Bureau'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 Legislative Reference Bureau has materially complied with the assertions below.

- A. The Legislative Reference Bureau 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 Legislative Reference Bureau 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 Legislative Reference Bureau 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 Legislative Reference Bureau 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 Legislative Reference Bureau on behalf of the State or held in trust by the Legislative Reference Bureau have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Shirley Hatchett, Fiscal Officer

Yours very truly,

Legislative Reference Burgau

James Dodge, Executive Director

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

Number of	This Report	Prior Report
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented		
or not repeated	0	0

SCHEDULE OF FINDINGS

The Bureau did not have any current year or prior year findings.

EXIT CONFERENCE

This report was discussed with Bureau personnel at an exit conference on November 20, 2013. Attending were:

<u>Legislative Reference Bureau</u>

James W. Dodge, Executive Director
Shirley Hatchett, Chief Fiscal Officer

Office of the Auditor General
Kathy Lovejoy, Audit Manager

<u>Doehring, Winders & Co. LLP</u> Robert Arnholt, Partner Matthew Clarkson, Supervisor

DOEHRING, WINDERS & CO. LLP

Certified Public Accountants
& Business Advisers

1601 LAFAYETTE AVENUE

1601 LAFAYETTE AVENUE MATTOON, ILLINOIS 61938

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

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Legislative Reference Bureau's (Bureau) 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 Bureau is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Bureau's compliance based on our examination.

- A. The Bureau 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 Bureau 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 Bureau 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 Bureau 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 Bureau on behalf of the State or held in trust by the Bureau 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 Bureau's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Bureau's compliance with specified requirements.

In our opinion, the Bureau 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.

Internal Control

Management of the Bureau 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 Bureau's 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 Bureau's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Bureau's 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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 9 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 9. 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 3 through 8 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, and Bureau management and is not intended to be and should not be used by anyone other than these specified parties.

Doebring Winders & Co. LLP**

Matteon Illinois**

Mattoon, Illinois November 25, 2013

COMPLIANCE EXAMINATION For the Two Years Ended June 30, 2013

CURRENT FINDINGS - STATE COMPLIANCE

No material findings were reported in the compliance examination of the State of Illinois Legislative Reference Bureau for the two years ended June 30, 2013.

COMPLIANCE EXAMINATION For the Two Years Ended June 30, 2013

PRIOR FINDINGS NOT REPEATED - STATE COMPLIANCE

No material findings were reported in the compliance examination of the State of Illinois Legislative Reference Bureau for the two years ended June 30, 2011.

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

Fiscal Schedules and Analysis

Schedule of Appropriations, Expenditures and Lapsed Balances

Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances

Schedule of Changes in State Property

Comparative Schedule of Cash Receipts

Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller

Analysis of Significant Variations in Expenditures

Analysis of Significant Variations in Receipts

Analysis of Significant Lapse Period Spending

Analysis of Operations (Not Examined)

Agency Functions and Planning Program (Not Examined)

Average Number of Employees (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 in Schedules 1 through 9. 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 OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES Appropriations for Fiscal Year 2013

Fourteen Months Ended August 31, 2013

Public Act 97-0726	Appropriations (Net after Transfers)	Expenditures through June 30, 2013	Lapse Period Expenditures 7/1 - 8/31/13	Total Expenditures	Balance Lapsed
GENERAL REVENUE FUND - 001 Operational Expenses	\$ 2,489,400	\$ 2,271,132	\$ 17,431	\$ 2,288,563	\$ 200,837
Total Fiscal Year 2013	\$ 2,489,400	\$ 2,271,132	\$ 17,431	\$ 2,288,563	\$ 200,837

Note 1: The data for this report was obtained from Bureau records and has been reconciled to the records of the Office of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Bureau and submitted to the Office of the State Comptroller for payment to the vendor.

SCHEDULE 2

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES Appropriations for Fiscal Year 2012

Eighteen Months Ended December 31, 2012

Public Act 97-0056	Appropriations (Net after Transfers)	Expenditures through June 30, 2012	Lapse Period Expenditures 7/1 - 12/31/12	Total Expenditures	Balance Lapsed
GENERAL REVENUE FUND - 001					
Personal Services	\$ 1,753,600	\$ 1,624,012	\$ -	\$ 1,624,012	\$ 129,588
Employee Retirement Contributions					
Paid by Employer	70,200	60,066	-	60,066	10,134
State Contribution to Social Security	134,200	119,994	-	119,994	14,206
Contractual Services	195,500	124,872	919	125,791	69,709
Travel	2,000	· -	-	-	2,000
Commodities	12,500	7,393	-	7,393	5,107
Printing	109,400	83,501	76	83,577	25,823
Equipment	200,000	144,473	8,205	152,678	47,322
Telecommunications Services	12,000	8,734	810	9,544	2,456
Total Fiscal Year 2012	\$ 2,489,400	\$ 2,173,045	\$ 10,010	\$ 2,183,055	\$ 306,345

Note 1: The data for this report was obtained from Bureau records and has been reconciled to the records of the Office of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Bureau and submitted to the Office of the State Comptroller for payment to the vendor.

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

		For the Fiscal Years Ended June 30,								
		2013 97-0726	P/	2012 A 97-0056	<u>P</u>	2011 A 96-0956				
General Revenue Fund - 001										
Appropriations (Net of Transfers)	\$ 2	2,489,400	\$	2,489,400	\$	2,489,400				
Expenditures Personal Services Employee Retirement Contributions		-		1,624,012		-				
Paid by Employer		-		60,066		-				
State Contribution to Social Security		-		119,994		-				
Contractual Services		-		125,791		-				
Commodities		-		7,393		-				
Printing Equipment		-		83,577 152,678		-				
Telecommunications Services		_		9,544		_				
Operational Expenses	2	2,288,563		-		2,304,164				
Total Expenditures	2	2,288,563		2,183,055		2,304,164				
Lapsed Balances	\$	200,837	\$	306,345	\$	185,236				

Note: Fiscal year 2011 expenditures and lapsed balances do no reflect interest payments approved and submitted to the Office of the State Comptroller after August.

STATE OF ILLINOIS LEGISLATIVE REFERENCE BUREAU

SCHEDULE OF CHANGES IN STATE PROPERTY

For the Two Years Ended June 30, 2013

	Equipment		
Balance, July 1, 2011	\$	352,793	
Additions		16,761	
Deletions		(4,778)	
Net Transfers		(4,595)	
Balance, June 30, 2012		360,181	
Additions		24,399	
Deletions		-	
Net Transfers		(9,327)	
Balance, June 30, 2013	\$	375,253	

Note: The above schedule has been derived from Bureau records which have been reconciled to property reports submitted to the Office of the State Comptroller.

STATE OF ILLINOIS LEGISLATIVE REFERENCE BUREAU

COMPARATIVE SCHEDULE OF CASH RECEIPTS

For the Fiscal Years Ended June 30,

	2013		2012		2011	
General Revenue Fund - 001						
Subscriptions or Publication Reimbursement for Jury Duty / Recoveries Prior Year Refund	\$	990 - -	\$	1,485 53 -	\$	1,815 263 1,015
Total General Revenue Fund		990		1,538		3,093
General Assembly Computer Equipment Fund (155)						
Copy Fees		140		70		140
Total Cash Receipts - All Funds	\$	1,130	\$	1,608	\$	3,233

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER

SCHEDULE 6

For the Fiscal Years Ended June 30,

	2013		2012	2011	
Cash Receipts per Bureau Records	\$	1,130	\$ 1,608	\$	3,233
Add: Deposits in Transit, Beginning of Year		-	-		-
Less: Deposits in Transit, End of Year					
Receipts per Comptroller Records	\$	1,130	\$ 1,608	\$	3,233

STATE OF ILLINOIS LEGISLATIVE REFERENCE BUREAU

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

For the Two Years Ended June 30, 2013

Variances from previous fiscal expenditures that were greater than \$6,500 and 20% were considered significant variations for the two years ended June 30, 2013.

As reported on page 12 of this report, all individual expenditure line items had a significant variation as defined above when comparing fiscal year 2012 expenditures to fiscal year 2011 expenditures, as well as when comparing fiscal year 2013 expenditures to fiscal year 2012 expenditures. These significant variations are a result of changes in the manner in which the appropriations were made for each of these years. For fiscal year 2012, the Bureau received an appropriation for each line item (e.g. Personal Services, Commodities, and Printing), while for fiscal years 2011 and 2013 the Bureau received their entire appropriation on one line item for Operational Expenses.

STATE OF ILLINOIS LEGISLATIVE REFERENCE BUREAU

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS

For the Two Years Ended June 30, 2013

There were no significant variations in receipts for the two years ended June 30, 2013. Significant variations for this analysis were defined as variations greater than \$6,500 and 20%.

STATE OF ILLINOIS LEGISLATIVE REFERENCE BUREAU

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

For the Two Years Ended June 30, 2013

The Bureau's lapse period spending of \$17,431 for fiscal year 2013 and \$10,010 for fiscal year 2012 as shown in the Schedule of Appropriations, Expenditures and Lapsed Balances, represented .76% and .46% of the total expenditures, respectively. There was no significant lapse period spending for the two years ended June 30, 2013 which exceeded twenty percent (20%) of the total expenditure line item.

AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)

For the Two Years Ended June 30, 2013

AGENCY FUNCTIONS

The Legislative Reference Bureau (Bureau) is a service bureau responding to the needs of the General Assembly pursuant to the Legislative Reference Bureau Act (25 ILCS 135) and the Legislative Commission Reorganization Act of 1984 (25 ILCS 130). The Bureau was created June 26, 1913.

The Joint Committee on Legislative Support Services directs the Bureau and also determines many of the policies for the Bureau. The Bureau is to have a Board that consists of three legislators appointed by each member of the Joint Committee on Legislative Support Services.

The Legislative Reference Bureau is located in the Capitol Building, Room 112, Springfield, Illinois 62706. The main duties of the Bureau consist of:

- Establishing a reference bureau (legal library) in the State Capitol to collect laws, books, periodicals, and other printed material adapted to the needs of the members of the General Assembly in the performance of their official duties.
- Collecting, summarizing and indexing all bills, resolutions and amendments introduced in the General Assembly and preparing, printing and distributing a Legislative Synopsis and Digest for the members periodically when the General Assembly is in session. Subscriptions are available to the general public for a fee of \$55 each.
- Offering such legal assistance and information as may be practicable in the preparation of bills, resolutions
 and amendments and other legislative documents to be introduced into the General Assembly by a member.
 Attorneys employed by the Bureau provide this service to legislators on a non-partisan basis in a confidential
 lawyer-client relationship.
- Recommending revisions, simplifications, and rearrangements of existing statutory law and the elimination of obsolete, superseded, duplicated, and unconstitutional statutes or parts of statutes.
- Reviewing all reported decisions of the Federal Courts and the Supreme and Appellate Courts of Illinois and recommending technical corrections in the statutes to comply with these decisions.
- Preparing revisions to conform the statutes to any reorganization of the executive branch taking effect pursuant to executive order of the Governor under Article V, Section 11 of the Constitution and the Executive Reorganization Implementation Act.
- Maintaining a computer memory system containing the Illinois Complied Statutes with current revisions. Information from that system is to be provided to the members and agencies of the General Assembly and the Attorney General. Legislative Information System is providing the computer time for this memory system. In addition, the Bureau is required (25 ILCS 140/2 and 25 ILCS 135/5.04) to make this system available to the public or other governmental entities and agencies, subject to the requirement that the quality of the service to the Bureau, the General Assembly or the Attorney General shall not be reduced. The Bureau has adopted rates and conditions and has specified charges regarding the offering of this service.

AGENCY FUNCTIONS AND PLANNING PROGRAM (Continued) (NOT EXAMINED)

For the Two Years Ended June 30, 2013

AGENCY FUNCTIONS (Continued)

Supervising the participation of the State of Illinois in the National Conference of Commissioners on Uniform
State Laws, and representing the State of Illinois on that commission (25 ILCS 135/5.07). In connection with
these responsibilities, the Bureau is to examine those subjects on which uniformity with the laws of other
states is desirable and is to ascertain the best means to affect uniformity in the laws of the States.

PLANNING PROGRAM

The Legislative Reference Bureau is a responsive agency with its operations and programs specified by the legislature in accordance with its legislative mandates. As a result, the Bureau does not have formal written goals and objectives, but instead operates to fulfill these mandates in a timely and efficient manner.

The Bureau does plan, on a short-term basis, for anticipated needs of the General Assembly and budgets time and appropriations accordingly. The small size of the Bureau enables the Executive Director to personally monitor the needs and to review personnel performance in fulfilling the mandates of the Bureau.

AVERAGE NUMBER OF EMPLOYEES (NOT EXAMINED)

For the Years Ended June 30,

The following table, prepared from Bureau records, presents the average number of employees, by function, for the fiscal years ended June 30,

<u>Function</u>	2013	2012	2011
Administrative	6	6	4
Professional	11	11	14
Clerical	13_	13_	12
Tabal average full times amendays	20	20	20
Total average full-time employees	30	30	30

SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)

For the Years Ended June 30,

Legislative Digest Statistics

The Legislative Digest is a synopsis of the legislation before both houses of the General Assembly. A comparative schedule of expenditures connected with preparing, publishing, and distributing the Legislative Digest follows:

	2013		2012		2011	
Printing and paper stock Contractual	\$	26,824	\$ 44,293		\$	80,206
Mailing service, boxes Binding for library		7,696 1,194	7,267 -			2,530 -
Postage		<u> </u>	10,000			625
Total	\$	35,714	\$ 61,560	_	\$	83,361

Most of the copies are distributed free of charge as a service to members of the General Assembly and other specified governmental employees. The sale price to the public for the digest is \$55 for an annual subscription. Subscriptions for less than one year are not reduced proportionately. The price for one or more issues is \$55.

The number of orders and revenues from these sales are presented below:

	2013		 2012		2011
Number of paid subscriptions		18	27		33
Total revenue	\$	990	\$ 1,485	\$	1,815

General Assembly Requests

The Legislative Reference Bureau maintains records of requests from members of the General Assembly. These records include: bills, amendments, resolutions and conference committee reports. During the 97th General Assembly, there were 33,171 total drafting requests for all types of documents, and there have been 17,018 total drafting requests for all types of documents as of September 30, 2013 for the 98th General Assembly.